Annual Report
30 June 2024

Telstra Superannuation Scheme
RSE: R1004441

Contents

Directors' Report

The Directors of Telstra Super Pty Ltd, the Trustee for Telstra Superannuation Scheme (Scheme), present their report together with the financial statements of the Scheme for the year ended 30 June 2024.

Directors

The names of the Directors in office of Telstra Super Pty Ltd during the financial year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Name	Position	Term as Director
A-M O'Loghlin	Independent Chair	Full financial year
B Brunt	Employer Representative Director	Appointed 31/12/2023
G Cooke	Employer Representative Director	Full financial year
S Fousekas	Employer Representative Director	Full financial year
D Khatab	Member Representative Director	Full financial year
J Mitchell	Member Representative Director	Appointed 24/07/2023
J Perkins	Member Representative Director	Full financial year
G Smith	Employer Representative Director	Full financial year
B Vincent-Pietsch	Member Representative Director	Appointed 29/01/2024
B Clere	Employer Representative Director	Ceased 31/12/2023
N Flood	Member Representative Director	Ceased 29/01/2024

General information about operations and activities

The purpose of this section is to:

- Provide a review of the Scheme's operations and results;
- Outline any significant changes in the state of affairs of the Scheme;
- State the Scheme's principal activities and any significant changes during the year;
- Detail any significant events after the end of the financial year;
- Refer to likely developments in the Scheme's operations in future financial years and the expected operating results; and
- Detail any environmental regulations the Scheme is subject to and the impact of this on performance.

Review of operations and results

Net assets available for member benefits on 30 June 2024 grew from $24,911 million to $26,293 million during the year, predominantly as a result of positive investment performance.

i. Investment performance

For the financial year ended 30 June 2024, most of the Scheme's investment options delivered positive returns. For accumulation members, the Growth investment option achieved a return of 9.63%, the Balanced option returned 7.98%, the Moderate option saw a gain of 7.04%, and the Conservative option provided a return of 4.88%, all net of taxes and investment fees and costs. For the single sector options, the Australian Shares option delivered a 12.44% return, the International Shares option earned 15.2%, the Diversified Bonds and Credit option returned 4.7%, while the Cash option saw a return of 4.1%. However, the Property investment option had a negative return of -6.60%, impacted by ongoing challenges in the commercial real estate sector.

For RetireAccess Pension members, the Lifestyle Growth option earned 9.66%, the Lifestyle Balanced option returned 8.62%, the Lifestyle Moderate option achieved 7.12%, and the Lifestyle Conservative option delivered 4.94%. These returns differ from accumulation option returns due to tax and portfolio structure differences.

The primary drivers behind this year's strong investment outcomes were the robust performance of both Australian and global share markets. Key factors included the resilience of unemployment levels and economic growth in major economies, as well as the significant impact of advancements in artificial intelligence (AI). The AI sector, in particular, saw substantial investor enthusiasm, contributing to elevated share market returns. Infrastructure, private markets, interest-bearing securities and alternative debt also made positive contributions to performance.

Directors' Report

Review of operations and results (continued)

i. Investment performance (continued)

Conversely, the unlisted property sector faced headwinds from higher interest rates and reduced demand for commercial real estate, leading to negative returns. The sector is currently in a downturn following a prior period of strong returns, reflecting the cyclical nature of property investments.

ii. Scheme membership

The Scheme's membership expanded to 84,236 members (30 June 2023: 83,551). This increase is largely attributable to the implementation of retention and growth strategies.

Average member balances increased to $310,096 (30 June 2023: $295,692). This increase is largely attributable to positive investment returns and an increase in the Commonwealth Government's Superannuation Guarantee rate of employer contributions to 11.0% (30 June 2023: 10.5%).

Significant changes in the state of affairs

The Board of Telstra Super Pty Ltd announced its intention to explore merger options for the Scheme on 2 May 2024. If the Board finds a suitable merger partner, a potential merger is likely to occur at some stage in late 2025.

Principal activities and significant changes

During the financial year, the principal continuing activities of the Scheme consisted of providing superannuation and retirement benefits to its members. The Scheme is a hybrid fund providing accumulation and defined benefits to members and remains open to the public.

Significant events after the end of year

There are no other matters or circumstances that have arisen since 30 June 2024 that have significantly affected, or may have a significant effect, on:

- The operations of the Scheme in future financial years;
- The results of those operations in future financial years; and/or
- The state of affairs of the Scheme in future financial years.

Likely developments in the Scheme's operations and expected results

Potential merger:
Despite the intention to explore merger options, the Board of Directors has concluded that the Scheme is still a going concern for the next twelve months to 14 August 2025. The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the Trustee's Product Disclosure Statements and the provisions of the Scheme's Trust Deed.

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

Environmental regulation and performance

The Scheme's operations are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Directors' Report

Non-audit services

The following non-audit services were provided by the Scheme's auditor, Ernst & Young Australia. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied because the Board Audit Committee has assessed each service, having regard to auditor independence requirements of applicable laws, rules and regulations, and concluded that the provision of each service or type of service would not impair the independence of Ernst & Young Australia.

Ernst & Young Australia received or are due to receive the following amounts for the provision of non-audit services:

	$
Non-annual report assurance services	76,317
Other services	-
Total	**76,317**

Directors' Report

Auditor's independence declaration

The Directors received the following declaration from the Scheme's auditor:

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

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

Auditor's Independence Declaration to the Directors of Telstra Super Pty Ltd as Trustee for Telstra Superannuation Scheme

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

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. no contraventions of any applicable code of professional conduct in relation to the audit; and

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

Ernst & Young

Ernst & Young

Maree Pallisco
Partner
Melbourne
15 August 2024

Directors' Report

Remuneration Report (audited)

1. Remuneration report overview

The Directors of Telstra Super Pty Ltd, (the Trustee) present the Remuneration Report for Telstra Superannuation Scheme (the Scheme) for the year ended 30 June 2024. The Remuneration Report forms part of the Directors' Report and has been audited in accordance with section 300C of the *Corporations Act 2001*. The Remuneration Report details the remuneration arrangements for the Key Management Personnel (KMP) of the Scheme, which include those persons who, directly or indirectly, have authority and responsibility for planning, directing, and controlling the major activities of the Scheme. For the Scheme, this includes:

- Directors of Telstra Super Pty Ltd, the Trustee for the Scheme
- All executives of Telstra Super Pty Ltd (collectively the Executive KMP)

The table below lists the KMP and their movements during the year ended 30 June 2024:

Name	Position	Term as KMP
Directors of the Trustee		
A-M O'Loghlin	Independent Chair	Full financial year
B Brunt	Employer Representative Director	Appointed 31/12/2023
G Cooke	Employer Representative Director	Full financial year
S Fousekas	Employer Representative Director	Full financial year
D Khatab	Member Representative Director	Full financial year
J Mitchell	Member Representative Director	Appointed 24/07/2023
J Perkins	Member Representative Director	Full financial year
G Smith	Employer Representative Director	Full financial year
B Vincent-Pietsch	Member Representative Director	Appointed 29/01/2024
B Clere	Employer Representative Director	Ceased 31/12/2023
N Flood	Member Representative Director	Ceased 29/01/2024
Executive KMP		
C Davies	Chief Executive Officer (CEO)	Full financial year
P Curtin	Chief Finance Officer	Full financial year
T Anderson	Chief Customer Officer	Full financial year
K Forrest	Executive General Manager, Operations	Ceased 26/07/2023
K Hansen	Chief People Officer	Full financial year
B Hayes	Chief Risk Officer	Full financial year
G Miller	Chief Investment Officer (CIO)	Full financial year
S Miller	Chief Legal Officer	Full financial year
K Symes	Chief Technology Officer	Position changed 24/07/2023
	Chief Technology and Operations Officer	

2. Overview of Director and Executive remuneration

Elements of remuneration

Director remuneration

Telstra Super Pty Ltd has four employer representative directors, four member representative directors and one independent director who acts as Chair. The Board has set directors' fees based on comparable positions in other superannuation funds of similar size and complexity and the financial sector more broadly. The fees payable to individual directors may be delivered as a combination of cash and superannuation at the director's discretion (subject to minimum Superannuation Guarantee requirements).

Directors do not receive performance-related incentives, long service leave, retirement, or termination benefits.

Directors' Report

Remuneration Report (audited)

2. Overview of Director and Executive remuneration (continued)

Executive KMP remuneration

Executive KMP are rewarded with a level and mix of remuneration appropriate to their position, responsibilities, and performance, in a way that aligns with the Scheme's business strategy and performance.

Executives receive fixed remuneration and may receive an annual variable remuneration award. Executive remuneration levels are reviewed annually by the Governance & Remuneration Committee of the Trustee Board with reference to the Scheme's remuneration framework and market movements and approved by the Board.

Fixed remuneration

Fixed remuneration (FR) consists of base salary and superannuation and is designed to attract, motivate and retain high calibre employees by providing market competitive remuneration based on:

- The scope of the Executive's role;
- The Executive's skills, experience and qualifications;
- The Scheme's performance and its capacity to pay; and
- External market comparisons and internal relativity.

Variable remuneration

Variable remuneration is designed to motivate and reward Executives to strive for and achieve annual performance objectives including the appropriate management of risk associated with the relevant activities.

There are two Variable Reward Plans that apply to the Executive KMP:

- Executive Management Variable Reward Plan (all KMP other than the CIO), and
- Investment Management Variable Reward Plan (the CIO only).

These plans are designed to reward the Executive KMPs for the success of the Scheme and the financial outcomes of members. Target Variable Reward (VR) opportunity is measured against criteria over which Executive KMPs have some direct control or influence over and, as such, the VR Plan ensures that each Executive is rewarded for overall collegiate team performance in accordance with the Corporate Scorecard and his or her own achievements.

How is it paid?	Any VR payment will be paid in cash after the assessment of annual performance. In addition, under the Investment Management Variable Reward Plan, the CIO also receives an additional deferred variable remuneration opportunity to be paid in cash in three equal instalments, over a three-year period.

Directors’ Report

Remuneration Report (audited)

2. Overview of Director and Executive remuneration (continued)

Variable remuneration (continued)

<table>
<tr>
<td>How much can executives earn?</td>
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<table>
<tr><th>Executive KMP</th><th>Minimum threshold</th><th>Target VR</th><th>Maximum VR</th><th>Deferred VR</th></tr>
<tr><td>CEO</td><td>Nil</td><td>Up to 30% of FR</td><td>45% of FR</td><td>None</td></tr>
<tr><td>Other Executive KMP</td><td>Nil</td><td>Up to 25% of FR</td><td>37.5% of FR</td><td>None</td></tr>
<tr><td>CIO</td><td>Nil</td><td>Up to 70% of FR</td><td>105% of FR</td><td>30% of VR</td></tr>
</table>
Each of the VR performance criteria has a minimum threshold level, a target level and a maximum level that is designed to encourage above target performance:

Failing to meet the minimum threshold will result in no payment for that measure.
Where target performance is achieved, 100% of payment for that measure is payable.
Where above target performance is achieved, up to 150% of payment for that measure is payable.
Performance between threshold, target and maximum is calculated on a straight-line basis

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<td>How is performance measured?</td>
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At the beginning of each financial year, the Board agrees on a “scorecard” of performance measures for Executives for the coming year. The scorecard is considered balanced because it includes a range of financial and non-financial measures that represent the critical activities of the Scheme. The Executive Variable Reward Plan’s performance metrics focuses on the overall performance of the Scheme as an organisation. The Executive Scorecard includes a number of key metrics categorised under the following:

Strategic
Delivery of Corporate Business Plan objectives
Financial:
Investment performance over 1 – 5 year time horizons
Member growth and retention
Members:
Improved member experience
Net promoter score
Process & Risk
Quality assurance & performance
Risk appetite
People:
Culture and wellbeing.

In addition, each Executive’s overall performance is assessed by the CEO (in the CEO’s case, this assessment is performed by the Trustee’s Chair in conjunction with the Board) and the actual VR payment may be adjusted, up or down, based on that assessment.
The CIO’s variable reward is determined in accordance with the terms of the Investment Management Variable Reward Plan and is based on the achievement of specific investment performance measures and outcomes set at the beginning of the financial year. These performance measures include:

Individual performance (as determined by the CEO through the Trustee’s performance appraisal process)
Team performance – a measure of the investment performance of the diversified asset class products (Growth, Balanced and Conservative)

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Directors' Report

Remuneration Report (audited)

2. Overview of Director and Executive remuneration (continued)

Variable remuneration (continued)

When is it assessed and paid?	Variable remuneration is determined at the end of the financial year following a review of performance over the year against the VR performance measures by the Board in the case of the CEO and by the CEO for all other executive KMP. The Board approves the final VR award. 100% of the VR amount is paid in cash in September after the end of the performance period. The award of any VR amount to an Executive is never guaranteed and is always at the full discretion of the Board.
Additional deferred variable remuneration	The CIO's additional deferred VR is paid in cash in three equal instalments, over a three-year period: • 1/3rd after 12 months • 1/3rd after 24 months • 1/3rd after 36 months Any unpaid deferred VR is forfeited to the extent that the CIO ceases employment for any reason, other than redundancy, death or total and permanent disability or permanent retirement from the workforce before the end of the deferral period, notwithstanding the CEO may exercise his/her discretion to pay any unpaid deferred amount.

3. Performance and executive remuneration outcomes

The following table outlines the target and maximum variable reward percentages available to be earned and the proportion of maximum variable reward estimated to be earned for the year ended 30 June 2024. These proportions are estimates only as the Directors will approve the final variable reward outcomes in September 2024.

Executive KMP	On target % opportunity (% of FR)	Maximum % (% of FR)	% of maximum VR earned	% of VR forfeited	Additional deferred variable reward (ADVR) %	% of ADVR earned	% of ADVR forfeited
C Davies	30.0%	45.0%	46.7%	53.3%	-	-	-
P Curtin	25.0%	37.5%	46.7%	53.3%	-	-	-
T Anderson	25.0%	37.5%	46.7%	53.3%	-	-	-
K Forrest[1]	-	-	-	-	-	-	-
K Hansen	25.0%	37.5%	46.7%	53.3%	-	-	-
B Hayes	25.0%	37.5%	46.7%	53.3%	-	-	-
G Miller	70.0%	105.0%	48.3%	51.7%	30.0%	48.3%	51.7%
S Miller	25.0%	37.5%	46.7%	53.3%	-	-	-
K Symes	25.0%	37.5%	46.7%	53.3%	-	-	-

1. Ms Forrest ceased employment on 26 July 2023 and was therefore not eligible for any Variable Reward for the financial year ended 30 June 2024.

4. Remuneration agreements

Remuneration arrangements for Executives are formalised in employment agreements. All Executives are employed on individual open ended employment contracts that set out the terms of their employment.

No new contracts were negotiated during the year between Telstra Super Pty Ltd and relevant Executives.

Directors' Report

Remuneration Report (audited)

5. Statutory remuneration

5A. Executive KMP remuneration for the year ended 30 June 2024

Executive	Short-term benefits		Post-employment		Long-term benefits	Total remuneration
	Salary	Variable reward[1]	Superannuation[2]	Other	Deferred variable reward[3]	
	$	$	$	$	$	$
C Davies	674,221	147,650	27,458	-	-	849,329
P Curtin	413,361	77,207	27,511	-	-	518,079
T Anderson	384,574	72,108	29,450	-	-	486,132
K Hansen	324,895	59,262	28,974	-	-	413,131
B Hayes	393,070	73,677	29,382	-	-	496,129
G Miller	515,954	275,423	29,797	-	82,627	903,801
S Miller	319,891	60,812	29,024	-	-	409,727
K Symes	405,672	75,752	27,511	-	-	508,935
K Forrest[4]	31,903	-	8,163	336,961	-	377,027
Total executive KMP	**3,463,541**	**841,891**	**237,270**	**336,961**	**82,627**	**4,962,290**

1. These amounts are estimates only based on forecast end of year results and "completely satisfactory" individual performance assessment. The actual variable reward outcomes for the performance period ended 30 June 2024 will be approved by the Board in September 2024.

2. Includes Superannuation Guarantee contributions and the value of employer funded death & total permanent disablement insurance.

3. This relates to the estimated deferred variable reward for the performance period ended 30 June 2024 and will be paid in 3 equal amounts in September 2025, September 2026 and September 2027 subject to meeting prescribed employment conditions. The actual deferred variable amount will be approved by the Board in September 2024.

4. K Forrest ceased employment on 26 July 2023 and received a cash termination payment of $336,961.

Remuneration Report (audited)

5B. Director remuneration for the year ended 30 June 2024

Current Director	Board and committee fees	Superannuation[5]	Total
	$	$	$
A-M O'Loghlin	207,200	22,792	229,992
B Brunt[1]	35,863	3,945	39,808
G Cooke[1]	71,339	7,847	79,186
S Fousekas[1]	87,105	9,582	96,687
D Khatab[2]	87,105	9,582	96,687
J Mitchell[4]	66,880	7,357	74,237
J Perkins[2]	79,222	8,714	87,936
G Smith[1]	71,339	7,847	79,186
B Vincent-Pietsch[3]	30,182	3,320	33,502
Total	**736,235**	**80,986**	**817,221**

1. Board and committee fees were paid to Telstra Group Limited.

2. Board and committee fees were paid to Communications Workers Union National, the communication division of CEPU.

3. Board and committee fees were paid to Community and Public Sector Union.

4. Board and committee fees were paid to Australian Council of Trade Unions.

5. Superannuation is paid to individual Director's superannuation accounts.

Former Director	Board and committee fees	Superannuation[5]	Total
	$	$	$
B Clere[6]	35,669	3,924	39,593
N Flood[7]	52,752	5,803	58,555
Total	**88,421**	**9,727**	**98,148**

6. B Clere ceased to be a Director on 31/12/2023. Board and committee fees were paid to Telstra Group Limited.

7. N Flood ceased to be a Director on 29/01/2024. Board and committee fees were paid to N Flood.

Signed in accordance with a resolution of the Board of Directors of Telstra Super Pty Ltd.

…………………………………………………………..

Name: Anne-Marie O'Loghlin

Director

…………………………………………………………

Name: Steven Fousekas

Director

Dated at Melbourne, this 15th day of August 2024.

Statement of Financial Position
As at 30 June 2024

	Note	2024	2023
		$000	$000
Assets			
Cash and cash equivalents	*17*	**1,308,623**	1,528,435
Financial assets	*9*	**25,539,892**	24,151,047
Investment income receivable		**60,660**	56,811
Unsettled investment sales		**288,870**	218,663
Accounts receivable	*10*	**11,688**	10,906
Property, plant and equipment	*11*	**5,276**	6,285
Right-of-use lease assets	*18*	**11,970**	13,482
Current income tax assets	*14*	**-**	5,464
Total assets		**27,226,979**	25,991,093
Liabilities			
Benefits payable		**(11,146)**	(6,380)
Accounts payable	*12*	**(37,815)**	(30,161)
Unsettled investment purchases and payables		**(332,401)**	(489,780)
Financial liabilities	*9*	**(82,360)**	(227,811)
Lease liabilities	*18*	**(14,988)**	(16,039)
Current income tax liabilities	*14*	**(79,710)**	-
Deferred income tax liabilities	*14*	**(375,310)**	(309,756)
Total liabilities excluding member benefits		**(933,730)**	(1,079,927)
Net assets available for member benefits		**26,293,249**	24,911,166
Member benefits			
Defined contribution member liabilities	*3*	**(24,629,312)**	(23,237,831)
Defined benefit member liabilities	*4*	**(1,368,337)**	(1,393,047)
Total member liabilities		**(25,997,649)**	(24,630,878)
Total net assets		**295,600**	280,288
Equity			
Operational risk financial requirement	*8*	**56,972**	62,982
Insurance reserve	*8*	**2,000**	2,000
Administration reserve	*8*	**34,819**	36,204
Unallocated surplus	*6*	**201,809**	179,102
Total equity		**295,600**	280,288

The above statement of financial position should be read with the accompanying notes.

Income Statement
For the year ended 30 June 2024

	Note	2024	2023
		$000	$000
Superannuation activities			
Interest		**292,555**	192,679
Dividends and distributions		**568,485**	583,271
Changes in fair value of financial instruments	*13*	**1,287,150**	1,357,755
Other investment income/(losses)		**(2,525)**	5,674
Other operating income		**7,766**	7,385
Total superannuation activities income		**2,153,431**	2,146,764
Investment expenses		**(84,360)**	(80,625)
Administration expenses	*15*	**(79,171)**	(81,438)
Interest on lease liability	*18*	**(962)**	(1,059)
Total expenses		**(164,493)**	(163,122)
Net result from superannuation activities		**1,988,938**	1,983,642
Profit/(loss) from operating activities		**1,988,938**	1,983,642
Net benefits allocated to defined contribution member accounts		**(1,812,090)**	(1,862,310)
Net change in defined benefit member liabilities		**(46,620)**	(8,938)
Profit/(loss) before income tax		**130,228**	112,394
Income tax (expense)/benefit	*14*	**(114,916)**	(73,612)
Profit/(loss) after income tax		**15,312**	38,782

The above income statement should be read with the accompanying notes.

Statement of Changes in Member Benefits
For the year ended 30 June 2024

	Defined Contribution Members 2024 $000	**Defined Benefit Members 2024 $000**	**Total 2024 $000**	Defined Contribution Members 2023 $000	Defined Benefit Members 2023 $000	Total 2023 $000
Opening balance as at 1 July	**23,237,831**	**1,393,047**	**24,630,878**	21,621,668	1,459,927	23,081,595
Employer contributions	**585,557**	**24,250**	**609,807**	552,245	24,685	576,930
Member contributions	**363,632**	**1,438**	**365,070**	390,634	1,512	392,146
Government contributions	**1,796**	**-**	**1,796**	1,856	0	1,856
Transfers from other superannuation funds	**282,702**	**425**	**283,127**	310,619	791	311,410
Transfers to other superannuation funds	**(500,493)**	**(85,702)**	**(586,195)**	(411,335)	(95,667)	(507,002)
Income tax on contributions	**(89,370)**	**(3,637)**	**(93,007)**	(82,984)	(3,697)	(86,681)
Benefits to members/beneficiaries	**(1,055,428)**	**(6,988)**	**(1,062,416)**	(997,558)	(1,868)	(999,426)
Insurance premiums charged to members' accounts	**(36,442)**	**(1,209)**	**(37,651)**	(34,058)	(1,574)	(35,632)
Insurance benefits credited to members' accounts	**27,437**	**93**	**27,530**	24,433	-	24,433
Reserves transferred to/(from) members:						
Insurance reserve	**-**	**-**	**-**	-	-	-
Administration reserve	**-**	**-**	**-**	-	-	-
Operational risk financial requirement	**-**	**-**	**-**	-	-	-
Net benefits allocated to members' accounts:						
Net investment income/(loss)	**1,852,953**	**-**	**1,852,953**	1,901,390	-	1,901,390
Administration fees	**(40,863)**	**-**	**(40,863)**	(39,079)	-	(39,079)
Net change in DB member benefits	**-**	**46,620**	**46,620**	-	8,938	8,938
Closing balance as at 30 June	**24,629,312**	**1,368,337**	**25,997,649**	23,237,831	1,393,047	24,630,878

The above statement of changes in member benefits should be read with accompanying notes.

Statement of Changes in Reserves
For the year ended 30 June 2024

	Unallocated surplus $000	Operational risk financial requirement $000	Insurance reserve $000	Administration reserve $000	Total equity $000
Operating balance as at 1 July 2023	**179,102**	**62,982**	**2,000**	**36,204**	**280,288**
Transfer to/(from) DC member accounts	**-**	**-**	**-**	**-**	**-**
Transfer to/(from) DB member accounts	**-**	**-**	**-**	**-**	**-**
Net transfer to/(from) reserves	**-**	**(13,372)**	**-**	**13,372**	**-**
Net allocations from Income Statement	**22,707**	**7,362**	**-**	**(14,757)**	**15,312**
Closing balance as at 30 June 2024	**201,809**	**56,972**	**2,000**	**34,819**	**295,600**

	Unallocated surplus $000	Operational risk financial requirement reserve $000	Insurance reserve $000	Administration reserve $000	Total equity $000
Operating balance as at 1 July 2022	125,665	58,980	2,000	54,861	241,506
Transfer to/(from) DC member accounts	-	-	-	-	-
Transfer to/(from) DB member accounts	-	-	-	-	-
Net transfer to/(from) reserves	20,300	(1,643)	-	(18,657)	-
Net allocations to Income Statement	33,137	5,645	-	-	38,782
Closing balance as at 30 June 2023	179,102	62,982	2,000	36,204	280,288

The above statement of changes in reserves should be read with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2024

	Note	2024	2023
		$000	$000
Cash flows from operating activities			
Interest received		**292,330**	191,527
Dividends and distributions		**564,918**	579,774
Other income		**5,026**	12,030
Investment expenses		**(85,334)**	(79,937)
Administration expenses		**(66,715)**	(78,665)
Payment of Interest on lease liabilities		**(962)**	(1,059)
Group life insurance premiums		**(37,650)**	(35,632)
Insurance benefits credited to members' accounts		**27,530**	24,433
Income tax paid by operating activities		**35,811**	81,423
Net cash inflows from operating activities	*17*	**734,954**	693,894
Cash flows from investing activities			
Proceeds from sales of financial instruments		**23,683,092**	16,325,326
Purchases of financial instruments		**(24,157,825)**	(16,664,931)
Purchase of property, plant and equipment		**(1,703)**	(1,531)
Net cash outflows from investing activities		**(476,436)**	(341,136)
Cash flows from financing activities			
Employer contributions received		**609,578**	575,589
Member contributions received		**365,072**	392,139
Government co-contributions received		**1,796**	1,856
Transfers from other superannuation funds received		**283,127**	311,410
Transfers paid to other superannuation funds		**(586,195)**	(507,002)
Benefits paid to members and beneficiaries		**(1,057,650)**	(1,001,635)
Payment of principal portion of lease liabilities		**(1,051)**	(886)
Income tax paid by financing activities		**(93,007)**	(86,681)
Net cash outflows from financing activities		**(478,330)**	(315,210)
Net increase/(decrease) in cash		**(219,812)**	37,548
Cash at the beginning of the financial year		**1,528,435**	1,490,887
Cash at the end of the financial year	*17*	**1,308,623**	1,528,435

The above statement of cash flows should be read with the accompanying notes.

Notes to the Financial Statements
For the year ended 30 June 2024

1. Operation of the Scheme

The Telstra Superannuation Scheme (Scheme) was established by a Trust Deed dated 1 July 1990 to provide benefits for the employees of Telstra Group Limited (Telstra) and its related companies. The Trust Deed has been amended from time to time. The last amendment was on 23 December 2021. The Scheme is a hybrid fund with both defined benefit and defined contribution divisions. The defined benefit divisions are closed to new members. The Scheme is domiciled in Australia and the Scheme's registered office is 130 Lonsdale Street, Melbourne, VIC 3000.

Benefits of members in the defined benefit divisions are calculated by way of formulae as defined in the Trust Deed. Benefits of members in the defined contribution divisions are equal to the member account balance, which is credited or debited each year with contributions, net investment income, insurance premiums, expenses and income taxes.

The Trustee of the Scheme is Telstra Super Pty Ltd and it is the holder of a Registrable Superannuation Entity Licence (Licence No. L0001311). The Scheme is a Regulated Fund in accordance with the *Superannuation Industry Supervision Act 1993* (SIS Act) and is a Registrable Superannuation Entity (registration No. R1004441).

2. Material accounting policy information

(a) Basis of preparation

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board, the SIS Act and regulations and the provisions of the Trust Deed. The financial statements are presented in Australian Dollars and all values are rounded to the nearest $'000 except where otherwise indicated.

The financial statements were approved by the Board of Directors of the trustee, Telstra Super Pty Ltd on 15 August 2024.

(b) New accounting standards and interpretations

The Scheme is applying for the first time the following standards and amendments, which are effective for annual reporting periods beginning on or after 1 July 2023. The Scheme has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

- AASB 2021-5 *Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*: The amendments to AASB 112 clarify that the exception of deferred tax consequences for certain transactions would not normally apply. That is, the scope of this exception has been narrowed such that it no longer applies to transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- AASB 2021-2 *Amendments to AASB 7, AASB 101, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies*: The amendments to AASB 101 Presentation of Financial Statements require disclosure of material accounting policy information, instead of significant accounting policies.
- AASB 2021-2 *Amendments to AASB 108 – Definition of Accounting Estimates*: The amendments to AASB 108 clarify the definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The distinction is necessary as their treatment and disclosure requirements are different. Critically, a change in an accounting estimate is applied prospectively whereas a change in an accounting policy is generally applied retrospectively.

The application of the amendments has no material impact on the Scheme's financial statements.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective and have not been adopted by the Scheme for the annual reporting period ended 30 June 2024.

The impact of these standards and interpretations has been assessed and to the extent applicable to the Scheme are outlined in the table below. Standards and Interpretations that are not expected to have any impact on the Scheme have not been included.

Notes to the Financial Statements
For the year ended 30 June 2024

2. Material accounting policy information (continued)

(b) New accounting standards and interpretations (continued)

Accounting standard	Nature	Application date of standard	Application date for the Scheme
AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current	The amendments clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions existing at the end of the reporting period are those used to determine if a right to defer settlement of a liability exists. Management intention or expectation does not affect the classification of liabilities. In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classing it as current or non-current. The impact of the adoption of AASB 2020-1 is not expected to result in any significant changes to the presentation of the Scheme's financial statements.	1 January 2024	1 July 2024
AASB 2023-5 Amendments to AASs – Lack of Exchangeability	The amendments mandate consistent treatment for determining currency exchangeability and selecting the spot exchange rate. A currency is considered exchangeable if it can be obtained promptly through a reliable market or exchange mechanism. Conversely, if only a negligible amount can be obtained, the currency is non-exchangeable. In such cases, entities estimate the spot exchange rate based on orderly market transactions. Additionally, disclosure requirements address the impact of exchangeability on financial performance, position, and cash flows. The amendments aim to enhance clarity and consistency in handling foreign exchange rates, ensuring accurate financial reporting. The impact of the adoption of AASB 2020-1 is not expected to result in any significant changes to the presentation of the Scheme's financial statements.	1 January 2025	1 July 2025
AASB 18 Presentation and Disclosure in Financial Statements	AASB 18 improves how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss. The key presentation and disclosure requirements established by AASB 18 are: • The presentation of newly defined subtotals in the statement of profit or loss. • The disclosure of management-defined performance measures; and • Enhanced requirements for grouping information. The adoption of AASB 2020-1 is expected to have a moderate impact to the presentation of the Scheme's financial statements.	1 January 2027	1 July 2027

Notes to the Financial Statements
For the year ended 30 June 2024

2. Material accounting policy information (continued)

(c) Reclassification of financial information

Where necessary, comparative information has been reclassified to achieve consistency in both presentation and disclosures of the financial report.

(d) Consolidation

The Scheme is an investment entity and, as such, does not consolidate the entities it controls. Instead, interests in subsidiaries are measured at fair value through profit or loss. Refer to Note 21 for further details.

(e) Financial assets and liabilities

i. Classification

Financial assets measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

(i) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; or
(ii) It is not held within a business model whose objective is to hold financial assets to collect contractual cash flows, or to both collect contractual cash flows and sell financial assets; or
(iii) At initial recognition, it is irrevocably designated as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Scheme includes all investment assets in this category.

Financial liabilities measured at fair value through profit or loss

A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading. The Scheme includes derivative contracts in a liability position in this category since they are classified as held for trading.

ii. Recognition

The Scheme recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Scheme commits to purchase or sell the asset.

iii. Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

(i) The rights to receive cash flows from the asset have expired; or
(ii) The Scheme has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and
(iii) Either (a) the Scheme has transferred substantially all the risks and rewards of the asset, or (b) the Scheme has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Scheme derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

Notes to the Financial Statements
For the year ended 30 June 2024

2. Material accounting policy information (continued)

(e) Financial assets and liabilities (continued)

iv. Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the income statement.

v. Subsequent measurement

After initial measurement, the Scheme measures financial instruments at fair value through profit or loss. Subsequent changes in the fair value of those financial instruments are recorded as 'changes in fair value of financial instruments' in the income statement. Interest and dividend earned are recognised separately in 'interest revenue' and 'dividend revenue' in the income statement.

(f) Fair value measurement

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

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

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

The principal or the most advantageous market must be accessible to the Scheme.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to Note 9 for further details.

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank, custodially-held cash, margin accounts and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in fair value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above.

(h) Receivables

Receivables are carried at nominal amounts which approximate fair value. Receivables are normally settled within 30 days. An allowance for uncollectible amounts is only made where there is objective evidence that the debt will not be collected. Objective evidence may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the Financial Statements
For the year ended 30 June 2024

2. Material accounting policy information (continued)

(i) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

(j) Benefits payable

Benefits payable are valued in accordance with AASB 1056 *Superannuation Entities* and comprise the entitlements of members who have claimed a benefit prior to the end of the financial year and the entitlement had not been paid at reporting date. Benefit entitlements rolled over within the Scheme are not included as benefits payable. Benefits payable are generally settled within 30 days.

(k) Other payables

Other payables are carried at amortised cost which approximate fair value. They represent liabilities for goods and services provided to the Scheme prior to the end of the financial year that are unpaid when the Scheme becomes obliged to make future payments in respect of the purchase of these goods or services. Payables are normally settled on 30 day terms.

(l) Unsettled investment purchases/payables and sales/receivables

Unsettled investment purchases/payables and unsettled investment sales/receivables represent payables for securities purchases and receivables for securities sold that have been contracted for but not yet delivered by year end. The balances are measured at amortised cost which approximates fair value of the consideration payable/receivable by the Scheme.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Scheme and the revenue can be reliably measured, regardless of when the payment is received. The specific recognition criteria described for the revenue items below must also be met before revenue is recognised:

i. Changes in fair value of financial instruments

   Changes in the fair value of financial instruments are calculated as the difference between the fair value at sale, or at the reporting date, and the fair value at the previous valuation point. All changes are recognised in the income statement.

ii. Interest

   Interest revenue on cash and cash equivalents and interest-bearing financial assets measured at fair value is recorded according to the terms of the contract and is recognised in the income statement.

iii. Dividends and distributions income

   Dividend and distribution income are recognised when the Scheme's right to receive payment is established. Revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as tax expense in the income statement.

(n) Income tax

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

Income tax benefit/expense for the year comprises current and deferred tax and is recognised in the income statement.

Current income tax liability is the expected tax payable on the taxable income for the year less any instalment payments that have been paid as at reporting date.

Notes to the Financial Statements
For the year ended 30 June 2024

2. Material accounting policy information (continued)

(n) Income tax (continued)

Deferred tax assets and liabilities are provided for using the 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.

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. The Scheme is currently in a net deferred tax liability position.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at reporting date.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxation authority.

(o) Goods and services tax (GST)

Where applicable, GST incurred by the Scheme that is not recoverable from the Australian Taxation Office (ATO), has been recognised as part of the expense to which it applies. Receivables and payables are stated with any applicable GST included in the value. The amount of any GST recoverable from, or payable to, the ATO is included as a receivable or payable in the statement of financial position.

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

(p) Administration expenses

The Scheme is a self-administered fund, and all administration expenses are paid directly by the Scheme. These administration expenses include the fee paid by the Scheme to its trustee company, Telstra Super Pty Ltd, for trustee services.

Administration expenses are recognised in the period in which the expenditure is incurred.

(q) Foreign currency

The functional and presentation currency of the Scheme is Australian Dollars, which is the currency of the primary economic environment in which it operates. The Scheme’s performance is evaluated and its liquidity is managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions in foreign currencies are initially recorded at the functional currency spot rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the income statement in the period in which they arise.

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

Notes to the Financial Statements
For the year ended 30 June 2024

2. Material accounting policy information (continued)

(r) Member liabilities

Member liabilities are measured as the amount of accrued benefits.

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

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

(s) Leases

The Scheme assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Scheme applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Scheme recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets

The Scheme recognises right-of-use assets at the lease commencement date. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office buildings 12 years
- Computer hardware 4 years

If ownership of the leased asset transfers to the Scheme at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii. Lease Liabilities

At the lease commencement date, the Scheme recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Scheme uses its lease discount rate as described in Note 2(u)(iv) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a lease modification or a change in the lease payments.

iii. Short-term leases and leases of low-value assets

The Scheme applies the short-term lease recognition exemption to its short-term leases of computer hardware. It also applies the lease of low-value assets recognition exemption to leases of computer hardware that is considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense when they are incurred.

Notes to the Financial Statements
For the year ended 30 June 2024

2. Material accounting policy information (continued)

(t) Employee entitlements

i. Salaries, annual leave and sick leave

Liabilities for salaries (including non-monetary benefits) and annual leave are recognised in the provisions for employee entitlements and are represented by the amount that the Scheme has a present obligation to pay at the reporting date. The provisions have been calculated based on remuneration rates that the Scheme expects to pay when the employee entitlement is settled. Related on-costs are included. No liability for sick leave has been recognised as it is non-vesting and no additional cost is incurred by staff absence. Sick leave is recognised when the leave is taken and is measured at the rates paid or payable.

ii. Long service leave

The liability for long service leave is recognised in the provision for employee entitlements and is measured as the present value of the estimated future cash outflows to be made by the Scheme at reporting date. Liabilities for employee entitlements that are not expected to be settled within twelve months are discounted using the rates attached to corporate bond securities at reporting date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in salary rates, the Scheme's experience with staff departures, and the probability that employees as a group will achieve an unconditional qualifying period of service. Related on-costs have also been included in the liability.

iii. Superannuation scheme

The employees of the Scheme are eligible to be members of the Scheme, and contributions are made on their behalf. The majority of staff are defined contribution members, and contributions for these staff are charged as expenses when the contributions are paid or become payable. Contributions for staff, who are defined benefit members, are also charged as expenses when due and payable. The Trustee has no obligation or entitlement to any deficit or surplus and therefore AASB 119 *Employee Benefits* has not been applied. Refer to Note 22(b) for details of the defined benefit surplus/(deficit).

iv. Funding arrangements

Funding requirements for the defined contribution divisions of the Scheme are determined by Government legislation and the Trust Deed, whilst funding requirements for the defined benefit divisions of the Scheme are impacted by various financial and demographic factors including investment earnings, salary inflation, and benefit claims experience.

The funding policy adopted in respect of the defined benefit divisions is directed at ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due. An actuarial investigation is carried out every three years. As at 30 June 2021, the Actuary for the Scheme, Mr. M. Burgess FIAA, completed an actuarial investigation of the defined benefit divisions of the Scheme and reported that the Scheme was in a satisfactory funding position. Under the SIS Act, a fund is in a "Satisfactory Financial Position" when the market value of assets (excluding any amount held to meet the Operational Risk Financial Reserve) exceeds its vested benefits. The next triennial actuarial investigation as at 30 June 2024 will be carried out in the 2025 financial year

As per the recommendations contained in the Actuary's report as at 30 June 2021, Telstra Group Limited (Telstra) and certain associated employer sponsors have continued to make employer contributions to the Scheme in respect of defined benefit and defined contribution divisions at required rates.

The Trustee and Telstra monitor and report each month on the Vested Benefit Index (VBI) - the ratio of fund assets to members' vested benefits of the Scheme’s defined benefit divisions. The Actuary provides an opinion as to the reasonableness of the then current employer contribution rate in actuarial investigations.

The VBI for the defined benefits divisions at 30 June 2024 was 107.46% (2023: 107.01%).

Notes to the Financial Statements
For the year ended 30 June 2024

2. Material accounting policy information (continued)

(u) Significant accounting judgements, estimates and assumptions

The preparation of the Scheme's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The significant accounting policies have been consistently applied in the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been represented to be consistent with current period disclosures.

i. Fair value of financial assets and financial liabilities

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs in these valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of the financial assets and financial liabilities.

Refer to Note 9(a) for further details in relation to the Scheme's valuation techniques.

ii. Assessment as investment entity

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 criteria which define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Scheme's product disclosure statement details its objective of providing services to members which includes investing in equities, interest-bearing securities and private equity for the purpose of returns in the form of investment income and capital appreciation.

The Scheme reports to its members via an annual report, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by AASB 1056 *Superannuation Entities* in the Scheme's annual report. The Scheme has a clearly documented exit strategy for all of its investments.

The Trustee has therefore concluded that the Scheme and its unconsolidated subsidiaries, other than Telstra Super Financial Planning Pty Ltd ("TSFP"), meet the definition of an investment entity. The Scheme's interest in TSFP is treated as an investment entity on the basis of materiality.

The Trustee has therefore concluded that the Scheme and its unconsolidated subsidiaries meet the definition of an investment entity. These conclusions are reassessed on an annual basis for any changes in criteria or characteristics.

Notes to the Financial Statements
For the year ended 30 June 2024

2. Material accounting policy information (continued)

(u) Significant accounting judgements, estimates and assumptions (continued)

iii. Valuation of defined benefits member liabilities

The amount of defined benefits member liabilities has been determined using actuarial valuation techniques and assumptions. An actuarial valuation involves making various assumptions about the future. Actual developments in the future may differ from these assumptions. The assumptions are discount rate, inflationary salary increases, promotional salary increases, rates of demographic movements and rate of retrenchment. Due to the complexities involved in the valuation and its long term nature, defined benefit member liabilities are highly sensitive to changes in these assumptions. Assumptions are reviewed at each reporting date.

iv. Leases – estimating the lease discount rate

As the Scheme is not a borrower, it cannot readily determine the interest rate implicit in the lease. Therefore, it estimates a lease discount rate to measure lease liabilities. This discount rate represents the interest rate the Scheme would need to pay to borrow funds over a similar term and with similar security to acquire an asset of comparable value to the right-of-use asset in a similar economic environment. The rate of 4.89% p.a. (2023: 4.89%) therefore reflects what the Scheme 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

3. Defined contribution member liabilities

Defined contribution member account balances are determined by both the unit prices and the number of units as at the reporting date. The unit prices are determined based on the underlying investment asset values.

Defined contribution members bear the investment risk relating to the underlying assets. Daily unit prices are used to measure the member liabilities.

As at 30 June 2024, Defined contribution member liabilities were $24,629,312,349 (2023: $23,237,830,444).

As at 30 June 2024, $1,154,370 (2023: $927,754) have not been allocated to member accounts at the reporting date. This amount consists of contributions received by the Scheme that has not been able to be allocated to members at the reporting date. This amount is recognised within accounts payable in the Statement of Financial Position.

Refer to Note 23 for the Scheme's management of investment risk.

4. Defined benefit member liabilities

The Scheme engages a qualified Actuary on an annual basis to measure the defined benefits member liabilities.

The actuarial valuation of member liabilities reflects the actuarial assessment of the benefits accrued up to the reporting date and payable to members on retirement, resignation, death and disability. This annual assessment may result in an employer being required to make additional contributions to the divisions. The defined benefit divisions are quarantined from the other assets of the Scheme.

The key assumptions used to determine the values of accrued benefits were:

- The discount rate (net of investment taxes and fees): 4.60% p.a. (2023: 4.60% p.a.)
- The inflationary salary increases: 3.50% p.a. (2023: 3.50% p.a.).

These assumptions have been prepared based on information available at 30 June 2024.

The movement in defined benefits member liabilities over the year is outlined in the Statement of Changes in Member Benefits. The actuarial movement was mainly a result of actual salary and promotional increases this year (relative to prior forecasts) and interest costs.

Notes to the Financial Statements
For the year ended 30 June 2024

4. Defined benefit member liabilities (continued)

The Scheme's Actuary reports to management each year on the status of the defined benefit divisions. Where divisions are in or are likely to enter an unsatisfactory financial position, the report sets out any remedial action and agreed rectification programs in respect of each employer.

Key assumptions

The Trustee has a number of steps in place to manage the risks associated with defined benefit divisions. As stated in Note 2(t)(iv), the Trustee has appointed an external consulting Actuary to advise on the risks, including establishing suitable funding objectives. These funding objectives and the defined benefit divisions' circumstances are taken into account by the Actuary when recommending the required employer contribution levels.

The Trustee also uses sensitivity analysis to monitor the potential impact of changes to key variables about which assumptions need to be made. The Trustee has identified two assumptions, for which changes are reasonably possible that would have a material impact on the amount of the defined benefit member liabilities:

- **Discount rate** - The assumed discount rate has been determined by reference to the Scheme's asset consultant advice.
- **Inflationary salary increase** - The inflationary salary increase is the best estimate, which is developed during the ongoing discussions following the recent actuarial investigations.

The other variables would not be expected to have a material effect. These variables are promotional salary increases, rates of demographic movements and rate of retrenchment.

The following are sensitivity calculations on a univariate basis for the discount rate and rate of inflationary salary increase assumptions for the defined benefit divisions.

Assumption	Assumed at reporting date	Reasonable possible change	Amount of increase/(decrease) in member benefit liabilities $000
Discount rate	**4.60%** (2023: 4.60%)	**+1.0%/-1.0%** (2023: +1.0%/-1.0%)	**-68,400/76,300** (2023: -76,000/85,200)
Inflationary salary increases	**3.50%** (2023: 3.50%)	**+0.5%/-0.5%** (2023: +0.5%/-0.5%)	**21,000/-20,300** (2023: 36,500/-34,900)

At the reporting date the accrued benefits of the defined benefit members are $1,368.3 million (2023: $1,393.0 million).

5. Funding arrangements

Employers have contributed to the Scheme during the financial year at a rate of at least 11.0% (2023: 10.5%) of the gross salaries of those employees who were defined contribution members of the Scheme.

Employers for the defined benefit members have contributed to the Scheme at the rate of 5.0% (2023: 5.0%). The contribution rate is determined by the Actuary.

Members are also able to make voluntary contributions.

6. Unallocated surplus

The defined benefits divisions continue to remain in surplus as at the reporting date. The employer sponsors intend to keep the defined benefit divisions in surplus for the foreseeable future. The defined benefit divisions are contributing at the rate recommended by the Actuary.

The unallocated surplus also includes timing differences relating to investment valuations and tax assumptions used. At the reporting date the unallocated surplus is $201.8 million (2023: $179.1 million).

Notes to the Financial Statements
For the year ended 30 June 2024

7. Guaranteed benefits

No guarantees have been made in respect of any part of the liability for accrued member benefits.

8. Reserves

The reserves provide the Trustee with access to funds to protect members' interests and mitigate the impact of an adverse event regarding the Scheme's operational and insurance activities.

The administration reserve receives amounts from operational surpluses over the corporate business plan cycle. This reserve, subject to approval from the Board, may be used for purposes, including but not limited to meeting large or unexpected expenses from strategic initiatives, loss of members' funds through fraud or error, and meeting uninsured losses arising from a period of unusually high claims experience. Expenditure on strategic matters for the period included the uplift of investment products, software to improve member experience, and the uplift in policies and procedures to meet regulatory requirements.

The operational risk financial requirement was established on 1 July 2013 in accordance with the Superannuation Prudential Standards SPS 114 *Operational Risk Financial Requirement*. This reserve may be used in certain circumstances to address operational risk events or claims against the Scheme arising from operational risk. This reserve is funded from transfers from members.

On 13 February 2024, the Trustee assessed the appropriate operational risk financial requirement (ORFR) target amount and approved a change in the ORFR target amount from 0.25% to 0.20% of funds under management (FUM). The ORFR was 0.21% of FUM as at 30 June 2024 (2023: 0.25%).

The Trustee has also allocated the amount of $2,000,000 (2023: $2,000,000) for the purpose of maintaining a self-insurance reserve for its defined benefits members.

Transfers in and out of all reserves are made only at the authorisation of the Trustee and in accordance with the Scheme's Reserves Policy.

9. Fair value of financial instruments

(a) Classification of financial instruments under the fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 — Quoted market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

Notes to the Financial Statements
For the year ended 30 June 2024

9. Fair value of financial instruments (continued)

(a) Classification of financial instruments under the fair value hierarchy (continued)

	30 June 2024			
	Level 1 $000	**Level 2 $000**	**Level 3 $000**	**Total $000**
Interest-bearing securities	**961,648**	**4,264,029**	**-**	**5,225,677**
Listed equities	**13,463,537**	**-**	**424**	**13,463,961**
Unlisted equities	**-**	**258,247**	**6,409,564**	**6,667,811**
Group annuity policy	**-**	**6,679**	**-**	**6,679**
Derivative assets	**5,594**	**170,170**	**-**	**175,764**
Derivative liabilities	**(5,141)**	**(77,219)**	**-**	**(82,360)**
Total investments	**14,425,638**	**4,621,906**	**6,409,988**	**25,457,532**

	30 June 2023			
	Level 1 $000	**Level 2 $000**	**Level 3 $000**	**Total $000**
Interest-bearing securities	1,606,485	3,693,028	2,878	5,302,391
Listed equities	12,030,655	-	424	12,031,079
Unlisted equities	-	249,204	6,446,495	6,695,699
Derivative assets	5,006	116,872	-	121,878
Derivative liabilities	(18,492)	(209,319)	-	(227,811)
Total investments	13,623,654	3,849,785	6,449,797	23,923,236

Valuation techniques

Listed equities

When fair values of publicly traded equity securities are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are classified within Level 1 in the fair value hierarchy.

When publicly traded equity securities are suspended, they are valued using the last traded price. Such instruments are classified within either Level 2 or Level 3 in the fair value hierarchy depending on the pricing source and the timing since the price last updated.

The Scheme invests in listed trusts and special purpose vehicles such as listed property trusts. When the fair values of trusts and vehicles are based on quoted market prices, in an active market for identical assets without any adjustments, the instruments are classified within Level 1 of the fair value hierarchy.

Unlisted equities

The Scheme holds its unlisted equities through unlisted investment trusts, special purpose vehicles and private equity whose underlying assets are valued by their investment managers.

The valuation of unlisted equity investments requires significant management judgement due to the absence of quoted market prices, inherent lack of liquidity and the long-term nature of such assets.

Private equity investments are often valued initially based upon cost. Each quarter, valuations are reviewed by investment managers utilising available market data to determine if the carrying value of these investments should be adjusted. Such market data primarily includes observations of the trading multiples of public companies considered comparable to the private companies being valued. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued.

Notes to the Financial Statements
For the year ended 30 June 2024

9. Fair value of financial instruments (continued)

(a) Classification of financial instruments under the fair value hierarchy (continued)

Valuation techniques (continued)

Unlisted equities (continued)

In addition, a variety of additional factors are reviewed by management, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investments, changes in market outlook and the third-party financing environment. Unlisted equity investments are typically classified within Level 3 in the fair value hierarchy.

When trusts and vehicles are not quoted in an active market and subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets, the NAV of the trusts and vehicles may be used as an input into measuring their fair value. In measuring this fair value, the NAV is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund-to-fund managers. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the instruments can be classified within either Level 2 or Level 3 in the fair value hierarchy. The Scheme holds such investments in unlisted property and infrastructure trusts, unlisted equity trusts, private equities and unlisted cash and fixed income trusts.

Interest-bearing securities

Where quoted prices are available in an active market, bonds, discount and asset-backed securities are classified as Level 1 in the hierarchy. If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Examples of such instruments are collateralised mortgage obligations and high-yield debt securities which would generally be classified within Level 2 in the fair value hierarchy.

Most interest-bearing securities are valued by using an evaluated price provided by an independent pricing vendor, broker or dealer. If trade information is used along with observable inputs, the interest-bearing securities are classified within Level 2 in the fair value hierarchy. In certain cases where there is limited activity or less transparency around inputs to the valuation, such instruments are classified within Level 3 in the fair value hierarchy.

Derivatives

Exchange-traded derivatives valued using quoted prices are classified within Level 1 of the fair value hierarchy.

Depending on the types and contractual terms of OTC derivatives, vendors and brokers/dealers provide fair valuation measurements that are modelled using a series of techniques, such as the Black-Scholes option pricing model, simulation models or a combination of various models. Where derivative products have been established for some time, fair valuation measurement is based on models that are widely accepted in the financial services industry. These models reflect the contractual terms of the derivatives, including the period to maturity, and market-based parameters such as interest rates, volatility, and the credit quality of the counterparty. Further, many of these models do not contain a high level of subjectivity as the methodologies used in the models do not require significant judgement, and inputs to the model are readily observable from actively quoted markets. Such instruments are generally classified within Level 2 of the fair value hierarchy.

Derivatives that are valued based upon models with significant unobservable market parameters and that are normally traded less actively, have trade activity that is one way, and/or are traded in less-developed markets may be classified within Level 3 of the fair value hierarchy.

Notes to the Financial Statements
For the year ended 30 June 2024

9. Fair value of financial instruments (continued)

(a) Classification of financial instruments under the fair value hierarchy (continued)

Valuation techniques (continued)

Group annuity policy

Group annuity policy is valued at its withdrawal value. This is based on the voluntary withdrawal calculation which is an interest rate sensitive linear interpolation from purchase price to zero for each of the underlying policies.

Valuation process for financial instruments

Valuations are the responsibility of the board of directors of the Trustee.

The Trustee has the Valuation Investment Policy (Policy) in place to specify the valuation processes adopted by the Trustee so that it can process transactions at values that are materially accurate, fair and equitable. The following valuation principles are included in the Policy:

- Valuations are independent and unbiased
- Investments and financial exposures are frequently measured
- Valuations are available with reference to a relevant market
- Active markets may not exist for all financial instruments held
- Understanding the basis and assumptions underlying the valuation methodology adopted
- Relevance of the valuation being used
- Market disruption or inability to determine values, and
- Approval process for accepting valuations.

The valuation of underlying assets within unlisted equities is performed at least quarterly by investment managers and reviewed by both the Scheme's investment team and investment operations team. For property and infrastructure assets held within trusts controlled by the Scheme, valuations are sourced from an independent valuation firm at a minimum on an annual basis. The valuation techniques adopted by these firms use either discounted cash flow or capitalisation rate methods. The Scheme values these trusts at their net asset value.

The Trustee uses an independent custodian, JPMorgan Chase & Co. (the Custodian), to hold the Scheme's investment assets in safe keeping. The Custodian also provides the Scheme with investment accounting services. This service includes providing market valuations on daily basis for all financial instruments held. The Custodian has a Pricing Policy for the proper valuation of financial instruments.

The Custodian's Pricing Policy is consistent with valuation principles set out above and has been adopted for the purpose of valuing the Scheme's assets on a daily basis. This policy and the Custodian's Global Pricing Policy are reviewed at least every two years by management.

Further to the Custodian's Pricing Policy the Trustee seeks to ensure that the valuations of property and infrastructure investments follow the specific guidelines outlined in the Policy.

There were no other changes in valuation techniques during the year.

Quantitative information of significant unobservable inputs – Level 3

The table below sets out information about significant unobservable inputs used in measuring financial instruments classified as Level 3 in the fair value hierarchy.

Notes to the Financial Statements
For the year ended 30 June 2024

9. Fair value of financial instruments (continued)

(a) Classification of financial instruments under the fair value hierarchy (continued)

Quantitative information of significant unobservable inputs – Level 3 (continued)

Description	Fair Value $000	Valuation technique	Significant unobservable inputs
Interest-bearing securities	**2024: -** 2023: 2,878	Last traded prices	Last traded prices
Listed equities	**2024: 424** 2023: 424	Last traded prices	Last traded prices
Unlisted equities	**2024: 6,409,564** 2023: 6,446,495	Redemption prices provided by fund managers	Unit prices

The analysis below indicates the effect on the income statement and statement of financial position due to a reasonably possible change of 7.0% (2023: 7.75%) in unit prices.

2024	Effect on changes in assets measured in fair value and net assets		
Description	**Amount $000**	**+7.00% $000**	**-7.00% $000**
Listed equities	**424**	**30**	**30**
Unlisted equities	**6,409,564**	**448,669**	**(448,669)**

2023	Effect on changes in assets measured in fair value and net assets		
Description	**Amount $000**	**+7.75% $000**	**-7.75% $000**
Interest-bearing securities	2,878	223	(223)
Listed equities	424	33	(33)
Unlisted equities	6,446,495	499,603	(499,603)

Notes to the Financial Statements
For the year ended 30 June 2024

9. Fair value of financial instruments (continued)

(b) Level 3 financial instruments transactions

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

30 June 2024

	Interest-bearing securities $000	Listed equities $000	Unlisted equities $000	Total $000
Opening balance	**2,878**	**424**	**6,446,495**	**6,449,797**
Total gains/(losses)	**24**	**702**	**(194,064)**	**(193,338)**
Purchases/applications	**-**	**-**	**644,970**	**644,970**
Transfer in/(from) level 3	**(1,847)**	**-**	**-**	**(1,847)**
Sales/redemptions	**(1,055)**	**(702)**	**(487,837)**	**(489,594)**
Closing Balance	**-**	**424**	**6,409,564**	**6,409,988**

30 June 2023

	Interest-bearing securities $000	Listed equities $000	Unlisted equities $000	Total $000
Opening balance	15,968	2,939	5,932,202	5,951,109
Total gains/(losses)	30	(2,945)	88,760	85,845
Purchases/applications	84	3,154	476,633	479,871
Transfer in/(from) level 3	-	-	482,410	482,410
Sales/redemptions	(13,204)	(2,724)	(533,510)	(549,438)
Closing Balance	2,878	424	6,446,495	6,449,797

Gains or losses recognised in the income statement for Level 3 transactions are presented in the changes in fair value of financial instruments as follows:

30 June 2024

	Interest-bearing securities $000	Listed equities $000	Unlisted equities $000	Total $000
Total gains/(losses) recognised in the income statement for the period	**(71)**	**702**	**24,509**	**25,140**
Total gains/(losses) recognised in the income statement for the period for assets held at the end of the reporting period	**-**	**-**	**(218,573)**	**(218,573)**

30 June 2023

	Interest-bearing securities $000	Listed equities $000	Unlisted equities $000	Total $000
Total gains/(losses) recognised in the income statement for the period	128	189	6,054	6,371
Total gains/(losses) recognised in the income statement for the period for assets held at the end of the reporting period	(111)	(3,134)	82,705	79,460

Notes to the Financial Statements
For the year ended 30 June 2024

9. Fair value of financial instruments (continued)

(c) Transfers between hierarchy levels

The transfers from the Level 3 to Level 2 fair value hierarchies during the financial year are due to detailed analysis of valuation techniques of the investments involved and do not represent a significant change in the observable measurements of their fair values. There have been no other transfers between the Level 1, Level 2 and Level 3 fair value hierarchies.

10. Accounts receivable

Recoverable within 12 months	**2024 $000**	2023 $000
Contributions receivable	**6,808**	6,581
Other receivables	**2,374**	2,216
Prepayment	**2,506**	2,109
Total accounts receivable	**11,688**	10,906

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Information regarding credit risk exposure is set out in Note 23.

11. Property, plant and equipment

	2024 $000	2023 $000
Cost	**19,339**	17,643
Accumulated depreciation and impairment	**(14,063)**	(11,358)
Written down value	**5,276**	6,285

12. Accounts payable

Due within 12 months	**2024 $000**	2023 $000
Investment expenses payable	**10,092**	11,066
Administration expenses payable	**19,322**	10,384
Employee entitlements	**7,247**	7,783
Unallocated member contributions	**1,154**	928
Total accounts payable	**37,815**	30,161

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 23.

13. Changes in fair value of financial instruments

	2024 $000	2023 $000
Financial instruments held at balance date		
Cash and cash equivalents	**(6,206)**	1,576
Interest-bearing securities	**53,800**	51,024
Listed equities	**1,444,438**	1,565,818
Unlisted equities	**(198,000)**	92,167
Group annuity policy	**(638)**	-
Derivatives	**(6,244)**	(352,830)
Total changes in fair value of financial instruments	**1,287,150**	1,357,755

Notes to the Financial Statements
For the year ended 30 June 2024

14. Income tax

The major components of income tax expense are:

	2024 $000	2023 $000
Current income tax expense		
Income tax (receivable)/payable current year	**38,900**	(62,118)
Adjustments in respect of prior years	**10,428**	(14,011)
Total	**49,328**	(76,128)

	2024 $000	2023 $000
Deferred income tax expense		
Relating to origination and reversal of temporary differences	**65,588**	149,740
Adjustments in respect of deferred income tax of previous years	**-**	-
Total	**65,588**	149,740
Income tax expense/(benefit) reported in the income statement	**114,916**	73,612

A reconciliation between income tax expense and profit from operating activities is as follows:

	2024 $000	2023 $000
Profit/(loss) from operating activities	**1,988,938**	1,983,642
Income tax at 15%	**298,341**	297,546
Increase/(decrease) in tax expense due to:		
Imputation & foreign tax offsets gross up	**12,984**	15,447
Differences between tax and accounting investment income	**(63,009)**	(83,101)
Adjustments in respect of income tax of previous year	**10,428**	(14,010)
Allocated pension exempt income	**(62,144)**	(58,187)
Imputation and foreign tax offsets	**(81,684)**	(84,083)
Income tax expense in income statement	**114,916**	73,612
Current income tax (assets)/liabilities at 30 June relates to the following:		
Income tax payable for current year	**131,941**	25,052
Payments made during the year	**(52,231)**	(30,516)
Current income tax (assets)/liabilities	**79,710**	(5,464)
Deferred income tax assets and liabilities at 30 June relates to the following:		
Contributions receivable	**(1,011)**	(977)
Investment income receivable	**4,456**	4,793
Unrealised gains on investments	**501,355**	412,788
Expense provisions	**(3,327)**	(1,955)
Imputation tax offsets	**(5,442)**	(6,698)
Allocated pension exempt income share of gains/losses	**(120,721)**	(98,195)
Net deferred income tax liabilities	**375,310**	309,756

Notes to the Financial Statements
For the year ended 30 June 2024

15. Administration expenses

	2024 $000	2023 $000
Salaries and related employment costs	**43,225**	46,569
Trustee expenses	**1,272**	1,179
Professional and audit fees	**6,536**	6,565
Member communication expenses	**1,886**	2,548
Office rental and expenses	**8,090**	8,543
Depreciation expense of right-of-use assets	**1,512**	1,512
Financial planning service fees	**12,190**	10,427
Actuarial fees	**141**	99
Advertising expenses	**1,395**	1,184
APRA levy	**2,021**	1,987
Other expenses	**903**	825
Total administration expenses	**79,171**	81,438

16. Auditors' remuneration

	2024 $	2023 $
Fees for auditing the RSE's statutory financial report	**385,459**	351,005
Fees for assurance services that are required by legislation to be provided by the RSE auditor	**70,628**	65,159
Fees for auditing the statutory financial report of the Trustee	**10,362**	9,868
Fees for assurance services that are required by legislation to be provided by the Trustee auditor	**5,689**	5,419
Total audit and review services	**472,138**	431,451
Fees for other assurance and tax compliance services	**-**	37,388
Total fees paid to Ernst & Young Australia	**472,138**	468,839

17. Cash flows reconciliation

Reconciliation of cash flows from operating activities

	2024 $000	2023 $000
Profit/(loss) after income tax	**15,312**	38,782
Adjustments for:		
Depreciation	**4,224**	4,066
Changes in fair value of financial assets	**(1,287,150)**	(1,357,755)
Insurance premiums charged on members' accounts	**(37,651)**	(35,632)
Death and disability benefits credited to members' accounts	**27,530**	24,433
(Increase)/Decrease in investment income receivable	**(3,849)**	(4,545)
(Increase)/Decrease in other receivables	**(158)**	(1,132)
(Increase)/Decrease in prepayments	**(396)**	(167)
Increase/(Decrease) in accounts payable	**7,654**	(438)
Increase/(Decrease) in current tax liabilities	**85,174**	5,495
Increase/(Decrease) in deferred tax liabilities	**65,554**	149,539
Allocation to members' accounts	**1,858,710**	1,871,248
Net cash from operating activities	**734,954**	693,894

Notes to the Financial Statements
For the year ended 30 June 2024

18. Leases

The Scheme has a lease contract for an office building used in its operations. The lease term is 12 years. The Scheme's obligations under its lease are secured by the lessor's title to the leased assets. Generally, the Scheme is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2024 $000	2023 $000
As at 1 July	**13,482**	14,994
Additions	**-**	-
Depreciation expense	**(1,512)**	(1,512)
As at 30 June	**11,970**	13,482

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024 $000	2023 $000
As at 1 July	**16,039**	16,925
Additions	**-**	-
Accretion of interest	**962**	1,059
Payments	**(2,013)**	(1,945)
As at 30 June	**14,988**	16,039

The following are the amounts recognised in the income statement:

	2024 $000	2023 $000
Depreciation expense of right-of-use assets	**1,512**	1,512
Interest expense on lease liabilities	**962**	1,059
Lease expense apportionment and adjustments	**(186)**	51
Total amount recognised in profit or loss	**2,288**	2,622

The Scheme had total cash outflows for leases of $1,827,028 (2023: $1,995,953). The Scheme had no non-cash additions to right-of-use assets or lease liabilities (2023: nil).

19. Segment information

The Scheme operates solely to provide superannuation benefits to members and beneficiaries and operates in Australia only. Revenue is derived from investments and contributions.

Notes to the Financial Statements
For the year ended 30 June 2024

20. Related party disclosures

(a) Employer company

Telstra Group Limited (Telstra) is the principal employer. Foxtel Pty Ltd (Foxtel), Telstra Super Financial Planning Pty Ltd, and Telstra Super Pty Ltd (as trustee for the Scheme) are associated employer sponsors. Of total employer contributions of $609,807,062 (2023: $576,929,675) as disclosed in the statement of changes in member benefits, those made by Telstra and associated employers were $290,028,514 (2023: $283,302,924). Contributions are made in accordance with recommendations of the Actuary, the Trust Deed, and relevant legislative requirements. Telstra and Foxtel also provide the Scheme with telecommunication and IT services and pay TV services respectively. Such services are provided at arm's length and on normal commercial terms. For the reporting period ended 30 June 2024, the Scheme paid $432,242 (2023: $414,528) to Telstra for telecommunication and IT services and $1,742 (2023: $1,742) to Foxtel for pay TV services.

The Scheme held the following investments in Telstra Group Limited at fair value as at 30 June.

	2024	2023
	$	$
Shares	**122,161,957**	161,745,197
Interest-bearing securities	**2,539,065**	1,475,780
Total investments	**124,701,022**	163,220,977

The Scheme received the following income from the investments in Telstra Group Limited.

	2024	2023
	$	$
Dividends received for the year	**5,897,820**	7,161,260
Interest received for the year	**54,500**	102,800
Total income	**5,952,320**	7,264,060

(b) Trustee and key management personnel

Telstra Super Pty Ltd (TSPL) is the trustee of the Scheme and is the holder of a Registrable Superannuation Entity Licence (Licence No. L0001311). The following people were Directors of TSPL during the financial year:

Anne-Marie O’Loghlin (Chair)
Gretchen Cooke
Steven Fousekas
Dahlia Khatab
James Perkins
Graeme Smith
Joseph Mitchell (appointed 24/07/2023)
Beba Brunt (appointed 31/12/2023)
Beth Vincent-Pietsch (appointed 29/01/2024)
Bronwyn Clere (ceased 31/12/2023)
Nadine Flood (ceased 29/01/2024)

Each Director attended the following meetings during the year as a member of the Board or relevant Committee.

Name	Board		Committees			
			Governance and Remuneration		Audit	
	Held	Attended	Held	Attended	Held	Attended
A-M O’Loghlin[1]	28	28	8	8	6	6
B Brunt	8	8	-	-	-	-
B Clere	20	19	-	-	-	-
G Cooke	28	27	8	7	3	3
N Flood	22	20	6	6	-	-
S Fousekas	28	28	-	-	6	6
D Khatab	28	28	-	-	3	3
J Mitchell	26	26	5	5	6	6
J Perkins	28	28	2	2	3	3
G Smith	28	28	8	8	3	3
B Vincent-Pietsch	6	6	2	2	-	-

Notes to the Financial Statements
For the year ended 30 June 2024

20. Related party disclosures (continued)

(b) Trustee and key management personnel (continued)

Name	Committees					
	Risk		Investment		Member Experience	
	Held	Held	Held	Attended	Held	Attended
A-M O'Loghlin[1]	7	7	10	10	8	8
B Brunt	2	2	-	-	4	4
B Clere	-	-	5	5	-	-
G Cooke	5	5	-	-	8	8
N Flood	5	5	5	4	-	-
S Fousekas	5	5	5	5	4	4
D Khatab	2	2	5	5	4	4
J Mitchell	2	1	9	9	-	-
J Perkins	5	5	1	1	8	8
G Smith	2	2	10	10	-	-
B Vincent-Pietsch	-	-	-	-	4	4

1. Ms A-M O'Loghlin is an ex-officio and non-voting member for Audit Committee, Risk Committee and Member Experience Committee.

The above table includes meetings held via circular resolution.

Other key management personnel who have had authority for planning, directing and controlling the activities of the Scheme during the financial year were all TSPL Executives. Refer to the Directors' Report for their names and movement during the year ended 30 June 2024.

Remuneration for all KMPs:	**2024** **$**	2023 $
Short term - salaries, fees and variable rewards	**5,467,049**	5,176,491
Long term – deferred variable rewards	**82,627**	86,842
Superannuation contributions	**327,983**	324,035
Total	**5,877,659**	5,587,368

Where instructed, a Director's fee is paid directly to their employer:	**2024** **$**	2023 $
Telstra Group Limited	**301,315**	275,590
ACTU	**66,880**	61,736
CWU	**166,327**	151,728
CPSU	**30,182**	-
Total	**564,704**	489,054

Notes to the Financial Statements
For the year ended 30 June 2024

20. Related party disclosures (continued)

(b) Trustee and key management personnel (continued)

Directors' remuneration excludes professional indemnity insurance premiums of $334,675 (2023: $311,003) paid by the Trustee.

Certain Directors and key management personnel are members of the Scheme. Their membership terms and conditions are identical to other members of the Scheme. A fee is paid to the trustee company, Telstra Super Pty Ltd, for providing trustee services. The fee charged to the Scheme for providing trustee services was $1,306,372 (2023: $1,213,433). The Trustee reimburses the Scheme for director fees and related expenses paid by the Scheme. As at 30 June 2024, TSPL owed a reimbursement to the Scheme of $1,119,199 (2023: $200,088) and the Scheme owed TSPL $308,869 (2023: $242,091).

(c) Related parties

i. Telstra Super Financial Planning Pty Ltd (TSFP)

TSFP is an investment wholly owned by Telstra Super Pty Ltd as the Trustee for the Scheme. The principal activity of the company during the course of the financial year was to provide financial planning advice to the Scheme's members. The Scheme held the following investment in TSFP at net asset value as at 30 June.

	2024 **$**	2023 $
Shares	**808,003**	3,146,012

The following Directors or Officers were also Directors of TSFP during the financial year:

Anne-Marie O'Loghlin (Chair)	Chris Davies
Bronwyn Clere (ceased 31/12/2023)	Steven Fousekas (appointed 31/12/2023)
Nadine Flood (ceased 29/01/2024)	Dahlia Khatab (appointed 29/01/2024)

TSFP is responsible for direct expenditure incurred. Shared costs with the Scheme are allocated on a fair and equitable basis. Transactions between the parties comprised of fees charged by TSFP to the Scheme for providing financial advice to members $7,575,000 (2023: $7,575,000) and fees charged by the Scheme to TSFP for in-house administration support and services $1,000,000 (2023: $1,000,000). The TSFP fee for providing financial advice to members is a flat fee for service as agreed to by the board of the Scheme. The Scheme also charged TSFP for Director fees $27,786 (2023: $26,433) and employer paid insurance premiums $23,663 (2023: $23,562).

At 30 June 2024, the Scheme recognised a payable of $373,734 (2023: $196,284) to TSFP and a receivable of $2,100 from TSFP (2023: $2,400).

i. Sub trusts

Several investments are wholly owned by the Scheme. Details of these entities are disclosed in Note 21.

Notes to the Financial Statements
For the year ended 30 June 2024

21. Related party investments

The table below lists details of related party investments held. The maximum exposure or loss is limited to the fair value. The fair value of the exposure will change throughout the reporting period and subsequent periods and will cease once the investments are disposed.

Ownership interest as at 30 June 2024	$	%
AirTree Ventures TS Co-Investment Trust	**4,557,958**	**100**
Blackbird TS Co-Investment Trust	**25,042,517**	**100**
BT Multifamily Partners LP	**41,942,652**	**100**
CIM TS Co-Investment Partnership I, L.P	**75,236,945**	**100**
FDC Co Investment Trust	**671,839**	**100**
IPG Telstra Super Trust	**7,419,083**	**100**
MRCF5 (TS) Trust Part C Units	**6,722,225**	**100**
Mudrick Opportunity Co-Investment Fund, LP	**12,972,099**	**100**
Northgate Investment Trust	**347,575**	**100**
Telstra Super Financial Planning Pty Ltd	**808,003**	**100**
TSPL BP Trust	**377,158,661**	**100**
TSPL Chifley Trust	**91,430,901**	**100**
TSPL CLP Trust	**589,283,038**	**100**
TSPL DVP Trust	**177,739,846**	**100**
TSPL DVP2 Trust	**20,592,226**	**100**
TSPL Exchange Trust	**124,920,633**	**100**
TSPL Woollies Sub Trust	**130,565,657**	**100**
TSPL Private Markets Trust No 1	**108,035,900**	**100**
	1,795,447,758	

Ownership interest as at 30 June 2023	$	%
AirTree Ventures TS Co-Investment Trust	4,467,292	100
Blackbird TS Co-Investment Trust	34,557,396	100
BT Multifamily Partners LP	48,513,633	100
CIM TS Co-Investment Partnership I, L.P	6,523,094	100
FDC Co Investment Trust	621,221	100
IPG Telstra Super Trust	3,713,949	100
MRCF5 (TS) Trust Part C Units	6,684,388	100
Mudrick Opportunity Co-Investment Fund, LP	14,811,323	100
Northgate Investment Trust	347,575	100
Telstra Super Financial Planning Pty Ltd	3,146,012	100
TSPL BP Trust	411,035,207	100
TSPL Chifley Trust	85,616,378	100
TSPL CLP Trust	618,561,248	100
TSPL DVP Trust	201,758,592	100
TSPL DVP2 Trust	26,584,564	100
TSPL Exchange Trust	159,368,525	100
TSPL Woollies Sub Trust	170,760,289	100
TSPL Private Markets Trust No 1	73,893,968	100
	1,870,964,654	

The Scheme has a controlling interest in all related party investments. As at 30 June 2024, there are no significant restrictions on the ability of an unconsolidated subsidiary to pay income or repay loans to the Scheme. In addition, the Scheme does not have any current commitments or intentions to provide financial or other support to the related party investments.

Notes to the Financial Statements
For the year ended 30 June 2024

22. Employee entitlements

(a) Aggregate employee leave entitlements, including on-costs

	2024 $000	2023 $000
Current	**5,628**	6,229
Non-current	**1,613**	1,554
Total	**7,241**	7,783

Employees are entitled to long service leave after seven years of service. The present values of employee entitlements not expected to be settled within twelve months of the reporting date have been calculated using the following weighted averages:

	2024	2023
Assumed rate of increase in wage and salary rates	**5.50%**	4.90%
Leave discount rate	**5.17%**	4.07%

(b) Superannuation scheme

There is one (2023: three) employee of the Scheme who is a defined benefit member. Their proportionate share of the assets, the accrued benefits and the vested benefits is as follows:

	2024 $000	2023 $000
Proportionate share of the Scheme's assets at 30 June	**973**	1,994
Accrued benefits liability at 30 June	**(902)**	(1,878)
Excess of fund assets over accrued benefits liability	**71**	116
Vested benefits	**952**	1,951

An actuarially determined surplus or deficit in relation to all employees has not been recognised in the financial statements as the amount is immaterial. During the year, employer contributions of $4,265,967 (2023: $4,244,436) were paid/payable to the Scheme in respect of employees.

23. Financial risk management objectives and policies

(a) Financial risk management objectives, policies and processes

The Scheme's investments are managed on behalf of the Trustee by appointed managers and the internal investment team. All investments are held on behalf of the Trustee by the Custodian acting as the global custodian. Each investment manager is required to invest the assets managed by it in accordance with the terms of a written mandate. The Trustee has determined that appointment of these managers is appropriate for the Scheme and is in accordance with the Scheme's investment strategy. The Scheme's principal financial instruments, other than derivatives, comprise equity securities, interest-bearing securities, interests in pooled investment vehicles (including private equity, property trusts and infrastructure), cash and short term money market investments. The main purpose of these financial instruments is to generate a return on investment. The Scheme also has various other financial instruments such as receivables and payables, which arise directly from its operations.

The Scheme uses derivative financial instruments to reduce foreign exchange and interest rate risks in the share, bond and currency markets and to increase or decrease the Scheme's exposure to particular investment classes or markets in line with the re-balancing strategy and other investment strategies. Derivative financial instruments are included in the statement of financial position, and the accounting policies in relation to derivatives are set out in Note 2 (e).

Notes to the Financial Statements
For the year ended 30 June 2024

23. Financial risk management objectives and policies (continued)

(a) Financial risk management objectives, policies and processes (continued)

The main risks arising from the Scheme's financial instruments are credit risk, liquidity risk, and market risk. Market risk includes interest rate risk, foreign currency risk and equity price risk. The Trustee reviews and agrees policies for managing each of these risks. These policies are summarised below. The Trustee also monitors market price risk for all financial instruments.

The Trustee acknowledges that an integral part of its good governance practice is a sound and prudent risk management framework. This framework is documented in the Trustee's Risk Management Framework and Risk Management Strategy which has been updated for the prudential standard SPS220 *Risk Management*. This Framework and Strategy are subject to regular review by management, the Trustee, and annual audits of the Scheme's Risk and Compliance programme. The Trustee manages this investment risk as part of its overall Risk Management Framework.

The Trustee determines the asset allocation of the Scheme. The Trustee receives advice from its investment adviser in making its determination. The asset allocation is reviewed throughout the year in accordance with the Scheme's Risk Management and Investment Policies. The Trustee has established an Investment Committee, which is responsible for approving and monitoring the Scheme's investments subject to the limits outlined in the Committee charter. The Committee comprises of the Chair of the TSPL Board, four TSPL Directors and two independent Committee members. The Committee minutes record all decisions made and are presented to the Board for ratification or noting as appropriate.

The internal investment management unit through its investment mandates is delegated responsibility for all day-to-day investment decisions for the internally managed funds.

The Scheme also undertakes due diligence to ensure fund managers have the appropriate skills and expertise to manage the Scheme's investments. In addition, investment performance is tracked through appropriate monitoring of market conditions and benchmark analysis.

(b) Credit risk

Credit risk represents the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause the Scheme to incur a financial loss. Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents and amounts due from brokers. The Scheme invests in debt securities that carry credit risks. The Scheme requires investment managers to manage the securities within approved credit limits as set out in their mandates. Compliance of managers with their mandates is monitored by the Custodian, as well as the Trustee.

Credit quality per class of debt instruments

The Scheme's maximum exposure to credit risk is indicated by the carrying amounts of its assets including derivatives. The Scheme minimises credit risk by the diversity of investments, ensuring its assets are custodially held, and dealing through recognised exchanges and clearing houses. The Trustee also has a credit risk policy in place. Compliance with this policy is monitored on an ongoing basis. There are no significant concentrations of credit risk within the Scheme.

The credit quality of financial assets is managed by the Scheme using Standard & Poor's rating categories, in accordance with the investment mandate of the Scheme, and is monitored on a regular basis in accordance with the Credit Risk Policy. This review process allows the Trustee to assess the potential loss as a result of risks and take corrective action. The table below shows the credit quality by class of asset.

Notes to the Financial Statements
For the year ended 30 June 2024

23. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

Credit quality	AAA to AA-	A+ to A-	BBB+ to B-	CCC+ to CC	Not rated	Total
	$000	$000	$000	$000	$000	$000
Interest-bearing securities	**2,514,450**	**839,217**	**1,727,190**	**48,520**	**96,300**	**5,225,677**

2023

Credit quality	AAA to AA-	A+ to A-	BBB+ to B-	CCC+ to CC	Not rated	Total
	$000	$000	$000	$000	$000	$000
Interest-bearing securities	1,897,239	1,112,194	1,996,846	44,993	251,119	5,302,391

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. Collateral is held in regard to all securities lending activities. No collateral is held as security or other credit enhancements exist for all other financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due.

The Scheme's financial assets exposed to credit risk amounted to the following:

	2024	2023
	$000	$000
Accounts receivable	**11,688**	10,906
Investment income receivable	**60,660**	56,811
Financial assets	**5,641,573**	5,673,473
Total	**5,713,921**	5,741,190

The Custodian holds assets and cash in the name of the Scheme. Bankruptcy or insolvency by these financial institutions may cause the Scheme's rights with respect to the cash held to be delayed or limited. The Scheme monitors its credit risk by monitoring the credit quality and financial position of relevant institutions through regular analysis of their financial reports.

(c) Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in raising funds to meet commitments associated with financial instruments and benefit payments. To control these risks, the Scheme invests in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Scheme's liquidity risk is managed on a daily basis by the internal investment management and the finance functions in accordance with the Liquidity Management Plan (the Plan) and the Scheme's Risk Management Framework. Compliance with the Plan is reported to the Trustee on a regular basis. The Scheme limits the allocation of illiquid assets and ensures that the allocation is consistent with the intended term of investment. The Scheme's membership profile, together with the bulk of its assets being invested in highly liquid asset classes, allows the Scheme to tolerate a lower liquidity in regard to its alternative investments (e.g. property and infrastructure investments) in an expectation of higher investment returns in the longer term.

Notes to the Financial Statements
For the year ended 30 June 2024

23. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

The Scheme's financial instruments include unlisted investments that are not traded in organised public markets and may be illiquid. As a result, the Scheme may not be able to quickly liquidate some of its unlisted investments at an amount close to fair value in order to meet its liquidity requirements. The value of these investments is monitored to comply with the asset allocation stipulated in the Scheme's investment strategy, Liquidity Policy and Risk Management Framework. Commitment cash flow projections are analysed as part of the periodic rebalancing review of the Scheme's investments. The risk in relation to illiquid investments is therefore considered minimal.

The following table summarises the maturity of the Scheme's financial liabilities based on undiscounted cash flows.

2024 **Liability**	**Less than 1 month $000**	**1 month to 3 months $000**	**3 months to 1 year $000**	**Greater than 1 year $000**	**Total $000**
Benefits payable	**11,146**	**-**	**-**	**-**	**11,146**
Accounts payable	**37,815**	**-**	**-**	**-**	**37,815**
Derivative liabilities	**5,673**	**5,393**	**4,535**	**66,759**	**82,360**
Unsettled investment purchases and payables	**332,401**	**-**	**-**	**-**	**332,401**
Lease liabilities - undiscounted	**173**	**346**	**1,564**	**16,677**	**18,760**
	387,208	**5,739**	**6,099**	**83,436**	**482,482**

2023 **Liability**	**Less than 1 month $000**	**1 month to 3 months $000**	**3 months to 1 year $000**	**Greater than 1 year $000**	**Total $000**
Benefits payable	6,380	-	-	-	6,380
Accounts payable	30,161	-	-	-	30,161
Derivative liabilities	31,664	94,969	5,836	95,342	227,811
Unsettled investment purchases and payables	489,780	-	-	-	489,780
Lease liabilities - undiscounted	167	335	1,511	18,761	20,774
	558,152	95,304	7,347	114,103	774,906

The above table does not include the members' liabilities for accrued benefits amounting to $25,998 million (2023: $24,631 million) as it is not practicable to determine the timing of when such liabilities will be paid. The Scheme manages its obligation to pay such benefits based on management's estimates and actuarial assumptions of when such benefits will be drawn down by members. The Trustee considers it is highly unlikely that a substantial number of members will request to draw down their benefits at the same time.

Notes to the Financial Statements
For the year ended 30 June 2024

23. Financial risk management objectives and policies (continued)

(d) Market risk

Market risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market.

Market risk comprises three types of risk: market interest rates (interest rate risk), foreign exchange (currency risk), and market prices (price risk). The Scheme's policies and procedures to mitigate the Scheme's exposure to market risk are detailed in the Trustee's Investment Policy and the Risk Management Framework. This includes the risk review processes and compliance testing undertaken by management and regularly reported to the Risk Committee.

Market risk is also minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. The market risk disclosures are prepared on the basis of the Scheme's direct investments and not on a look through basis.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The majority of the Scheme’s financial instruments are non-interest bearing with only cash, cash equivalents and interest-bearing securities being directly subject to interest rate risk. However, movements in market interest rates can indirectly impact on the valuation of non-interest bearing investments. The Scheme may use derivatives to hedge against unexpected increases in interest rates.

The Scheme’s exposures to interest rate movements on its financial instruments, by maturity, at reporting date are as follows:

2024	**Floating Interest rate $000**	**1 year or less $000**	**1 to 5 years $000**	**More than 5 years $000**	**Non-interest bearing $000**	**Total $000**
Financial instruments	**3,459,714**	**298,034**	**669,682**	**796,489**	**20,233,613**	**25,457,532**
Cash and cash equivalents	**643,805**	**664,818**	**-**	**-**	**-**	**1,308,623**
Total	**4,103,519**	**962,852**	**669,682**	**796,489**	**20,233,613**	**26,766,155**

2023	**Floating Interest rate $000**	**1 year or less $000**	**1 to 5 years $000**	**More than 5 years $000**	**Non-interest bearing $000**	**Total $000**
Financial instruments	3,633,970	171,606	732,757	755,620	18,629,283	23,923,236
Cash and cash equivalents	858,405	670,030	-	-	-	1,528,435
Total	4,492,375	841,636	732,757	755,620	18,629,283	25,451,671

Interest on financial instruments classified as floating rate change at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. Although non-interest bearing financial instruments do not pay an interest rate, their value is subject to movement in market interest rates. Investments in managed trust vehicles are included under non-interest bearing and their risks are covered in the price risk section.

Notes to the Financial Statements
For the year ended 30 June 2024

23. Financial risk management objectives and policies (continued)

(d) Market risk (continued)

Interest risk (continued)

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the reporting dates. The analysis assumes that all other variables are held constant. Based on expected movements in the yields of ten-year Australian and US Government bonds, a reasonably possible change of 95bp (2023: 95bp) was an appropriate movement for 30 June 2024. A change of 95bp in interest rates with all other variables remaining constant would have increased interest income and net assets available for member benefits by $16.1 million (2023: $18.8 million). A change of -95bp in interest rates with all other variables remaining constant would have decreased interest income and net assets available for member benefits by $16.1 million (2023: $18.8 million).

The analysis is performed on the same basis for 30 June 2023. The impact on net assets available to pay benefits mainly arises from the effect that the reasonably possible change in interest rates will have on the fair value of interest-bearing securities.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk is a component of price risk.

The Scheme has exposure to foreign exchange risk in the value of securities denominated in a foreign currency. Foreign exchange contracts are used by our investment managers and by the Scheme as an overlay control to reduce the exposure to such risk in the value of our underlying international investments by the use of forward currency contracts. The Scheme uses both passive and active managers to manage the risk of foreign exchange fluctuations in line with the Scheme's Risk Management Framework and the Scheme's Investment Policy.

Foreign exchange sensitivity analysis

The tables below indicate the Scheme's exposures at reporting date to foreign exchange rate movements on its international investments. The analysis calculates the effects of a reasonably possible movement of currency rates against the Australian Dollar based on forecasts at reporting date.

Based on an assessment of historical ranges of currency and one standard deviation expectation an assumption of 8.5% (2023: 8.5%) has been determined by the investment adviser as an appropriate assumption for this scenario analysis. An 8.5% strengthening/weakening of the Australian dollar against the following currencies at 30 June 2024 would have (decreased)/ increased the net foreign exchange gains/(losses) and net assets available for member benefits by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

The analysis was performed on the same basis for 30 June 2023. The impact mainly arises from the reasonably possible change in foreign currency exchange rates.

Notes to the Financial Statements
For the year ended 30 June 2024

23. Financial risk management objectives and policies (continued)

(d) Market risk (continued)

Foreign exchange risk (continued)

Foreign exchange sensitivity analysis (continued)

2024	Effect on net foreign exchange gains/(losses) and net assets		
Currency Gross investment amounts denominated in:	Amount $000	+8.5% $000	-8.5% $000
USD	**7,794,100**	**662,499**	**(662,499)**
EUR	**1,484,365**	**126,171**	**(126,171)**
JPY	**353,762**	**30,070**	**(30,070)**
GBP	**645,162**	**54,839**	**(54,839)**
Other currencies	**1,283,642**	**109,109**	**(109,109)**
Total	**11,561,031**	**982,688**	**(982,688)**

2023	Effect on net foreign exchange gains/(losses) and net assets		
Currency Gross investment amounts denominated in:	Amount $000	+8.5% $000	-8.5% $000
USD	7,070,089	600,958	(600,958)
EUR	1,484,521	126,184	(126,184)
JPY	454,776	38,656	(38,656)
GBP	625,391	53,158	(53,158)
Other currencies	1,193,545	101,451	(101,451)
Total	10,828,322	920,407	(920,407)

Other Market Price Risk

Other market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument, or factors affecting all similar instruments traded in the market. All security investments present a risk of loss of capital. The maximum risk is determined by the fair value of the financial instruments.

As all of the Scheme's financial instruments are measured at fair value with changes in fair value recognised in the income statement, all changes in market conditions will directly affect net investment income. Price risk is mitigated by investing in a diversified portfolio of financial instruments that are traded on various markets.

Other market price sensitivity analysis

All investment managers are subject to extensive due diligence prior to being appointed, with the recommendation for their appointment and removal made by the Investment Committee to the Board for final approval where required. All investment activities are undertaken in accordance with established mandate limits. Monthly reports are received from investment managers and the global custodian and these reports are reviewed in detail and assessed against relevant benchmarks. Investment manager performance is reported to the Investment Committee.

The Trustee has determined that these investments are appropriate for the Scheme and are in accordance with the Scheme's investment strategy.

Notes to the Financial Statements
For the year ended 30 June 2024

23. Financial risk management objectives and policies (continued)

(d) Market risk (continued)

Other market risk (continued)

Other market price sensitivity analysis (continued)

The analysis below indicates the effect on the income statement due to a reasonably possible change in market factors, as represented by the equity indices, with all other variables held constant. Based on its long-term equilibrium after-tax capital market assumptions, the investment adviser has determined that the following assumptions are appropriate for this scenario analysis.

2024

Asset class	Change in market price	Effect on net assets/returns	
		$000	$000
Interest-bearing securities	**+7.0%/+1.0%**	**123,494**	**17,642**
Listed equities	**+22.5%/-8.5%**	**3,029,391**	**(1,144,437)**
Unlisted equities	**+26.0%/-10.0%**	**1,733,631**	**(666,781)**

2023

Asset class	Change in market price	Effect on net assets/returns	
		$000	$000
Interest-bearing securities	+6.0%/Nil	318,143	-
Listed equities	+24.5%/-7.5%	2,947,614	(902,331)
Unlisted equities	+28.5%/-8.0%	1,908,274	(535,656)

A process for the valuation of unlisted, infrequently valued assets is used to ensure valid valuations are reported. This involved seeking assurances from managers, ensuring latest accurate information available has been included and where necessary reviewing the latest audited financials of the relevant entity. All available valuation information has been incorporated in these financials.

(e) Securities lending

The Scheme has entered into securities lending arrangements under which legal title to certain assets of the Scheme have been transferred to the Custodian, notwithstanding the fact that the risks and benefits of ownership of the assets remain with the Scheme.

The assets transferred under securities lending arrangements include Australian and international equities and bonds. The risks and rewards of ownership to which the Scheme remains exposed are currency risk, interest rate risk, credit risk and price risk.

The carrying amount of assets subject to securities lending at reporting date amounted to $12,272,916,492 (2023: $8,314,348,449). Capped at 10% of the Scheme's funds under management as at the reporting date, the carrying amount of assets on loan at reporting date was $554,935,313 (2023: $325,975,782). The income received from securities lending was $844,304 (2023: $1,006,645).

The Custodian is required to collect collateral in respect of the securities which are lent to third party borrowers. 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 Custodian to hold the collateral in a segregated account.

The collateral held at reporting date as security by the Custodian for the benefit of the Scheme. The non-cash collateral's fair value at the reporting date is $599,242,869 (2023: $353,657,410).

Notes to the Financial Statements
For the year ended 30 June 2024

24. Insurance

The Scheme provides death and disability benefits to members. These benefits are greater than the members' vested benefits and as such the Trustee has a group policy in place with a third party, MLC, to insure death and disability benefits in excess of vested benefits. The Trustee acts as an agent for these arrangements.

25. Commitments

The Scheme has outstanding commitments as part of its business operations. These represent uncalled elements in respect of investments, litigation, as well as contractual arrangements entered into with third parties.

The investment commitment amount is $591,455,727 (2023: $1,008,181,100). There are no other commitments as at 30 June 2024 (2023: Nil).

26. Environmental, social and governance

The Scheme's fundamental objective is to responsibly enhance the financial security of its members in retirement. As part of managing Environmental, Social and Governance (ESG) related risk to an acceptable level and subject to its statutory and regulatory duties and obligations, The Scheme seeks to holistically incorporate material ESG considerations alongside other investment factors as part of its investment decision-making processes.

The Scheme aims to apply this approach across its whole investment portfolio, excluding cash, currency and derivatives.

The Scheme's approach to ESG investment is guided by the following five principles:

1. ESG Integration: The Scheme seeks to systematically incorporate material ESG considerations into all investment decisions and ongoing monitoring to enhance long-term financial outcomes for its members by evaluating investee companies, assets, and managers.

2. Active Ownership: The Scheme seeks to advocate for enhanced ESG risk management practices in companies or other applicable assets in which the Scheme invests by ensuring voting rights are appropriately exercised, engaging where practicable, either directly or indirectly with prioritised companies, and promoting sound ESG practices.

3. Systemic ESG Issues: The Scheme seeks to address systemic ESG factors like climate change by measuring, monitoring and managing these risks to support long-term investment objectives. The Scheme has adopted a Climate Change Action Plan, which has three high-level goals:

   i) Achieve net zero greenhouse gas emissions across the investment portfolio by 2050, with specified milestones prior to that date.

   ii) Build portfolio resilience to the physical impacts of climate change across asset classes.

   iii) Proactively invest in opportunities that are expected to be net beneficiaries of the transition to a net-zero emissions world.

   As per the *Modern Slavery Act 2018 (Cth)*, which prohibits eight different types of serious exploitation practices, the Scheme adheres to the Guidelines for Reporting Entities issued by the Department of Home Affairs.

4. Collaboration and Advocacy: The Scheme supports collective action, sharing knowledge and resources to advance ESG objectives at a broader market level. The Scheme will consider a range of factors before participating in formal or informal collaboration, given that the Scheme cannot feasibly participate in all activities.

Notes to the Financial Statements

For the year ended 30 June 2024

26. Environmental, social and governance (continued)

5. Exclusions: In limited circumstances, the Trustee's Board may exclude certain assets, industries, or activities from the investment portfolio if aligned with the Scheme's objectives and beliefs. The Scheme's current exclusions are summarised below:

   i) Tobacco: Any listed company that produces or manufactures tobacco and tobacco-related products or devices that facilitate smoking and vaping where such manufacturing or production represents 5% or more of net revenue of the company.

   ii) Controversial weapons: Any listed company involved in manufacturing of whole weapons systems or components of cluster munition, anti-personnel mines, biological and chemical weapons where such activities represent 5% or more of the company.

   iii) Thermal coal: Listed primary-focus listed thermal coal producers, where 25% or more of the company's net revenue is derived from thermal coal production.

   iv) Russian-domiciled securities: Russian-domiciled securities (including corporate debt issued in hard currency) and Russian sovereign debt instruments.

The Scheme employs various screening processes and exception reporting in respect to our listed securities to identify and prevent non-compliance. Despite this, no process and/or screening is infallible and errors and delays in obtaining corporate information may occur, causing excluded investments to reside in the investment portfolio until identified. Where non-compliance is identified, the Scheme will seek to divest non-complying investments in an orderly fashion as soon as practicable as permitted by the relevant market and in a manner that, as far as possible, preserves value for members.

The Scheme publicly discloses and reports its ESG investment activities and progress to external stakeholders, including members, via its website. This includes the following:

- ESG Policy
- Proxy Voting Policy
- ESG Bulletin
- The Scheme's Annual Report
- Proxy Voting Dashboard
- Climate Change Action Plan
- Climate Change Report
- PRI Transparency Report.

27. Contingent Liability

On 3 November 2023, ASIC commenced civil penalty proceedings in the Federal Court against the Trustee. ASIC alleges that the Trustee failed to comply with its internal dispute resolution procedures in relation to 135 complaints (since resolved) received between 23 October 2021 and 13 January 2023, and consequently failed to do all things necessary to ensure that the financial services covered by its licence were provided efficiently, honestly and fairly. ASIC is seeking declarations, pecuniary penalties and other orders. The Trustee is defending the proceedings.

A hearing on liability is yet to be scheduled and it is currently not possible to determine the ultimate impact of these proceedings on Telstra Super Pty Ltd and the Scheme. Other than the contingent liability referred to above, there are no other outstanding contingent liabilities as at 30 June 2024.

28. Significant events after balance date

Between 30 June 2024 and the date of approval of this financial report, there have been no matters or circumstances not otherwise dealt with in the financial report that have significantly affected or may significantly affect the Scheme.

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Independent auditor's report to the members Telstra Superannuation Scheme

Opinion

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

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

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

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the RSE in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.

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

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

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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Telstra Superannuation Scheme for the year ended 30 June 2024, complies with section 300C of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Ernst & Young

Maree Pallisco
Partner
Melbourne

15 August 2024