

Chairmans' Report to Members 2010

Dear Members

I am pleased to present the Annual Report of the Coal Industry Superannuation Board (CISB) for the 2009/2010 financial year. I am sorry I am not in attendance at the Annual General Meeting, a prior teaching commitment meant that I could not make the trip to Collie. Gary Wood has agreed to chair the meeting and Janice Jones will also give you a presentation regarding the Fund's results. If there are any questions you would like me to address I am happy to take them on notice and post a reply on our webpage.

The past year has continued to present challenges for CISB. It has been a difficult investment climate with continued volatility in the market which is likely to continue through 2010. However we are confident that the Fund's mix of managers has the Fund well placed to deal with the current environment. The Trustees continue to focus on maintaining the best mix of managers and diversity between the funds. We have met with all our fund managers in the past 12 months and have regular meetings with our advisers PricewaterhouseCoopers.

An additional challenge for the fund in 2010 was Griffin Coal Mining Company going into administration in December 2009. **At this stage the administration has had little financial impact on the Fund, however, Trustees noted in the accounts that this situation could change and that the Fund may need to take action depending on the outcome of the administration. The Trustees understand that the Fund needs to ensure that the cost to Members is appropriate (when benchmarked) and that the size of the Fund may impact on the cost to individual Members.**

The Board also remains mindful of its obligations in relation to defined benefit solvency requirements and has continued to monitor the position very closely. The Fund maintained a ratio in excess of 100% through the financial year. This was a pleasing result given the less fortunate position of many defined benefit schemes.

The Fund's actuaries, PricewaterhouseCoopers completed the 3 yearly actuarial report in December 2009. A copy of this is available on the CISB website. We continue to obtain regular updates from PricewaterhouseCoopers and the latest figures indicate a reasonable improvement for the fund being 111% as at the 30 June 2010. PricewaterhouseCoopers will have up to date figures for the annual general meeting.

It is particularly pleasing that in 2009/2010 the Coal Industry Superannuation Fund (CISF) provided competitive investment returns for the accumulation and pension benefits. The return delivered to accumulation members was 10%, 10.3% for the pension growth option and 3.7% for the pension cash option.

It should also be noted that defined benefit members received a 5.81% increase in the defined benefit benchmark amount. We were able to agree this increase without impacting on solvency of the Fund.

I would like to report that CISF's investment return was better than the market average and was ranked 6th out of 18 in the Intech Growth Manager survey (when compared with similar growth managers). The median manager's return was 11.2% compared to CISF at 11.5%. CISF also performed above average over the last three years with a return of -3.5% compared to the median manager's return of -4.8%. CISF ranked 2nd in that survey.

CISB is committed to continue to provide a high standard of service and investment performance to CISF members and I would like to thank the Board,

Mr Gary Wood (employee elected trustee)
Mr Gary Faries (employee elected trustee)
Mr Greg Della (alternate employee elected trustee)
Mr Steven Reynolds (employer nominated trustee)
Mr Russell Conley (employer nominated trustee)and
Mr Ian Stewart (alternate employer nominated trustee),

for their ongoing dedication and efforts.

Mr Jeremy Brown resigned with effect from 26 February 2010 and we thank him for his valuable contribution. I am very pleased to welcome his replacement, Mr Russell Conley. Mr David Pullen has been replaced by Mr Ian Stewart. We thank David for his time on the board and welcome Ian Stewart.

I would also like to thank Gary Peirce in his role as Administration Manager and all CISF staff for their continuing work and commitment to CISB and the Members..
The staff want to give you the best service they can . We should also congratulate them for being responsible for the Fund receiving a Better Practice Agency for 2009-2010 reporting. This award is given by the Auditor General and is well deserved.

Barbara Whittle
Chairperson

24 November 2010