Annual Financial Report
30 June 2022

Telstra Superannuation Scheme
RSE: R1004441

Contents

Statement of Financial Position
As at 30 June 2022

	Note	2022	2021
		$000	$000
Assets			
Cash and cash equivalents	17	**1,490,887**	1,116,318
Financial assets	9	**22,303,341**	23,794,865
Investment income receivable		**52,266**	45,244
Unsettled investment sales		**116,326**	136,138
Accounts receivable	10	**8,259**	6,735
Property, plant and equipment	11	**7,309**	5,195
Right-of-use lease assets	18	**14,994**	16,846
Total assets		**23,993,382**	25,121,341
Liabilities			
Benefits payable		**(8,590)**	(15,625)
Accounts payable	12	**(30,599)**	(40,444)
Unsettled investment purchases and payables		**(142,676)**	(180,761)
Financial liabilities	9	**(322,233)**	(158,132)
Lease liabilities	18	**(16,925)**	(18,014)
Current income tax assets/(liabilities)	14	**10,959**	(120,144)
Deferred income tax liabilities	14	**(160,217)**	(326,635)
Total liabilities excluding member benefits		**(670,281)**	(859,755)
Net assets available for member benefits		**23,323,101**	24,261,586
Member benefits			
Defined contribution member liabilities	3	**(21,621,668)**	(22,311,933)
Defined benefit member liabilities	4	**(1,459,927)**	(1,492,010)
Total member liabilities		**(23,081,595)**	(23,803,943)
Total net assets		**241,506**	457,643
Equity			
Operational risk financial requirement	8	**58,980**	61,090
Insurance reserve	8	**2,000**	2,000
Administration reserve	8	**54,861**	75,907
Unallocated surplus	6	**125,665**	318,646
Total equity		**241,506**	457,643

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

Statement of Comprehensive Income
For the year ended 30 June 2022

	Note	**2022**	2021
		$000	$000
Superannuation activities			
Interest		**97,218**	107,802
Dividends and distributions		**823,854**	508,080
Changes in fair value of financial instruments	*13*	**(1,551,684)**	3,286,158
Other investment income/(losses)		**9,123**	33,495
Other operating income		**6,080**	3,426
Total superannuation activities income/(losses)		**(615,409)**	3,938,961
Investment expenses		**(90,620)**	(103,724)
Administration expenses	*15*	**(83,157)**	(64,681)
Interest on lease liability		**(1,157)**	(1,072)
Total expenses		**(174,934)**	(169,477)
Net result from superannuation activities		**(790,343)**	3,769,484
Profit/(loss) from operating activities		**(790,343)**	3,769,484
Net losses/(benefits) allocated to defined contribution member accounts		**452,995**	(3,401,589)
Net change in defined benefit member liabilities		**(68,809)**	(76,286)
Profit/(loss) before income tax		**(406,157)**	291,609
Income tax benefit/(expense)	*14*	**190,020**	(262,842)
Profit/(loss) after income tax		**(216,137)**	28,767

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

Statement of Changes in Member Benefits
For the year ended 30 June 2022

	Defined Contribution Members 2022 $000	**Defined Benefit Members 2022 $000**	**Total 2022 $000**	Defined Contribution Members 2021 $000	Defined Benefit Members 2021 $000	Total 2021 $000
Opening balance as at 1 July	**22,311,933**	**1,492,010**	**23,803,943**	19,064,893	1,620,426	20,685,319
Employer contributions	**498,771**	**23,591**	**522,362**	461,699	31,858	493,557
Member contributions	**302,269**	**1,597**	**303,866**	252,562	3,644	256,206
Government contributions	**1,720**	**-**	**1,720**	1,843	1	1,844
Transfers from other superannuation funds	**336,196**	**1,764**	**337,960**	396,826	3,606	400,432
Transfers to other superannuation funds	**(535,137)**	**(121,435)**	**(656,572)**	(474,747)	(234,515)	(709,262)
Income tax on contributions	**(76,653)**	**(3,539)**	**(80,192)**	(67,631)	(4,793)	(72,424)
Benefits to members/beneficiaries	**(756,363)**	**(1,497)**	**(757,860)**	(709,010)	(2,325)	(711,335)
Insurance premiums charged to members' accounts	**(28,187)**	**(1,373)**	**(29,560)**	(31,939)	(1,637)	(33,576)
Insurance benefits credited to members' accounts	**20,114**	**-**	**20,114**	22,205	-	22,205
Reserves transferred to/(from) members:						
Insurance reserve	**-**	**-**	**-**	-	(116)	(116)
Administration reserve	**-**	**-**	**-**	(6,357)	(425)	(6,782)
Operational risk financial requirement	**-**	**-**	**-**	-	-	-
Net benefits allocated to members' accounts:						
Net investment (loss)/income	**(409,578)**	**-**	**(409,578)**	3,447,341	-	3,447,341
Administration fees	**(43,417)**	**-**	**(43,417)**	(45,752)	-	(45,752)
Net change in DB member benefits	**-**	**68,809**	**68,809**	-	76,286	76,286
Closing balance as at 30 June	**21,621,668**	**1,459,927**	**23,081,595**	22,311,933	1,492,010	23,803,943

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 2022

	Unallocated surplus $000	Operational risk financial requirement $000	Insurance reserve $000	Administration reserve $000	Total equity $000
Operating balance as at 1 July 2021	**318,646**	**61,090**	**2,000**	**75,907**	**457,643**
Transfer to/(from) DC member accounts	**-**	**-**	**-**	**-**	**-**
Transfer to/(from) DB member accounts	**-**	**-**	**-**	**-**	**-**
Net transfer to/(from) reserves	**21,046**	**-**	**-**	**(21,046)**	**-**
Net allocations (to)/from Income Statement	**(214,027)**	**(2,110)**	**-**	**-**	**(216,137)**
Closing balance as at 30 June 2022	**125,665**	**58,980**	**2,000**	**54,861**	**241,506**

	Unallocated surplus $000	Operational risk financial requirement reserve $000	Insurance reserve $000	Administration reserve $000	Total equity $000
Operating balance as at 1 July 2020	298,002	52,967	1,884	69,125	421,978
Transfer to/(from) DC member accounts	-	-	-	6,357	6,357
Transfer to/(from) DB member accounts	-	-	116	425	541
Net transfer to/(from) reserves	-	-	-	-	-
Net allocations (to)/from Income Statement	20,644	8,123	-	-	28,767
Closing balance as at 30 June 2021	318,646	61,090	2,000	75,907	457,643

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

Statement of Cash Flows

For the year ended 30 June 2022

	Note	**2022**	2021
		$000	$000
Cash flows from operating activities			
Interest received		**96,992**	107,981
Dividends and distributions		**817,042**	497,765
Other income		**14,603**	36,778
Investment expenses		**(96,461)**	(99,099)
Administration expenses		**(82,515)**	(50,012)
Short-term/low-value lease expenses		**(185)**	(67)
Interest on lease liability		**(1,157)**	(1,072)
Group life insurance premiums		**(29,560)**	(33,576)
Insurance benefits credited to members' accounts		**20,114**	22,205
Income tax paid by operating activities		**(107,501)**	(9,125)
Net cash inflows from operating activities	*17*	**631,372**	471,778
Cash flows from investing activities			
Proceeds from sales of financial instruments		**21,965,155**	24,574,682
Purchases of financial instruments		**(21,879,488)**	(24,937,870)
Purchase of property, plant and equipment		**(4,775)**	(451)
Net cash outflows from investing activities		**80,892**	(363,639)
Cash flows from financing activities			
Employer contributions received		**521,509**	492,787
Member contributions received		**303,864**	256,197
Government co-contributions received		**1,720**	1,844
Transfers from other superannuation funds received		**337,960**	400,432
Transfers paid to other superannuation funds		**(656,572)**	(709,262)
Benefits paid to members and beneficiaries		**(764,895)**	(703,175)
Payment of principal portion of lease liabilities		**(1,089)**	(1,755)
Income tax paid by financing activities		**(80,192)**	(72,424)
Net cash outflows from financing activities		**(337,695)**	(335,356)
Net increase/(decrease) in cash		**374,569**	(227,217)
Cash at the beginning of the financial year		**1,116,318**	1,343,535
Cash at the end of the financial year	*17*	**1,490,887**	1,116,318

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

Notes to the Financial Statements
For the year ended 30 June 2022

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 Corporation Limited (Telstra) and its related companies. The Deed has been amended from time to time. The last amendment was on 20 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. Summary of significant accounting policies

(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 18 August 2022.

(b) New accounting standards and interpretations

The Scheme has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

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 2022. 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.

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*	This Standard amends AASB 101 to clarify the requirements for classifying liabilities as current or non-current. Specifically: • the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists; and • management's intention or expectation does not affect classification of liabilities. 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 2022	1 July 2022

Notes to the Financial Statements
For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

(c) Reclassification of financial information

Where necessary, comparative information has been reclassified to achieve constitency 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 2022

2. Summary of significant accounting policies (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 statement of comprehensive income.

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 statement of comprehensive income. Interest and dividend earned are recognised separately in 'interest revenue' and 'dividend revenue' in the statement of comprehensive income.

(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, custodianlly-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 2022

2. Summary of significant accounting policies (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) 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. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below for the major revenue must also be met before it 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 balance date, and the fair value at the previous valuation point. All changes are recognised in the statement of comprehensive income.

ii. Interest

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

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 statement of comprehensive income.

(m) 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 statement of comprehensive income.

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.

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.

Notes to the Financial Statements
For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

(m) Income tax (continued)

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.

(n) 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 comprehensive income.

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.

(o) Administration expenses

The Scheme is a self-administered fund, and all administration expenses are paid directly by the Scheme. These administration expenses include the trustee capital 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.

(p) 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 statement of comprehensive income 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.

(q) Member liabilities

Member liabilities are measured 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.

Notes to the Financial Statements
For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

(r) 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(t)(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.

(s) 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 balance 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.

Notes to the Financial Statements
For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

(s) Employee entitlements (continued)

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 Corporation 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 2022 was 106.27% (2021: 112.96%).

(t) 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.

Notes to the Financial Statements
For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

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

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 liabilties

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, fixed income 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 Scheme also has the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties.

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 2022

2. Summary of significant accounting policies (continued)

(t) 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. The lease discount rate is the rate of interest that the Scheme would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The rate of 4.89% p.a. 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.

At 30 June 2022 the net assets attributable to defined contribution members but not allocated to those members is \$3,477,940 (2021: \$5,568,178).

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): 3.50% p.a. (2021: 3.20% p.a.)
- The inflationary salary increases: 3.00% p.a. (2021: 2.50% p.a.).

Due to the continuing social and economic uncertainty caused by COVID-19 and geopolitical conflicts, the key inputs of the above assumptions may change significantly and unexpectedly over a relatively short period of time. These assumptions have been prepared based on information available at 30 June 2022.

The defined benefit members' liabilities have changed in the current financial year as a result of salary increases and additional service accrual.

Notes to the Financial Statements
For the year ended 30 June 2022

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(s), 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)/decease in member benefit liabilities $000
Discount rate	**3.50%** (2021: 3.20%)	**+1.0%/-1.0%** (2021: +1.0%/-1.0%)	**(88,200)/99,700** (2021: ((94,800)/107,600)
Inflationary salary increases	**3.00%** (2021: 2.50%)	**+0.5%/-0.5%** (2021: +0.5%/-0.5%)	**42,800/(40,700)** (2021: 45,900/(43,600))

At the reporting date the accrued benefits of the defined benefit members is $1,460.0 million (2021: $1,491.8 million).

5. Funding arrangements

The employers have contributed to the Scheme during the financial year at a rate of at least 10% (2021: 9.5%) of the gross salaries of those employees who were defined contribution members of the Scheme.

The employers for the defined benefit members have contributed to the Scheme at the rate of 5% (2021: 5%). The contribution rate is determined by the Actuary.

Employees are also able to make voluntary contributions.

6. Unallocated surplus

The defined benefits 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.

Notes to the Financial Statements
For the year ended 30 June 2022

7. Guaranteed benefits

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

The Trustee has assessed an operational risk reserve of approximately 0.25% of funds under management as appropriate for the Scheme in respect of both defined contribution and defined benefit member interests. This requirement has been met since 30 June 2016 and maintained as at the reporting date.

The Trustee has also allocated the amount of $2,000,000 (2021: $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

The presentation of the asset classes of the Scheme's financial assets and financial liabilities inclusive of prior year comparative balances has been rationalised for 30 June 2022 following a detailed review of the presentation and disclosures of the financial statements in accordance with Australian Accounting Standards and broader industry practice.

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

AASB 13 *Fair Value Meansurament* 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 2022

9. Fair value of financial instruments (continued)

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

	30 June 2022 Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Fixed interest	**844,410**	**3,582,356**	**15,968**	**4,442,734**
Listed equities	**11,051,873**	**-**	**2,939**	**11,054,812**
Unlisted equities	**-**	**745,474**	**5,932,202**	**6,677,676**
Derivative assets	**9,680**	**118,439**	**-**	**128,119**
Derivative liabilities	**(5,502)**	**(316,731)**	**-**	**(322,233)**
Total investments	**11,900,461**	**4,129,538**	**5,951,109**	**21,981,108**

	30 June 2021 Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Fixed interest	1,057,588	4,239,340	11,980	5,308,908
Listed equities	13,179,287	-	78	13,179,365
Unlisted equities	-	303,379	4,935,814	5,239,193
Derivative assets	5,403	61,996	-	67,399
Derivative liabilities	(5,959)	(152,173)	-	(158,132)
Total investments	14,236,319	4,452,542	4,947,872	23,636,733

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 by 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 these trusts and special purpose vehicles which may or may be quoted in an active market. 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. The Scheme holds such investments in listed property trusts and other listed trusts.

Unlisted equities

The Scheme holds its unlisted equities through unlisted investment trusts, special purpose vehicles and private equity whose underlining 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 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 are 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 2022

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.

Fixed interest

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 fixed income investments 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 fixed income investments 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 broker/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 2022

9. Fair value of financial instruments (continued)

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

Valuation process for Level 3 financial instruments

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

The valuation of unlisted equities is performed at least quarterly by the investment managers of the underlining assets and reviewed by both the Scheme's investment team and investment operations team.

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 securities 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.

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 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 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 2022

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
Fixed interest	**2022: 15,968** 2021: 11,980	Last traded prices	Last traded prices
Listed equities	**2022: 2,939** 2021: 78	Last traded prices	Last traded prices
Unlisted equities	**2022: 5,932,202** 2021: 4,935,814	Redemption prices provided by fund managers	Unit prices

The analysis below indicates the effect on the statement of comprehensive income and statement of financial position due to a reasonably possible change of 8.45% (2021: 11.00%) in unit prices.

2022	Effect on changes in assets measured in fair value and net assets		
Description	**Amount $000**	**+8.45% $000**	**-8.45% $000**
Fixed interest	**15,968**	**1,349**	**(1,349)**
Listed equities	**2,939**	**248**	**(248)**
Unlisted equities	**5,932,202**	**501,271**	**(501,271)**

2021	Effect on changes in assets measured in fair value and net assets		
Description	**Amount $000**	**+11.00% $000**	**-11.00% $000**
Fixed interest	11,980	1,318	(1,318)
Listed equities	78	9	(9)
Unlisted equities	4,935,814	542,939	(542,939)

Notes to the Financial Statements
For the year ended 30 June 2022

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 2022

	Fixed interest $000	Listed equities $000	Unlisted equities $000	Total $000
Opening balance	**11,980**	**78**	**4,935,814**	**4,947,872**
Purchases/applications	**7,149**	**1,010**	**775,011**	**783,170**
Sales/redemptions	**(2,373)**	**(2,847)**	**(322,786)**	**(328,006)**
Transfer into level 3	**-**	**5,137**	**-**	**5,137**
Total gains/(losses)	**(788)**	**(439)**	**544,163**	**542,936**
Closing Balance	**15,968**	**2,939**	**5,932,202**	**5,951,109**

30 June 2021

	Fixed interest $000	Listed equities $000	Unlisted equities $000	Total $000
Opening balance	101,529	366	4,053,059	4,154,954
Purchases/applications	2,709	21	899,767	902,497
Sales/redemptions	(92,626)	(429)	(369,244)	(462,299)
Total gains/(losses)	368	120	352,232	352,720
Closing Balance	11,980	78	4,935,814	4,947,872

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

30 June 2022

	Fixed interest $000	Listed equities $000	Unlisted equities $000	Total $000
Total gains/(losses) recognised in the statement of comprehensive income for the period	**(183)**	**(326)**	**(25,883)**	**(26,392)**
Total gains/(losses) recognised in the statement of comprehensive income for the period for assets held at the end of the reporting period	**(673)**	**(112)**	**570,046**	**569,261**

30 June 2021

	Fixed interest $000	Listed equities $000	Unlisted equities $000	Total $000
Total gains/(losses) recognised in the statement of comprehensive income for the period	(45)	(6)	(985)	(1,036)
Total gains/(losses) recognised in the statement of comprehensive income for the period for assets held at the end of the reporting period	413	126	353,217	353,756

Notes to the Financial Statements
For the year ended 30 June 2022

9. Fair value of financial instruments (continued)

(c) Transfers between hierarchy levels

The transfers from the Level 1 to Level 3 fair value hierarchies are due to the illiquid Russian assets.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	**2022 $000**	2021 $000
Contributions receivable	**5,233**	4,379
Other receivables	**1,084**	466
Prepayment	**1,942**	1,890
Total accounts receivable	**8,259**	6,735

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

	2022 $000	2021 $000
Cost	**16,159**	11,522
Accumulated depreciation and impairment	**(8,850)**	(6,327)
Written down value	**7,309**	5,195

12. Accounts payable

Due within 12 months	**2022 $000**	2021 $000
Investment expenses payable	**10,379**	16,220
Administration expenses payable	**9,797**	12,424
Employee entitlements	**6,945**	6,232
Unallocated member contributions	**3,478**	5,568
Total accounts payable	**30,599**	40,444

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

	2022 $000	2021 $000
Financial instruments held at balance date		
Cash and cash equivalents	**2,861**	877
Fixed interest	**(231,488)**	(77,568)
Listed equities	**(1,467,625)**	2,816,859
Unlisted equities	**526,638**	268,052
Derivatives	**(382,070)**	277,938
Total changes in fair value of financial instruments	**(1,551,684)**	3,286,158

Notes to the Financial Statements
For the year ended 30 June 2022

14. Income tax

The major components of income tax expense are:

	2022 $000	2021 $000
Current income tax expense		
Income tax payable current year	**(27,590)**	129,817
Adjustments in respect of prior years	**3,860**	(3,061)
Total	**(23,730)**	126,756

	2022 $000	2021 $000
Deferred income tax expense		
Relating to origination and reversal of temporary differences	**(166,290)**	136,086
Adjustments in respect of deferred income tax of previous years	**-**	-
Total	**(166,290)**	136,086
Income tax (benefit)/expense reported in the statement of comprehensive income	**(190,020)**	262,842

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

	2022 $000	2021 $000
Profit/loss from operating activities	**(790,343)**	3,769,484
Income tax at 15%	**(118,551)**	565,422
Increase/(decrease) in tax expense due to:		
Imputation & foreign tax offsets gross up	**24,896**	9,685
Differences between tax and accounting investment income	**36,554**	(148,354)
Adjustments in respect of income tax of previous year	**3,859**	(3,061)
Allocated pension exempt income	**10,488**	(97,059)
Imputation and foreign tax offsets	**(147,266)**	(63,791)
Income tax expense/(benefit) in statement of comprehensive income	**(190,020)**	262,842
Current income tax (assets)/liabilities at 30 June relates to the following:		
Income tax payable for current year	**52,730**	203,421
Payments made during the year	**(63,689)**	(83,277)
	(10,959)	120,144
Deferred income tax assets and liabilities at 30 June relates to the following:		
Contributions receivable	**(776)**	(648)
Investment income receivable	**4,518**	3,544
Unrealised gains on investments	**214,155**	425,853
Expense provisions	**(1,838)**	(2,285)
Imputation tax offsets	**(5,959)**	(4,981)
Allocated pension exempt income share of gains/losses	**(49,883)**	(94,848)
Net deferred income tax liabilities	**160,217**	326,635

Notes to the Financial Statements
For the year ended 30 June 2022

15. Administration expenses

	2022 $000	2021 $000
Salaries and related employment costs	**37,786**	31,807
Trustee expenses	**13,769**	1,013
Professional and audit fees	**5,573**	4,338
Member communication expenses	**1,559**	1,705
Office rental and expenses	**8,150**	8,556
Depreciation expense of right-of-use assets	**1,857**	2,948
Financial planning service fees	**11,497**	11,854
Actuarial fees	**153**	106
APRA levy	**2,087**	1,811
Other expenses	**726**	543
Total administration expenses	**83,157**	64,681

The trustee expenses include the amount of $12,689,286 paid by the Scheme to fund the Trustee Capital Reserve in Telstra Super Pty Ltd. Refer to Note 20(b) for further details.

16. Auditors' remuneration

Amount received or due and receivable by EY:	**2022 $**	2021 $
Audit and review of financial reports and regulatory compliance	**437,325**	429,680
Non-audit services	**38,355**	10,742
Total remuneration	**475,680**	440,422

17. Cash flows reconciliation

(a) Reconciliation of cash and cash equivalents

	2022 $000	2021 $000
Cash and cash equivalents	**1,490,887**	1,116,318

(b) Reconciliation of cash flows from operating activities

	2022 $000	2021 $000
Profit/(loss) after income tax	**(216,137)**	28,767
Adjustments for:		
Depreciation	**4,513**	5,795
Changes in fair value of financial assets	**1,551,684**	(3,286,158)
Insurance premiums charged on members' accounts	**(29,560)**	(33,576)
Death and disability benefits credited to members' accounts	**20,114**	22,205
(Increase)/Decrease in investment income receivable	**(7,021)**	(10,756)
(Increase)/Decrease in other receivables	**(616)**	477
(Increase)/Decrease in prepayments	**(52)**	196
Increase/(Decrease) in accounts payable	**(9,845)**	13,236
Increase/(Decrease) in current tax liabilities	**(131,104)**	118,812
Increase/(Decrease) in deferred tax liabilities	**(166,418)**	134,905
Allocation to members' accounts	**(384,186)**	3,477,875
Net cash from operating activities	**631,372**	471,778

Notes to the Financial Statements
For the year ended 30 June 2022

18. Leases

The Scheme has lease contracts for various items of computer hardware and office buildings used in its operations. Leases of computer hardware generally have lease terms of 4 years and office buildings 12 years. The Scheme's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Scheme is restricted from assigning and subleasing the leased assets.

The Scheme also has certain leases of computer hardware with lease terms of 12 months or less or of low value. The Scheme applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Computer Hardware $000	Office Buildings $000	Total $000
As at 1 July 2021	**459**	**16,391**	**16,850**
Additions	**-**	**-**	**-**
Cost adjustment	**-**	**-**	**-**
Depreciation expense	**(459)**	**(1,397)**	**(1,856)**
As at 30 June 2022	**-**	**14,994**	**14,994**

	Computer Hardware $000	Office Buildings $000	Total $000
As at 1 July 2020	803	18,780	19,583
Additions	-	211	211
Cost adjustment	-	5	5
Depreciation expense	(344)	(2,605)	(2,949)
As at 30 June 2021	459	16,391	16,850

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

	2022 $000	2021 $000
As at 1 July	**18,014**	19,769
Additions	**-**	211
Accretion of interest	**1,157**	1,072
Payments	**(2,246)**	(3,038)
As at 30 June	**16,925**	18,014

The following are the amounts recognised in the statement of comprehensive income:

	2022 $000	2021 $000
Depreciation expense of right-of-use assets	**1,857**	2,948
Interest expense on lease liabilities	**1,157**	1,072
Expense relating to leases of short-term and low-value assets	**185**	67
Total amount recognised in profit or loss	**3,199**	4,087

The Scheme had total cash outflows for leases of $2,430,786 (2021: $3,104,000). The Scheme had no non-cash additions to right-of-use assets or lease liabilities (2021: $211,000).

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 2022

20. Related party disclosures

(a) Employer company

Telstra Corporation Limited (Telstra) is the principal employer. Foxtel Pty Ltd, Thryv Pty Ltd, Amplitel Pty Ltd, Chief Entertainment Pty Ltd, 1300 Australia Pty Ltd, 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 $522,361,893 (2021: $493,556,402) as disclosed in the statement of changes in member benefits, those made by Telstra and associated employers were $262,336,303 (2021: $247,695,982). Contributions are made in accordance with recommendations of the Actuary, the Trust Deed, and relevant legislative requirements. Telstra and Foxtel Pty Ltd also provide the Scheme with telecommunication services and pay TV services respectively. Such services are provided at arm's length and on normal commercial terms.

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

	2022 **$**	2021 $
Shares	**170,181,030**	213,558,653
Fixed interest securities	**5,215,815**	10,055,637
Total investments	**175,396,845**	223,614,290

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

	2022 **$**	2021 $
Dividends received for the year	**8,299,567**	8,480,666
Interest received for the year	**389,088**	567,459
Total income	**8,688,655**	9,048,125

(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)
Megan Bonighton
Bronwyn Clere
Scott Connolly
Nadine Flood
Steven Fousekas
Dahlia Khatab
James Perkins
Graeme Smith

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*	14	14	6	6	4	4
M Bonighton	14	13	5	4	-	-
B Clere	14	14	-	-	-	-
S Connolly	14	14	6	5	-	-
N Flood	14	14	6	6	4	4
S Fousekas	14	14	-	-	4	4
D Khatab	14	14	-	-	-	-
J Perkins	14	14	-	-	4	3
G Smith	14	14	6	6	4	4

Notes to the Financial Statements
For the year ended 30 June 2022

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 *	4	4	12	12	8	8
M Bonighton	4	2	-	-	8	6
B Clere	4	4	-	-	8	7
S Connolly	-	-	12	11	-	-
N Flood	4	4	12	12	-	-
S Fousekas	-	-	12	10	-	-
D Khatab	4	4	-	-	8	8
J Perkins	-	-	-	-	8	7
G Smith	-	-	12	12	-	-

*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 as follows:

Chris Davies (Chief Executive Officer)
Paul Curtin (Chief Financial Officer)
Graeme Miller (Chief Investment Officer)

Remuneration:	**2022 $**	2021 $
Short term - salaries, fees, bonuses and non-monetary benefits	**2,966,651**	2,659,047
Superannuation contributions	**148,983**	135,527
Total	**3,115,634**	2,794,574

Where instructed, a Director's income is paid directly to their employer:	**2022 $**	2021 $
Telstra Corporation Limited	**274,644**	299,714
ACTU	**68,661**	75,184
CPSU	**-**	31,871
CWU	**137,322**	132,185
Total	**480,627**	538,954

Notes to the Financial Statements
For the year ended 30 June 2022

20. Related party disclosures (continued)

(b) Trustee and key management personnel (continued)

Directors' remuneration excludes insurance premiums of $461,994 (2021: $369,300) paid by the Trustee.

The table below lists the number of Directors and key management personnel whose income falls within the following bands for financial years ending 30 June.

Amount falling between	**2022**	2021
$10,000 and $19,999	**-**	1
$30,000 and $39,999	**-**	1
$40,000 and $49,999	**-**	2
$60,000 and $69,999	**-**	1
$70,000 and $79,999	**8**	5
$210,000 and $219,999	**1**	1
$500,000 and $509,999	**-**	1
$510,000 and $519,999	**1**	-
$750,000 and $759,999	**-**	1
$770,000 and $779,999	**-**	1
$820,000 and $829,999	**1**	-
$950,000 and $959,999	**1**	-

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 $13,800,697 (2021: $1,004,103). The fee includes the amount paid by the Scheme to fund the Trustee Capital Reserve in TSPL.

The trustee capital reserve has been established due to legislative changes made by the Australian Government to the *Superannuation Industry (Supervision) Act 1993 (Cth)*. From 1 January 2022, if a penalty is imposed on a superannuation trustee, the trustee is prohibited from paying that penalty from the assets of the superannuation fund. Therefore, to mitigate any funding risks the reserve was established in December 2021 and will be maintained to ensure sufficient liquidity is available should a penalty be incurred.

At 30 June TSPL owed a reimbursement to the Scheme of $5,635 (2021: $519,027) and the Scheme owed TSPL $nil (2021: $ nil).

(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.

	2022 **$**	2021 $
Shares	**3,617,309**	3,611,888

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

Anne-Marie O'Loghlin (Chair)
Bronwyn Clere
Chris Davies
Scott Connolly

Notes to the Financial Statements
For the year ended 30 June 2022

20. Related party disclosures (continued)

(c) Related parties (continued)

i. Telstra Super Financial Planning Pty Ltd (TSFP) (continued)

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 $8,349,996 (2021: $8,349,996) and fees charged by the Scheme to TSFP for in-house administration support and services $700,000 (2021: $900,000). 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 $25,441 (2021: $25,325) and employer paid insurance premiums $25,825 (2021: $23,100).

At 30 June 2022, TSFP had a receivables of $9,769 (2021: nil) from the Scheme and a payable of $2,500 owing to the Scheme (2021: $47,435).

ii. Sub trusts

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

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 2022	**$**	**%**
Telstra Super Financial Planning Pty Ltd	**3,617,309**	**100**
TSPL Woollies Sub Trust	**174,684,623**	**100**
TSPL BTF Trust	**-**	**100**
TSPL CLP Trust	**696,262,696**	**100**
TSPL BP Trust	**463,580,677**	**100**
FDC Co Investment Trust	**62,501,901**	**100**
FDC Co Investment Trust – Brandon	**-**	**100**
TSPL Exchange Trust	**156,272,248**	**100**
TSPL DVP Trust	**195,924,636**	**100**
TSPL Chifley Trust	**79,812,631**	**100**
Northgate Investment Trust	**347,575**	**100**
	1,833,004,296	

Ownership interest as at 30 June 2021	**$**	**%**
Telstra Super Financial Planning Pty Ltd	3,611,888	100
TSPL Woollies Sub Trust	152,348,554	100
TSPL BTF Trust	4,675,228	100
TSPL CLP Trust	609,321,716	100
TSPL BP Trust	388,166,923	100
FDC Co Investment Trust	44,215,722	100
FDC Co Investment Trust – Brandon	364,329	100
TSPL Exchange Trust	125,187,253	100
TSPL DVP Trust	175,133,464	100
TSPL Chifley Trust	74,983,538	100
Northgate Investment Trust	29,494,907	100
	1,644,220,027	

Notes to the Financial Statements
For the year ended 30 June 2022

21. Related party investments (continued)

The Scheme has a controlling interest in all related party investments. As at 30 June 2022, 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.

22. Employee entitlements

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

	2022 $000	2021 $000
Current	**5,712**	5,124
Non-current	**1,233**	1,097
Total	**6,945**	6,221

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:

	2022	2021
Assumed rate of increase in wage and salary rates	**3.50%**	1.99%
Leave discount rate	**4.54%**	1.08%

(b) Superannuation scheme

There are four (2021: four) employees of the Scheme who are defined benefit members. Their proportionate share of the assets, the accrued benefits and the vested benefits are as follows:

	2022 $000	2021 $000
Proportionate share of the Scheme's assets at 30 June	**3,009**	2,914
Accrued benefits at 30 June	**(2,825)**	(2,544)
Excess of fund assets over accrued benefits	**184**	370
Vested benefits	**2,831**	2,580

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 $3,373,094 (2021: $2,691,812) 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, fixed interest 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.

Notes to the Financial Statements
For the year ended 30 June 2022

23. Financial risk management objectives and policies (continued)

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

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).

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.

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.

Credit quality per class of debt instruments

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 2022

23. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

2022

Credit quality	AAA to AA- $000	A+ to A- $000	BBB+ to B- $000	CCC+ to CC $000	Not rated $000	Total $000
Fixed interest	**1,300,282**	**834,656**	**1,835,115**	**15,060**	**457,621**	**4,442,734**
Listed equities	**-**	**-**	**-**	**-**	**11,054,812**	**11,054,812**
Unlisted equities	**-**	**-**	**-**	**-**	**6,677,676**	**6,677,676**
Derivative assets	**-**	**-**	**-**	**-**	**128,119**	**128,119**
Derivative liabilities	**-**	**-**	**-**	**-**	**(322,233)**	**(322,233)**
Total	**1,300,282**	**834,656**	**1,835,115**	**15,060**	**17,995,995**	**21,981,108**

2021

Credit quality	AAA to AA- $000	A+ to A- $000	BBB+ to B- $000	CCC+ to CC $000	Not rated $000	Total $000
Fixed interest	2,065,739	858,165	1,946,941	17,628	420,436	5,308,909
Listed equities	-	-	-	-	13,179,365	13,179,365
Unlisted equities	-	-	-	-	5,239,192	5,239,192
Derivative assets	-	-	-	-	67,399	67,399
Derivative liabilities	-	-	-	-	(158,132)	(158,132)
Total	2,065,739	858,165	1,946,941	17,628	18,748,260	23,636,733

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:

	2022 $000	2021 $000
Accounts receivable	**8,259**	6,735
Investment income receivable	**52,266**	45,244
Fixed interest	**4,442,734**	5,308,909
Derivative assets	**128,119**	67,399
Total	**4,631,378**	5,428,287

The Scheme's cash is substantially managed by Pendal and the internal investment management team. 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.

Notes to the Financial Statements
For the year ended 30 June 2022

23. Financial risk management objectives and policies (continued)

(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.

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.

2022 **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	**8,590**	**-**	**-**	**-**	**8,590**
Accounts payable	**30,599**	**-**	**-**	**-**	**30,599**
Derivative liabilities	**84,960**	**87,961**	**1,704**	**147,608**	**322,233**
Current tax liability	**-**	**-**	**-**	**-**	**-**
Lease liabilities - undiscounted	**162**	**323**	**1,460**	**20,774**	**22,719**
	124,311	**88,284**	**3,164**	**168,382**	**384,141**

2021 **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	15,625	-	-	-	15,625
Accounts payable	40,444	-	-	-	40,444
Derivative liabilities	41,110	103,137	2,038	11,847	158,132
Current tax liability	120,144	-	-	-	120,144
Lease liabilities - undiscounted	278	312	1,533	22,719	24,842
	217,601	103,449	3,571	34,566	359,187

The above table does not include the members’ liabilities for accrued benefits amounting to $23,082 million (2021: $23,804 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 benefit at the same time.

Notes to the Financial Statements
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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 fixed interest 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:

2022	**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	**2,990,008**	**186,822**	**556,156**	**709,713**	**17,538,409**	**21,981,108**
Cash and cash equivalents	**1,490,887**	**-**	**-**	**-**	**-**	**1,490,887**
Total	**4,480,895**	**186,822**	**556,156**	**709,713**	**17,538,409**	**23,471,995**

2021	**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	3,643,412	162,990	606,065	895,441	18,328,825	23,636,733
Cash and cash equivalents	1,116,318	-	-	-	-	1,116,318
Total	4,759,730	162,990	606,065	895,441	18,328,825	24,753,051

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 2022

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 (2021: 78bp) was an appropriate movement for 30 June 2022. 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 $42.2 million (2021: $41.4 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 $42.2 million (2021: $41.4 million).

The analysis is performed on the same basis for 30 June 2021. 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 fixed interest 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. On this basis, the Scheme's overall exposure to foreign exchange risk is considered minimal after taking into account the forward currency contracts.

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% (2021: 9%) has been determined by the investment adviser as an appropriate assumption for this scenario analysis. A 8.5% strengthening/weakening of the Australian dollar against the following currencies at 30 June 2022 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 2021. 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 2022

23. Financial risk management objectives and policies (continued)

(d) Market risk (continued)

Foreign exchange risk (continued)

Foreign exchange sensitivity analysis (continued)

2022	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	**6,202,407**	**527,205**	**(527,205)**
EUR	**1,281,464**	**108,924**	**(108,924)**
JPY	**322,444**	**27,408**	**(27,408)**
GBP	**533,670**	**45,362**	**(45,362)**
Other currencies	**968,383**	**82,313**	**(82,313)**
Total	**9,308,368**	**791,212**	**(791,212)**

2021	Effect on net foreign exchange gains/(losses) and net assets		
Currency Gross investment amounts denominated in:	Amount $000	+9.0% $000	(9.0%) $000
USD	6,601,564	594,141	(594,141)
EUR	1,471,067	132,396	(132,396)
JPY	339,720	30,575	(30,575)
GBP	636,461	57,281	(57,281)
Other currencies	1,450,545	130,549	(130,549)
Total	10,499,357	944,942	(944,942)

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 statement of comprehensive income, 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 2022

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 statement of comprehensive income 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 maket assumptions, the investment adviser has determined that the following assumptions are appropriate for this scenario analysis.

2022

Asset class	Change in market price	Effect on net assets/returns	
		$000	$000
Fixed interest	**+6.0%/(0.5%)**	**266,564**	**(1,333)**
Listed equities	**+24.5%/(7.5%)**	**2,708,429**	**(203,132)**
Unlisted equities	**+28.5%/(8.0%)**	**1,903,138**	**(152,251)**

2021

Asset class	Change in market price	Effect on net assets/returns	
		$000	$000
Fixed interest	+4.0%/(1.5%)	212,356	(79,634)
Listed equities	+24.5%/(7.5%)	3,228,944	(988,452)
Unlisted equities	+28.5%/(8.0%)	1,493,170	(419,135)

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 $11,520.5 million (2021: $12,031.4 million). 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 $678.2 million (2021: $712.2 million). The income received from securities lending was $1.0 million (2021: $0.8 million).

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 $735.4 million (2021: 280.4 million).

Notes to the Financial Statements
For the year ended 30 June 2022

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 and contingent liabilities

The Scheme has outstanding commitments and contingent liabilities 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.

Amounts as at 30 June were as follows:

	2022 $000	2021 $000
Investment commitments	**648,528**	620,230
Contingent liabilities	**-**	-
Total	**648,528**	620,230

26. Environmental, social and governance

The Scheme's fundamental objective is to enhance responsibly the financial security of its members in retirement. TelstraSuper incorporates best practice Environmental, Social and Governance (ESG) considerations in all aspects of its investment process. The Scheme supports the development of a more sustainable global economy, and the attainment of the Paris Agreement goals on climate change.

Our approach to sustainable investment follows the guidelines of the UN Principles for Responsible Investing (PRI), which are:

- Incorporating environmental, social and governance issues into investment analysis and decision-making
- Active ownership by engaging with the companies we invest in
- Promoting ESG disclosure by investee companies
- Advocacy and collaboration
- Reporting on our activities

Key aspects of the Scheme's Sustainable Investment approach include:

- Adoption of a Sustainable Investment Policy (the Policy) by the Board of directors. The Investment Committee reports to the Board on the progress of the implementation of the policy on an annual basis.
- Adoption of a Climate Change Action Plan (the Plan) that has set a goal of achieving net zero carbon emissions by 2050 with a 45% reduction by 2030. The Plan outlines tangible steps to achieving these goals while maintaining risk, including ESG risks, at an acceptable level as determined by the Policy. The Plan also encourages proactive investing in sustainable projects and assets that will benefit from the climate change transition.
- Our six monthly Sustainable Investment Bulletin reports on our activities to members, the Board, Investment committee and other interested stakeholders. The Bulletin includes information on ESG risk assessment undertaken across the portfolio and highlights key active ownership and ESG engagements undertaken with investee companies.
- Active ownership and voting at company meetings. TelstraSuper reports on its voting activity via our Proxy Voting Dashboard.
- Evaluating all our investment managers' ESG capabilities, practices and policies prior to their appointment and reviewing these regularly. A summary of these reviews is also included in the Sustainable Investment Bulletin.
- Collaborating with other organisations such as the Australian Council of Superannuation Investors (ACSI) to influence the organisations we invest in. We also publicly disclose how we vote at company meetings via our proxy voting dashboard.

Notes to the Financial Statements
For the year ended 30 June 2022

26. Environmental, social and governance (continued)

- Taking part in key initiatives such as being a signatory of the Australian Asset Owner Stewardship Code, a Climate Action 100+ participant, Tobacco Free Pledge Program signatory, and a signatory to the United Nations Principles for Responsible Investment.

The Scheme shares full details on its ESG activities, including details about its policies and procedures at telstrasuper.com.au/ESG.

27. Significant events after balance date

Between 30 June 2022 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.

Trustee Statement

In the opinion of the Directors of Telstra Super Pty Ltd (ACN 007 422 522), Trustee of the Telstra Superannuation Scheme (Scheme):

1. The accompanying financial statements of the Scheme are properly drawn up so as to present fairly the financial position of the Scheme as at 30 June 2022 and the results of its operations and cash flows for the year then ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia; and

2. The Scheme has been conducted in accordance with its constituent Trust Deed dated 1 July 1990 (as amended) and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations and the Corporations Act 2001 and Regulations and Guidelines during the year.

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

Name: Anne-Marie O'Loghlin	Name: Nadine Flood
Director	Director

Dated at Melbourne, this 18th day of August 2022.

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Telstra Superannuation Scheme
ABN 85 502 108 833

Report by the RSE Auditor to the trustee and members

Opinion

We have audited the financial statements of Telstra Superannuation Scheme for the year ended 30 June 2022 comprising the statement of financial position, income statement, statement of changes in member benefits, statement of cash flows and statement of changes in reserves.

In our opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Telstra Superannuation Scheme as at 30 June 2022 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2022.

Basis for opinion

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

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

Responsibilities of the Trustee for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 these financial statements.

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

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

Maree Pallisco
Partner
Melbourne

18 August 2022

Financial Reports

30 June 2022

Telstra Super Pty Ltd

ACN 007 422 522

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Directors' Report

FOR THE YEAR ENDED 30 JUNE 2022

The Directors present their report together with the annual financial report of Telstra Super Pty Ltd for the year ended 30 June 2022 and the auditor's report thereon.

Directors

Directors in office during 2021/2022 were:

Anne-Marie O'Loghlin (Chair)

Megan Bonighton

Bronwyn Clere

Scott Connolly

Nadine Flood

Steven Fousekas

Dahlia Khatab

James Perkins

Graeme Smith

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*	14	14	6	6	4	4
G Smith	14	14	6	6	4	4
B Clere	14	14	-	-	-	-
S Connolly	14	14	6	5	-	-
D Khatab	14	14	-	-	-	-
M Bonighton	14	13	5	4	-	-
N Flood	14	14	6	6	4	4
S Fousekas	14	14	-	-	4	4
J Perkins	14	14	-	-	4	3

Name	Committees					
	Risk		Investment		Member Experience	
	Held	Held	Held	Attended	Held	Attended
A-M O'Loghlin*	4	4	12	12	8	8
G Smith	-	-	12	12	-	-
B Clere	4	4	-	-	8	7
S Connolly	-	-	12	11	-	-
D Khatab	4	4	-	-	8	8
M Bonighton	4	2	-	-	8	6
N Flood	4	4	12	12	-	-
S Fousekas	-	-	12	10	-	-
J Perkins	-	-	-	-	8	7

*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.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2022

Principal Activities

The principal activity of the company during the course of the financial year was acting as Trustee for the Telstra Superannuation Scheme (the Fund). The Trustee was granted a Registrable Superannuation Entity Licence on 16 March 2006 (Licence number L0001311). The class of licence was revised to public offer on 9 September 2006.

Result

The company acted solely as Trustee and did not carry on any other business activity on its own behalf during the year. A trustee fee is paid to Telstra Super Pty Ltd (TSPL) by the Telstra Superannuation Scheme for its Trustee services.

Dividends

No dividends have been paid or declared since the commencement of the year and the Directors do not recommend the declaration of a dividend.

Significant Changes in the state of affairs

The Constitution of TSPL was reviewed during the financial year to update, streamline, and modernise its drafting. As part of this review, the reserves clause was updated to specifically address TSPL holding a reserve in its personal capacity. Such a reserve may be used where TSPL or its Directors become subject to a liability which is not indemnifiable from the assets of the Fund. The reserve may not be used for a broader purpose and must be paid into the Fund in the event of any future wind-up of TSPL.

Events subsequent to balance date

In the opinion of the Directors no transaction or event of a material and unusual nature has occurred in the interval between the end of the year and the date of this report.

Likely developments

The company will continue to act as Trustee and, at the date of this report, the Directors believe the company will not carry out any business activity on its own behalf other than as provided in the Company's Constitution.

Directors' Report
FOR THE YEAR ENDED 30 JUNE 2022

Indemnification and insurance of Directors and employees

To the extent not covered by a contract of insurance, the company indemnifies:

(a) its Directors and employees against liabilities to persons (other than the company or a related body corporate), unless the liability arises out of conduct involving a lack of good faith, and
(b) its Directors and employees against a liability for costs and expenses incurred in successfully defending civil or criminal proceedings arising from their employment.

During the year Telstra Super Pty Ltd paid premiums of $255,792 (2021: $210,956) for Trustees Liability insurance, which among other things, provides insurance cover for the Trustee, Directors and employees of the company in respect of any breach of trust, breach of duty or any other act wrongfully committed in executing any of the functions of the Fund of which the company is Trustee.

Fidelity and computer crime insurance premiums were paid directly by The Fund, which among other things, provides insurance cover against dishonest or fraudulent acts by employees and fraudulent input of electronic data into computer systems.

Ernst & Young were re-appointed as external auditors.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

DIRECTOR

DIRECTOR

Dated at Melbourne this 18th day of August 2022

Statement of Financial Position

As at 30 June 2022

	Note	2022	2021
		$	$
Assets			
Current Assets			
Cash and cash equivalents		12,109,088	486,424
Trade and other receivables		-	19,811
Prepayments		60,675	55,514
Total Current Assets		**12,169,763**	**561,749**
TOTAL ASSETS		**12,169,763**	**561,749**
Liabilities			
Current Liabilities			
Trade and other payables		26,904	561,747
Income tax payable		3,642,857	-
Total Current Liabilities		**3,669,761**	**561,747**
TOTAL LIABILITIES		**3,669,761**	**561,747**
NET ASSETS		**8,500,002**	**2**
Equity			
Contributed Equity	*5*	2	2
Trustee Reserve	*5*	8,500,000	-
TOTAL EQUITY		**8,500,002**	**2**

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

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
Total Revenue		13,215,498	999,192
Less:			
Director Fees		(816,728)	(788,116)
Trustee Liability Insurance		(255,792)	(210,956)
Bank Fees		(121)	(120)
Profit Before Income Tax		**12,142,857**	**-**
Income Tax Expense		3,642,857	-
Profit After Income Tax		**8,500,000**	**-**

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
Share Capital			
Ordinary shares at start of period		2	**2**
Total Share Capital		**2**	**2**
Accumulated Profit/(Loss)			
Balance at start of period		-	**-**
Profit/(Loss) for the period		8,500,000	**-**
Transfers for the period		(8,500,000)	**-**
Total Accumulated Profit/(Loss)		**-**	**-**
Reserves			
Balance at start of period		-	**-**
Transfers for the period		8,500,000	**-**
Total Reserves		**8,500,000**	**-**
Total Shareholders' Equity		**8,500,002**	**2**

The above statement of Comprehensive Income and Statement of changes in Equity should be read with the accompanying notes.

Statement of Cashflows

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Cash receipts from The Fund (Trustee Fees)		13,208,070	999,141
Cash payments to Directors		(816,728)	(788,116)
Administration Expenses		(776,107)	194,218
Interest		7,429	51
Net Cash from Operating Activities	6	**11,622,664**	**405,294**
Cash flows from investing activities		-	-
Purchase of property, plant, and equipment		-	-
Net Cash Used in Investing Activities		-	-
Cash flows from financing activities		-	-
Net Cash Used in Financing Activities		-	-
Net Increase in Cash and Cash Equivalents		**11,622,664**	**405,294**
Cash and Cash Equivalents at Beginning of Period		**486,424**	**81,130**
Cash and Cash Equivalents at End of Period		**12,109,088**	**486,424**

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

1. Corporate Information

Telstra Super Pty Ltd (TSPL) is a company limited by shares that is incorporated and domiciled in Australia. The registered office of Telstra Super Pty Ltd is located at Level 10, 130 Lonsdale Street, Melbourne, Victoria.

The financial report of TSPL for the year end 30 June 2022 was approved in accordance with a resolution of directors on 18th August 2022.

The principal activity of the company during the year was to act as Trustee of the Telstra Superannuation Scheme (The Fund). The company holds an Australian Financial Services Licence (number 236 709) and Registrable Superannuation Entity Licence (number L0001311). The class of licence was revised to public offer on 9 September 2006.

2. Summary of Significant Accounting Policies

(a) *Statement of Compliance*

This general purpose Financial Report has been prepared for distribution to members and Directors of TSPL for internal management information purposes and also to meet RSE and AFS license requirements. The accounting policies used in the preparation of this report are, in the opinion of the Directors, appropriate to meet the needs of members and Directors and have been prepared in accordance with Australian Accounting Standards and other professional reporting requirements in Australia.

(b) *Trustee Liabilities and Right of Indemnity*

The company acts solely as Trustee of The Fund and liabilities have been incurred on behalf of the Fund in the company's capacity as Corporate Trustee. Liabilities incurred on behalf of The Fund are not recognised in the financial statements where it is not probable that the company will have to meet any of these liabilities from its own resources. Where it is probable that the company will have to meet some liabilities from its own resources, a liability for the deficiency in Right of Indemnity is brought to account. Details of the liabilities, the offsetting right of indemnity and any deficiency in the right of indemnity are disclosed by way of note to the financial report.

(c) *Basis of Preparation*

The financial report has been prepared on an accrual basis and is presented in Australian dollars.

(d) *Cash*

Cash consist of cash on hand and balances with banks.

(e) *Trade and Other Receivables*

Trade and other receivables are recognised at an approximate fair value. Collectability of receivables is reviewed on an ongoing basis, and where an individual debt is known to be uncollectible it is written off when identified.

(f) *Trade and Other Payables*

Trade and other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed, and are carried at nominal amounts which approximate net market value. Payables are normally settled within 30 days.

(g) *Goods and Services Tax*

GST incurred by TSPL, that is recoverable from, or payable to, the Australian Tax Office is included as a receivable or payable in the statement of financial position.

(h) *Revenue Recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

TSPL's significant revenue stream is the Trustee fees it receives from the Fund. These fees are recognised at a point-in-time, as and when they are received from the Fund, as and when they are incurred, in accordance with section 1.4.3 Remuneration of Trustee in the Trust Deed governing TSPL.

The relevant section stipulates: "except as otherwise agreed between the Trustee and the Principal Employer, neither the Trustee nor a director of the Trustee is entitled to commission or remuneration from the Fund in respect of the office of Trustee or director, but the Trustee may pay from the Fund reasonable expenses of a director of the Trustee in connection with that office.

There are no contracts in place with Directors, and as such, there is no contractual arrangement governing the reimbursement revenue of these fees other than the provisions of the Trust Deed stated above.

(i) *Expense Recognition*

Expenses are recognised in the period in which the expenditure is incurred.

(j) *Taxation – Income Tax*

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

(k) *Auditors Remuneration*

Fees for the independent audit of these financial reports are borne by Telstra Superannuation Scheme.

3. Trust Liabilities and Right of Indemnity

Liabilities of the Fund not recorded in the financial statements of the company are set out below:

	2022	2021
Current	**$**	**$**
Accounts Payable	30,598,730	40,444,411
Benefits Payable	8,589,897	15,624,941
Unsettled Investment Purchases and Payables	142,675,835	180,760,909
Derivative Liabilities	322,233,000	158,132,000
Lease Liabilities	16,925,328	18,013,878
Income Tax (assets)/Liabilities	(10,959,380)	120,144,330
	510,063,410	**533,120,469**
Non-Current		
Income Tax Liabilities	160,216,946	326,634,783
Member Liabilities	23,081,595,165	23,803,942,970
	23,241,812,111	**24,130,577,753**
Total Liabilities/ Right of Indemnity	**23,751,875,521**	**24,663,698,222**

The assets of the Fund, which lie behind the right of indemnity, are not available to meet any liabilities of the company acting in its own right and were enough for the Fund to discharge its liabilities for the years ended 30 June 2022 and 30 June 2021 as they fall due.

There was no breach of fiduciary duties for the years ended 30 June 2022 and 30 June 2021.

4. Contingent Liabilities

A contingent liability may exist relative to any future claims which may be made against the company arising from trusteeship dealings. For the years ended 30 June 2022 and 30 June 2021 we do not believe that there are any contingent liabilities.

5. Contributed Equity and Reserves

	2022	2021
	$	**$**
Issued and paid in full shares	2	2
Trustee Capital Reserve*	8,500,000	-

*The Trustee Capital Reserve has been established due to legislative changes made by the Australian Government to the *Superannuation Industry (Supervision) Act 1993 (Cth)* (SIS Act). From 1 January 2022, if a penalty is imposed on a superannuation trustee, the trustee is prohibited from paying that penalty from the assets of the superannuation fund. Therefore, to mitigate any funding risks the reserve was established in December 2021 and will be maintained to ensure sufficient liquidity is available should a penalty be incurred.

6. Cash flows from Operating Activities

	2022 $	2021 $
Profit after tax	12,142,857	-
Changes in assets and liabilities		
(Increase)/Decrease in Trade and Other Receivables	19,811	201,922
(Increase)/Decrease in Prepayments	(5,161)	(11,105)
Increase/(Decrease) in Trade and Other Payables	(534,843)	214,477
Net Cash provided by Operating Activities	**11,622,664**	**405,294**

7. Income Tax

	2022 $	2021 $
The major components of the income tax expense are:		
Current Income Tax		
Income tax payable for the current year	3,642,857	-
Adjustment in respect of current income tax in prior years	-	-
Deferred income tax	-	-
Relating to origination and reversal of temporary differences	-	-
Income Tax expense reported in the Statement of Comprehensive Income	**3,642,857**	**-**

A reconciliation between the income tax benefit and profit before income tax is as follows:		
Profit from ordinary activities before Income Tax	**12,142,857**	-
Prima Facie Income Tax expense calculated at 30%	3,642,857	-
Non-deductible expenses	-	-
Prior year over provision	-	-
Income Tax expense reported in the Statement of Comprehensive Income	**3,642,857**	**-**

TSPL has recorded a profit from ordinary activities for the first time in 2022 as a result of the Trustee Capital Reserve being established. The amount paid by the Fund to TSPL to establish the reserve, and subsequently any future funding of the reserve, is recognised as revenue by TSPL and will result in a profit and an income tax expense.

8. Related Parties

(i) Telstra Superannuation Scheme (the Fund) was established by a Trust Deed dated 1 July 1990 to provide benefits for the employees of Telstra Corporation Limited (Telstra) and its related companies. The Fund is a hybrid fund with both defined benefit and defined contribution divisions. Telstra Super Pty Ltd is the Trustee of the Fund.

The following people were Directors of TSPL and the Fund during the financial year:

Anne-Marie O'Loghlin (Chair)	Steven Fousekas
Megan Bonighton	Dahlia Khatab
Bronwyn Clere	James Perkins
Scott Connolly	Graeme Smith
Nadine Flood	

(ii) Fees and Reimbursements

TSPL is responsible for direct expenditure incurred. Shared costs with the Fund are allocated on a fair and equitable basis. Transactions between the parties comprised of Trustee fees charged by TSPL to the Fund $13,208,070 (2021: $999,141). At 30 June TSPL owed a reimbursement to the Fund of $5,635 (2021: $519,027) and the Fund owed TSPL $nil (2021: $ nil).

9. Financial Instruments

The company's financial risks are considered low and as such does not enter complex financial instruments to manage risk.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2022

These are general purpose financial reports prepared in accordance with accounting standards and other professional reporting requirements.

In the opinion of the Directors, the financial report presents fairly, in accordance with the basis of accounting described in Note 2:

(a) the results of the company for the financial year ended 30 June 2022; and
(b) the state of affairs of the company, as at 30 June 2022.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

DIRECTOR	DIRECTOR

Dated at Melbourne this 18th day of August 2022

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
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Auditor's Independence Declaration to the Directors of Telstra Super Pty Ltd

As lead auditor for the audit of the financial report of Telstra Super Pty Ltd for the financial year ended 30 June 2022, 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

18 August 2022

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Independent Auditor's Report to the Members of Telstra Super Pty Ltd

Opinion

We have audited the financial report of Telstra Super Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a. Giving a true and fair view of the Company's financial position as at 30 June 2022 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 Company 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 Company 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 Company'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 Company 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 Company'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 Company'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 Company 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.

Ernst & Young

Ernst & Young

Maree Pallisco
Partner
Melbourne

18 August 2022