

**Appendix: Audited financial statements 2021-22**



Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

## To the Board Member South Australian Superannuation Board

### Opinion

I have audited the financial report of South Australian Superannuation Board for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Superannuation Board as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Board Member of the South Australian Superannuation Board, the Acting Chief Executive, State Superannuation Office and the Director, Finance, State Superannuation Office.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of South Australian Superannuation Board. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of the Acting Chief Executive, State Superannuation Office and members of the South Australian Superannuation Board for the financial report**

The Acting Chief Executive, State Superannuation Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines 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 Acting Chief Executive, State Superannuation Office is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Acting Chief Executive, State Superannuation Office is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The members of the South Australian Superannuation Board are responsible for overseeing the entity's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 9 of schedule 3 of the *Superannuation Act 1988*, I have audited the financial report of South Australian Superannuation Board for the financial year ended 30 June 2022.

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 South Australian Superannuation Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Chief Executive, State Superannuation Office
- conclude on the appropriateness of the Acting Chief Executive, State Superannuation Office'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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with Acting Chief Executive, State Superannuation Office and the South Australian Superannuation Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

23 September 2022

## South Australian Superannuation Board

### Statement of Comprehensive Income

for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
Fees and charges	5	39 473	37 400
Interest revenue	6	-	1
Other revenue		87	75
<b>Total revenue</b>		<b>39 560</b>	<b>37 476</b>
<b>Expenses</b>			
Administration expenses	3	(40 502)	(33 057)
Other expenses	4	(342)	(18)
<b>Total expenses</b>		<b>(40 844)</b>	<b>(33 075)</b>
<b>Total comprehensive result</b>	9	<b>(1 284)</b>	<b>4 401</b>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

### Statement of Financial Position

as at 30 June 2022

	Note	2022 \$000	2021 \$000
<b>Current assets</b>			
Cash and cash equivalents	11	10 696	1 721
Receivables	7	5 368	10 677
<b>Non current assets</b>			
Loan receivable	7, 14	559	559
<b>Total assets</b>		<b>16 623</b>	<b>12 957</b>
<b>Current liabilities</b>			
Payables	8	10 325	5 375
<b>Total liabilities</b>		<b>10 325</b>	<b>5 375</b>
<b>Net assets</b>		<b>6 298</b>	<b>7 582</b>
<b>Equity</b>			
Retained earnings	9	559	559
General reserve	9	5 739	7 023
<b>Total equity</b>		<b>6 298</b>	<b>7 582</b>

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

## South Australian Superannuation Board

### Statement of Changes in Equity for the year ended 30 June 2022

	Note	Retained earnings \$000	Reserves \$000	Total Equity \$000
<b>2022</b>				
<b>Opening balance</b>		<b>559</b>	<b>7 023</b>	<b>7 582</b>
Total comprehensive result		(1 284)	-	(1 284)
Transfer to reserves		1 284	(1 284)	-
<b>Closing balance as at 30 June</b>	<b>9</b>	<b>559</b>	<b>5 739</b>	<b>6 298</b>

	Note	Retained earnings \$000	Reserves \$000	Total Equity \$000
<b>2021</b>				
<b>Opening balance</b>		<b>559</b>	<b>2 622</b>	<b>3 181</b>
Total comprehensive result		4 401	-	4 401
Transfer to reserves		(4 401)	4 401	-
<b>Closing balance as at 30 June</b>	<b>9</b>	<b>559</b>	<b>7 023</b>	<b>7 582</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

### Statement of Cash Flows for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Interest received		-	1
Fees and charges paid		49 348	29 507
GST recovered from the ATO		-	-
<b>Cash generated from operations</b>		<b>49 348</b>	<b>29 508</b>
<b>Cash outflows</b>			
Administration expenses paid		(39 558)	(32 095)
Other expenses		(376)	(20)
GST paid to the ATO		(439)	(49)
<b>Cash (used in) operations</b>		<b>(40 373)</b>	<b>(32 164)</b>
Net cash (used in)/provided by operating activities	11	<b>8 975</b>	<b>(2 656)</b>
<b>Net change in cash</b>		<b>8 975</b>	<b>(2 656)</b>
<b>Cash at the beginning of the financial period</b>		<b>1 721</b>	<b>4 377</b>
<b>Cash at the end of the financial period</b>	<b>11</b>	<b>10 696</b>	<b>1 721</b>

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

## South Australian Superannuation Board

### Notes to the Financial Statements

#### 1) Objectives and funding

##### *Objectives of the South Australian Superannuation Board*

The South Australian Superannuation Board (the Board) was established under Section 6 of the *Superannuation Act 1988* (the Act) and is responsible to the Treasurer for all aspects of the administration of the Act (Pension and Lump Sum schemes) and the Southern State Superannuation Act 2009 (Triple S Scheme, Flexible Rollover Product and Income Stream), except for investment matters relating to the schemes and products. Under clause 2(1)(d) of Schedule 3 of the Act, the Treasurer declared that the Board act as Trustee of the SA Ambulance Service Superannuation Scheme and be responsible for administering the Trust Deed and Rules.

The Act provides that the Board may make use of the staff or facilities of an administrative unit of the SA Public Sector. The State Superannuation Office, a branch of the Department of Treasury and Finance (DTF), provides administrative services to the Board. The State Superannuation Office adopts the “Super SA” name as administrator of the Board schemes and products. The superannuation legislation also provides for the Board to charge administration fees.

The Board is responsible for payment of the Service Level Agreement (SLA) Fee to DTF for costs incurred in the administration of the schemes and products. This amount is then recouped from the various schemes and products as per the SLA.

The Board has carefully considered anticipated future expenditure and sets aside money to cover expected future specific costs.

#### 2) Significant accounting policies

##### *a) Statement of compliance*

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards, Treasurer’s Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987* (PFAA).

The Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Board is a not-for-profit entity. Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Board for the reporting period ending 30 June 2022. Refer to note 2(b).

##### *b) Impact of standards and statements not yet effective*

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. The assessment of the impact of these new standards and interpretations is set out below.

The Board has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations. There are no Accounting Policy Statements that are not yet effective. The material impacts on the Board are outlined below.

## **South Australian Superannuation Board**

### *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The standard replaces the reduced disclosure requirements previously included in all Australian Accounting Standards with simplified disclosure requirements which will apply to Tier 2 entities.

AASB 1053 Application of Tiers of Australian Accounting Standards will still apply in conjunction with AASB 1060. Application of AASB 1060 will significantly amend the content of Tier 2 financial reports.

The Board is not a Tier 2 financial reporting entity. The Board has assessed the impact of the amendments of AASB 1060, and has determined there will be no impact on the Board's financial statements.

### *AASB 2020-2 Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The standard removes the ability for certain for-profit private sector entities to self-assess their financial reporting requirements and prepare special purpose financial statements (SPFS) when they are required to prepare financial statements that comply with Australian Accounting Standards (AAS).

The Board is a statutory authority of the Crown and operates on a not-for-profit basis. The Board has assessed the impact of the new standard on the Board, and has determined there will be no impact on the Board's financial statements.

### *AASB 2021-1 Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. Earlier application is permitted, provided that AASB 1060 is also applied to the same period. The Standard amends new elements of AASB 1053 and amends AASB 1060 for first-time application to provide not-for-profit entities with optional relief from presenting comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous general purpose financial statements. This relief is only applicable where AASB 1060 is early adopted.

Amendments to AASB 1053 highlight that the relief set out in Appendix E of AASB 1053 is available only to for-profit private sector entities.

The Board operates on a not-for-profit basis and is not adopting AASB 1060. The Board has assessed the impact of the new standard on the Board, and has determined there will be no impact on the Board's financial statements.

### *AASB 2020-7 Amendments to Australian Accounting Standards - Covid-19 Related Rent Concessions: Tier 2 Disclosures*

This standard applies to reporting periods beginning on or after 1 July 2021. AASB 16 (June 2020) provides a practical expedient to elect not to assess whether rent concessions are lease modifications and allows entities to apply a change in lease payments resulting from rent concessions as per the requirements of AASB 16. This practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and where certain conditions are met. Additional disclosures were required where the practical expedient was applied. AASB 2020-7 amends AASB 16 to include relief for Tier 2 entities from the

## South Australian Superannuation Board

requirement of the additional disclosures required by paragraph 60A and introduces these disclosures in AASB 1060.

The Board does not hold any leases therefore AASB 2020-7 does not apply. The Board has assessed the impact of the new standard on the Board, and has determined there will be no impact on the Board's financial statements.

### *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*

This standard applies to reporting periods beginning on or after 1 July 2021. This Standard amends AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities to provide relief in the first reporting period in which an entity applies AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2. An entity is not required to disclose the information that would otherwise be required by paragraph 106(b) of AASB 1060 in respect of the accounting policy changes made in applying AASB 2020-8. See amending briefs on AASB 2019-3 and 2020-8 for further background on interest rate benchmark reform, or the Financial Reporting Update 2020-21 - November 2020.

The Board operates on a not-for-profit basis and is not adopting AASB 1060. The Board has assessed the impact of the new standard on the Board, and has determined there will be no impact on the Board's financial statements.

### **c) Basis of preparation**

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes,
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported,
- compliance with Accounting Policy Statements issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency, the Accounting Policy Statements require the following note disclosures, which have been included in this financial report, and
- board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Board's statement of comprehensive income, statement of financial position and statement of changes in equity have been prepared on an accrual basis and are in accordance with the historical cost convention except as otherwise noted.

The statement of cash flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2022, and comparative information presented.

## South Australian Superannuation Board

### ***d) Comparative information***

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

Where applicable, the restated comparative amounts do not replace the original financial statements for the preceding period.

### ***e) Rounding***

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$000).

### ***f) Taxation***

The Board, as a wholly owned and controlled statutory authority of the Crown, is not subject to income tax. The Board is registered for Goods and Services Tax (GST) and GST is recoverable and payable to the Australian Taxation Office (ATO).

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable, and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

### ***g) Events after the reporting period***

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2022 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2022.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

### ***h) Income and expenses***

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Board will occur and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

## South Australian Superannuation Board

### *Income*

Fees and charges are derived from the recovery of administration fees from the superannuation schemes and products which the Board administers. Revenue is recognised when earned.

Interest comprises of the interest received on the loan to the Treasurer (formally the Minister for Finance) and cash and deposits in the Board's Deposit Account held with DTF, which receives interest at the applicable SA Government rate. Interest is recognised when earned.

### *Expenses*

Administration expenses are the payment of the administration fees to DTF for the provision of services to the Board. This expense is recognised upon delivery of the service.

#### ***i) Current and non-current classification***

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non current.

#### ***j) Cash and cash equivalents***

Cash and cash equivalents in the statement of financial position includes cash and deposits in the Board's Deposit Account held with DTF.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and cash equivalents as outlined above.

Cash is measured at nominal value.

#### ***k) Receivables***

Receivables include amounts owing from services provided prior to the end of the reporting period that are unpaid at the end of the reporting period. Receivables include all amounts not received relating to the normal operations of the Board.

Refer to Note 14 regarding the Loan Receivable.

#### ***l) Payables***

Payables include creditors and accrued expenses.

Creditors represent the amounts owing for services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid amounts due relating to the normal operations of the Board.

Accrued expenses represent services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received, as per Treasurer's Instruction 11.

## South Australian Superannuation Board

### 3) Administration expenses

	Note	2022 \$000	2021 \$000
Administration fees		35 298	30 536
Strategic projects	15	5 204	2 521
		<b>40 502</b>	<b>33 057</b>

### 4) Other expenses

		2022 \$000	2021 \$000
Other expenses <sup>(i)</sup>		18	17
Election costs		324	1
		<b>342</b>	<b>18</b>

<sup>(i)</sup> Other expenses include amounts paid (or payable) which relate to the Auditor-General's Department work performed under the PFAA. No other services were provided by the Auditor-General's Department. Audit fees for the Board were \$16 600 (2021: \$16 600).

### 5) Fees and charges

		2022 \$000	2021 \$000
Recovery of administration fees		<b>39 473</b>	<b>37 400</b>

### 6) Interest revenue

		2022 \$000	2021 \$000
Deposit Account held with DTF		-	1
Loan to Southern Select Corporation <sup>(i)</sup>		-	-
		<b>-</b>	<b>1</b>

(i) Refer Note 14.

## South Australian Superannuation Board

### 7) Receivables

	2022	2021
	\$000	\$000
<b>Current receivables</b>		
Sundry debtors	18	83
Administration fee recovery	5 350	10 576
Audit fee recovery	-	18
<b>Total current receivables</b>	<b>5 368</b>	<b>10 677</b>
<b>Non current receivables</b>		
Loan receivable <sup>(i)</sup>	559	559
<b>Total non current receivables</b>	<b>559</b>	<b>559</b>
<b>Total receivables</b>	<b>5 927</b>	<b>11 236</b>

All current receivables will be settled within 12 months of the reporting date.

<sup>(i)</sup> Refer Note 14

### 8) Payables

	2022	2021
	\$000	\$000
Administration fee payable	6 285	4 079
Strategic project expenses payable	3 604	1 271
Audit fee payable	18	18
GST input tax payable	418	7
	<b>10 325</b>	<b>5 375</b>

### 9) Retained earnings and reserves

	Opening Balance	Total Comprehensive Result	Transfers From Reserve	2022	2021
	\$000	\$000	\$000	\$000	\$000
<b>Retained Earnings</b>	559	(1 284)	1 284	559	559

	Opening Balance	Total Comprehensive Result	Transfers To Retained Earnings	2022	2021
	\$000	\$000	\$000	\$000	\$000
<b>General Reserve <sup>(i)</sup></b>	7 023	-	(1 284)	5 739	7 023

<sup>(i)</sup> The General Reserve was established in December 2013. The Transfers to Retained Earnings from Reserve amount represents under spend in office expenditure and interest allocated from July 2021 to June 2022 less strategic projects expenditure.

The purpose of the General Reserve is to account for under and over spend in office expenditure, to provide for project expenditure as required from time to time and to provide funding for the triennial Board Election.

## **South Australian Superannuation Board**

### **10) Related parties**

The Board is a statutory authority and is wholly owned and controlled by the Crown.

Related parties of the Board include all key management personnel and their close family members, all Cabinet Ministers and their close family members and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

#### **a) Key management personnel**

The key management personnel of the Board include the Treasurer, the Board members, and the Chief Executive and the six members of the Executive Leadership Team, State Superannuation Office who have responsibility for the strategic direction and management of the Board.

The compensation disclosed in this note excludes salaries and other benefits the Treasurer receives. The Treasurer's remuneration and allowances are set by the Parliamentary Remuneration Act 1990 and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the Parliamentary Remuneration Act 1990. The Chief Executive and Executive Leadership Team, State Superannuation Office, are compensated through the Department of Treasury and Finance so their compensation is also not included below.

#### **b) The South Australian Superannuation Board**

Gregory Boulton (Presiding Member - Re-appointed 09/09/2019)

Virginia Deegan (Re-appointed 23/07/2021)

Richard Dennis (Re-appointed 23/07/2021)

Bill Griggs (Re-elected 02/10/2021)

Alison Kimber (Re-elected 02/10/2021)

#### **c) The South Australian Superannuation Board Audit, Risk and Finance Committee**

Virginia Deegan (Convenor - Appointed 23/07/2015)

Gregory Boulton (Appointed 19/12/2018)

Richard Dennis (Appointed 19/12/2018)

John Wright (Retired 29/09/2021)

#### **d) The South Australian Superannuation Board Member Outcome and Insurance Committee**

Bill Griggs (Convenor - Appointed 02/10/2015)

Gregory Boulton (Appointed 19/12/2018)

Alison Kimber (Appointed 19/12/2018)

Leah York (Retired 29/09/2021)

Dascia Bennett (Retired 04/05/2022)

## South Australian Superannuation Board

### e) Compensation

	2022	2021
	\$000	\$000
Salaries and other short-term employee benefits	238	246

Compensation costs are included in administration expenses.

### 11) Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash and deposits in the Board's Deposit Account held with DTF. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related item in the statement of financial position as follows:

	2022	2021
	\$000	\$000
Cash and cash equivalents	10 696	1 721

#### Reconciliation of total comprehensive result to net cash provided by operating activities:

Total comprehensive result	(1 284)	4 401
----------------------------	---------	-------

#### Movement in operational assets and liabilities

(Increase) in receivables	5 309	(10 659)
Increase in payables	4 950	3 602
<b>Net cash provided by operating activities</b>	<b>8 975</b>	<b>(2 656)</b>

### 12) Financial instruments

The Board holds all cash in a Deposit Account with DTF which receives interest at the applicable SA Government rate. The Board's current receivables and payables are non-interest bearing, while its Loan Receivable is interest bearing. There are no fair value differences as carrying values approximate fair value and there is minimal exposure to interest rate or market risk due to the nature of the financial assets and liabilities held.

#### *Interest Rate Risk*

Cash and cash equivalents, which represents cash and deposits held in a Deposit Account with DTF, earn a floating interest rate, based on the applicable SA Government rate. The carrying amount of cash and cash equivalents represents fair value.

The Board does not have any assets that are past, due or impaired and credit risk is limited to the Southern Select Corporation Loan Arrangement (Refer Note 14).

The Board's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

### 13) Events after the reporting period

There were no significant events after the reporting period.

## South Australian Superannuation Board

### 14) Southern Select Corporation Loan Arrangement

At the 8 June 2012 Board meeting, the Board agreed to provide funding of \$500 000 from its then Capital and Development Reserve account for the purpose of establishing a new fund; Super SA Select (the Fund).

The terms of the loan are set out in Schedule 2 of the *Public Corporations (Southern Select Super Corporation) Regulations 2012* (the Regulations) and the tri-partite Funding Deed between the Board, the then Minister for Finance and the Southern Select Super Corporation (the Trustee). The Funding Deed was executed on 28 June 2013 with a drawdown date of 5 July 2013.

The repayment of the loan by the Trustee from the Fund, together with interest, will be in accordance with Schedule 2 of the Regulations. If at the end of the financial year the Fund has a net surplus, defined as Net Assets exceeding Liability for Accrued Benefits Allocated to Members' Accounts, the interest receivable in that year must be received on or before 31 July of the following financial year. If the Fund does not have a net surplus at the end of the financial year, the interest receivable for that year will be capitalised into the principal amount receivable. At the end of 2021-22 the Fund did not have a net surplus, but due to the current zero SA Government interest rate there was no interest capitalised (2021: \$Nil).

Principal repayments are required when administration fees charged to members of the Fund for the financial year exceed the cost of the administration of the Fund (other than investment management charges). For 2021-22 there was no principal repayment required (refer to the Fund's Financial Report) (2021: \$Nil).

### 15) Strategic Projects

Super SA sets an annual strategic projects expenditure budget, which funds the Transformation program each year. Included in this program are infrequent and substantial projects, including system upgrades, replacements, product, structural and governance changes.

The annual budget for the Transformation program is set by the Board's strategic direction and is governed by the Super SA Project Board.

The Board's Strategic Project expense (Note 3) reflects the reimbursement of Project costs incurred by DTF.

**South Australian Superannuation Board**

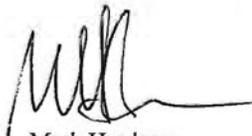
**Certification of the financial statement**

We certify that the:

- financial statements of the Board:
  - are in accordance with the accounts and records of the authority,
  - comply with relevant Treasurer's instructions,
  - comply with relevant accounting standards, and
  - present a true and fair view of the financial position of the authority at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Board for the financial year over its financial reporting and its preparation of financial statements have been effective.

  
Virginia Deegan  
Board Member  
SA Superannuation Board

  
Patrick McAvaney  
A/Chief Executive  
State Superannuation Office

  
Mark Hordacre  
Director Finance  
State Superannuation Office

Date 15/9/2022.....



Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

**To the Board Member  
South Australian Superannuation Board  
South Australian Superannuation Scheme**

## Opinion

I have audited the financial report of South Australian Superannuation Scheme for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Superannuation Scheme as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Financial Position as at 30 June 2022
- an Income Statement for the year ended 30 June 2022
- a Statement of Changes in Member Benefits for the year ended 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Board Member of the South Australian Superannuation Board, the Acting Chief Executive, State Superannuation Office and the Director, Finance, State Superannuation Office.

## Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of South Australian Superannuation Scheme. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of the Acting Chief Executive, State Superannuation Office and members of the South Australian Superannuation Board for the financial report**

The Acting Chief Executive, State Superannuation Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines 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 Acting Chief Executive, State Superannuation Office is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Acting Chief Executive, State Superannuation Office is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The members of the South Australian Superannuation Board are responsible for overseeing the entity's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 20AB(2) of the *Superannuation Act 1998*, I have audited the financial report of South Australian Superannuation Scheme for the financial year ended 30 June 2022.

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 South Australian Superannuation Scheme's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Chief Executive, State Superannuation Office
- conclude on the appropriateness of the Acting Chief Executive, State Superannuation Office'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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with Acting Chief Executive, State Superannuation Office and the South Australian Superannuation Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

23 September 2022

## South Australian Superannuation Scheme

### Statement of Financial Position

as at 30 June 2022

	Note	2022 \$000	2021 \$000
<b>Assets</b>			
Cash and cash equivalents	16	11 366	9 472
Contributions receivable	5	765	1 116
Receivables	6	4 245	5 017
Investments	7	4 712 875	5 282 288
<b>Total assets</b>		<b>4 729 251</b>	<b>5 297 893</b>
<b>Liabilities</b>			
Benefits payable		7 838	10 561
Payables	9	120	2 323
<b>Total liabilities excluding member benefits</b>		<b>7 958</b>	<b>12 884</b>
<b>Net assets available for member benefits</b>	<b>18</b>	<b>4 721 293</b>	<b>5 285 009</b>
Defined benefit member liabilities		8 306 884	8 165 734
Defined contribution member liabilities		495 039	600 169
<b>Total net assets</b>	<b>4</b>	<b>8 801 923</b>	<b>8 765 903</b>
		<b>(4 080 630)</b>	<b>(3 480 894)</b>
<b>Equity</b>			
Defined benefits that are (under) funded		(4 080 630)	(3 480 894)
<b>Total equity</b>		<b>(4 080 630)</b>	<b>(3 480 894)</b>

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

### Income Statement

For the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
Net changes in investments measured at fair value		(83 180)	1 056 704
Interest revenue		-	5
Other revenue		-	43
<b>Total revenue</b>		<b>(83 180)</b>	<b>1 056 752</b>
Investment expenses	10	(19 088)	(18 302)
Higher education expense	13	(9 136)	(8 342)
Administration expenses	11	(8 115)	(7 924)
<b>Total expenses</b>		<b>(36 339)</b>	<b>(34 568)</b>
<b>Results from superannuation activities</b>		<b>(119 519)</b>	<b>1 022 184</b>
Net change in defined benefit member liabilities		(505 077)	(30 980)
Allocation (from)/to defined contribution members		24 860	(112 753)
<b>Net operating result</b>		<b>(599 736)</b>	<b>878 451</b>

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

## South Australian Superannuation Scheme

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

2022	Note	Defined Benefit Component \$000	Defined Contribution Component	Totals \$000
<b>Opening balance as at 1 July</b>		<b>8 165 734</b>	<b>600 169</b>	<b>8 765 903</b>
Contributions for Past Service Liability	14	370 847	-	370 847
Employer contributions	15	23 114	-	23 114
Public Authority employer contributions		29 714	-	29 714
Member contributions		357	9 082	9 439
Transfers from other super entities		-	223	223
<b>Net contributions</b>		<b>424 032</b>	<b>9 305</b>	<b>433 337</b>
Benefits to members		(787 959)	(89 575)	(877 534)
Net benefits allocated to members, comprising:				
Net investment income		-	(24 588)	(24 588)
Administration fees		-	(272)	(272)
Net change in member liabilities		505 077	-	505 077
<b>Closing balance as at 30 June</b>		<b>8 306 884</b>	<b>495 039</b>	<b>8 801 923</b>

2021	Note	Defined Benefit Component \$000	Defined Contribution Component	Totals \$000
<b>Opening balance as at 1 July</b>		<b>8 424 560</b>	<b>554 488</b>	<b>8 979 048</b>
Contributions for Past Service Liability	14	416 064	-	416 064
Employer contributions	15	27 264	-	27 264
Public Authority employer contributions		31 824	-	31 824
Member contributions		189	10 378	10 567
Transfers from other super entities		3	466	469
<b>Net contributions</b>		<b>475 344</b>	<b>10 844</b>	<b>486 188</b>
Benefits to members		(765 150)	(77 916)	(843 066)
Net benefits allocated to members, comprising:				
Net investment income		-	113 041	113 041
Administration fees		-	(288)	(288)
Net change in member liabilities		30 980	-	30 980
<b>Closing balance as at 30 June</b>		<b>8 165 734</b>	<b>600 169</b>	<b>8 765 903</b>

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

## South Australian Superannuation Scheme

### Statement of Changes in Equity

for the year ended 30 June 2022

	2022	2021
Note	\$000	\$000
<b>(Under) funded benefits opening balance 1 July</b>	<b>(3 480 894)</b>	<b>(4 359 345)</b>
Net operating result	(599 736)	878 451
<b>(Under) funded benefits closing balance 1 July</b>	<b>(4 080 630)</b>	<b>(3 480 894)</b>

The statement of Changes in Equity should be read in conjunction with the accompanying notes

### Statement of Cash Flows

for the year ended 30 June 2022

	2022	2021
Note	\$000	\$000
GST recoup	1 477	568
Other income	43	5
Higher education expenses	(9 136)	(8 342)
Administration expenses paid	(11 792)	(6 289)
<b>Net cash flows from operating activities</b>	<b>(19 408)</b>	<b>(14 058)</b>
Receipts from the sale of investments from Funds SA	848 395	1 250 981
Payments to Funds SA for the purchase of investments	(381 250)	(882 419)
<b>Net cash flows from investing activities</b>	<b>467 145</b>	<b>368 562</b>
Employer contributions	23 385	27 121
Past service liability contributions	370 847	415 995
Commonwealth and Public Authorities contributions	28 914	33 039
Member contributions	9 555	10 556
Transfers from other superannuation entities	225	466
Pension benefits to members	(644 730)	(653 162)
Benefit payments to members	(234 039)	(208 011)
<b>Net cash flows from financing activities</b>	<b>(445 843)</b>	<b>(373 996)</b>
<b>Net change in cash</b>	<b>1 894</b>	<b>(19 492)</b>
Cash at the beginning of the financial period	9 472	28 964
<b>Cash at the end of the financial period</b>	<b>11 366</b>	<b>9 472</b>

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

## South Australian Superannuation Scheme

### Notes to the Financial Statements

#### 1) Objectives and funding

##### a) *South Australian Superannuation Scheme*

The South Australian Superannuation Scheme (the Scheme) is a voluntary superannuation scheme which exists pursuant to the *Superannuation Act 1988* (the Act). It previously existed in different forms under various other legislation. The Act provides for superannuation benefits for persons employed by the South Australian Government and other prescribed persons and makes provisions for the families of such persons. It is not available to Members of Parliament, the judiciary or to police officers who are each provided for under separate legislation.

Contributors to the Scheme may be either old scheme contributors, who are entitled to a pension based benefit, or new scheme contributors who are entitled to a lump sum based benefit. The old scheme contributors segment of the Scheme was closed to new members in May 1986. The new scheme contributors segment of the scheme was closed to new members in May 1994.

Contributors make contributions from after tax salary based on a percentage of their salary, with the standard contribution rate being between 5 and 6 per cent. Contributors may elect to vary their contribution rate in accordance with section 23 of the Act. A contribution account is maintained for each contributor. If a member ceases to contribute they will be automatically covered by the Southern State Superannuation Scheme (Triple S), to meet the minimum requirements of the Commonwealth legislation. At this point the member will be recognised as a Triple S member and their Scheme account will be maintained to reflect the contribution points previously accrued.

Since October 1989, the Act has required that contributions be paid to the Treasurer, who in turn deposits those contributions into the South Australian Superannuation Fund (the Fund), which is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

The Act requires the Fund to be treated as being made up of two divisions, being the Old Scheme Division and the New Scheme Division. Each division consists of the contributions and the accretions arising from the investment of those contributions in respect of relevant old or new scheme contributors. Consistent with the accounts of the Fund, the accounts of the Scheme are also maintained in respect of each division.

The Scheme is an exempt public sector superannuation scheme and operates on a not-for-profit basis.

##### b) *South Australian Superannuation Board*

The Act charges the South Australian Superannuation Board (the Board), a body corporate, with responsibility for all aspects of the administration of the Act except for the management and investment of the Fund. The Act also provides the Board with the necessary powers to administer the Scheme. The Board has contracted the Department of Treasury and Finance (DTF) to provide administrative services in accordance with the Act. A portion of the administrative costs are recovered from the Scheme. The Board's financial report provides the total administration cost paid to DTF.

Under the Act, the Board is required to determine rates of return to be credited to each division of the Fund, with those rates being credited to each contribution account at the end of the financial year. In determining the rate to be applied, the Act requires that the Board have regard to the net rate of return achieved by Funds SA for each division of the Fund.

## South Australian Superannuation Scheme

### c) *Superannuation Funds Management Corporation of South Australia*

Funds SA is a South Australian Government Entity established under the *Superannuation Funds Management Corporation of South Australia Act 1995* (the Funds SA Act). Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA.

For further information on the investment of the Scheme's funds, reference should be made to the Fund and the South Australian Superannuation Scheme Contribution Account (the Account) in the annual report of Funds SA. The investment assets, liabilities, income and expense contained in this financial report are related to the investment activities of Funds SA.

### d) *Funding Arrangements*

Under section 20B of the Act, any payment made to a contributor must be made out of the Consolidated Account or a Special Deposit Account held with DTF established for that purpose. The Treasurer may subsequently reimburse the Consolidated Account or the Special Deposit Account from the Fund the proportion of any such payment charged against the contributor's contribution account. The prescribed proportion of that payment or benefit payments to be charged to the old scheme contributor's accounts is determined by the Board in accordance with section 47C and 47D of the Act. During the year ended 30 June 2022 all payments were made from the Special Deposit Account. Employer contributions for the year have been made at the rate determined by the Scheme actuary.

The Treasurer may also seek reimbursement of the employer portion of any such payments from certain employer bodies under agreements made between the Treasurer and/or the Board and those employer bodies. The employer portion of benefits is met from the Account established by the Treasurer to record employer superannuation contributions. The employer portion of payments may be in relation to State Government Departments, Statutory Authorities and former State Government employees now employed by the Commonwealth Government. Employer contributions for these agencies were 26 per cent (2021: 26 per cent) for old scheme contributors and 14.75 per cent (2021: 14.75 per cent) for new scheme contributors.

Funding for the employer portion of payments met from the Special Deposit Account is from monies deposited under arrangements with respective employers. Monies deposited in the Account are invested and managed by Funds SA but do not form part of the Fund. The Treasurer seeks reimbursement from the Account balances as benefits are paid. The arrangements with employers are:

#### (i) State government departments

State government departments pay fortnightly employer contributions to the Treasurer for their emerging superannuation liabilities that are deposited by the Treasurer into the Account. Details on employer contributions from State Government Departments are detailed in Note 15.

Since 30 June 1994 the Government has commenced a process of funding its accrued past service superannuation liabilities. The amounts the Government transferred into the Account are at Note 14. Current Government policy is that it will continue to pay contributions to the Account to meet the accrued past service liability so the liability will be fully funded by 30 June 2034.

#### (ii) Statutory authorities

Where the employer portion of a payment relates to Statutory Authorities, three different funding arrangements exist. These arrangements are made by the Board, which has entered into agreements with individual authorities pursuant to section 5 of the Act. The terms agreed in any such arrangements must be approved by the Treasurer. The three arrangements are:

## South Australian Superannuation Scheme

### *State government liability for statutory authorities*

These authorities have made arrangements with the Board to fund their emerging superannuation liabilities by making regular payments to the Treasurer based on an actuarial assessment. These monies are deposited in the Account. In addition, the Government has commenced a process of funding the past service superannuation liability for these authorities as outlined in Note 1(d)(i).

### *Employer contribution accounts*

Certain public sector employers have made arrangements with the Board to fund their superannuation liabilities by making regular payments to the Treasurer based on an actuarial assessment performed every three years. The Treasurer deposits these monies in the Account into what are referred to as the Employer Contribution Accounts. The Treasurer seeks reimbursement from the Employer Contribution Account balances as benefits are paid.

Details on the contributions for past service liabilities are provided at Note 14.

### *Public authorities accounts (universities)*

Some public authorities make provisions in their own accounts for their future superannuation liabilities and no balances are maintained in the Account. The Treasurer seeks reimbursement from the Account in the first instance and simultaneously seeks reimbursement directly from these authorities as benefits are paid.

The liability for future benefits is funded to the extent of benefits to be reimbursed from the Fund, the Account, and the Public Authorities Accounts referred to in Note 1(d)(ii) above. The liability for future benefits is only partially funded in respect of benefits to be reimbursed from State Government Departments and the State Government liability for Statutory Authorities. The net assets figure shown in this report represents the amount available to meet these future benefits.

## **2) Significant accounting policies**

### **a) *Basis of accounting***

This financial report is a general purpose financial report. The financial statements have been prepared in accordance with relevant Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board, Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987* (PFAA), except as provided below.

This financial report has been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

This financial report is presented in Australian currency and all amounts have been rounded to the nearest thousand dollars (\$000).

The Scheme is a not-for-profit entity for the purpose of preparing financial statements.

### **b) *Impact of standards and statements not yet effective***

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. The assessment of the impact of these new standards and interpretations is set out below.

The Board has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations on behalf of the Scheme. There are no Accounting Policy Statements that are not yet effective. The material impacts on the Scheme are outlined below.

## **South Australian Superannuation Scheme**

### *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The standard replaces the reduced disclosure requirements previously included in all Australian Accounting Standards with simplified disclosure requirements which will apply to Tier 2 entities.

AASB 1053 Application of Tiers of Australian Accounting Standards will still apply in conjunction with AASB 1060. Application of AASB 1060 will significantly amend the content of Tier 2 financial reports.

The Scheme is not a Tier 2 financial reporting entity. The Board has assessed the impact of the amendments of AASB 1060, and has determined there will be no impact on the Scheme's financial statements.

### *AASB 2020-2 Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The standard removes the ability for certain for-profit private sector entities to self-assess their financial reporting requirements and prepare special purpose financial statements (SPFS) when they are required to prepare financial statements that comply with Australian Accounting Standards (AAS).

The Scheme is an exempt public sector superannuation scheme and operates on a not-for-profit basis. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

### *AASB 2021-1 Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The Standard amends new elements of AASB 1053 and amends AASB 1060 for first-time application to provide not-for-profit entities with optional relief from presenting comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous general purpose financial statements. This relief is only applicable where AASB 1060 is early adopted.

Amendments to AASB 1053 highlight that the relief set out in Appendix E of AASB 1053 is available only to for-profit private sector entities.

The Scheme operates on a not-for-profit basis and is not adopting AASB 1060. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

### *AASB 2020-7 Amendments to Australian Accounting Standards - Covid-19 Related Rent Concessions: Tier 2 Disclosures*

This standard applies to reporting periods beginning on or after 1 July 2021. AASB 16 (June 2020) provides a practical expedient to elect not to assess whether rent concessions are lease modifications and allows entities to apply a change in lease payments resulting from rent concessions as per the requirements of AASB 16. This practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and where certain conditions are met. Additional disclosures were required where the practical expedient was applied. AASB 2020-7 amends AASB 16 to include relief for Tier 2 entities from the requirement of the additional disclosures required by paragraph 60A and introduces these disclosures in AASB 1060.

## South Australian Superannuation Scheme

The Scheme does not hold any leases therefore AASB 2020-7 does not apply. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

### *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*

This standard applies to reporting periods beginning on or after 1 July 2021. This Standard amends AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities to provide relief in the first reporting period in which an entity applies AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2. An entity is not required to disclose the information that would otherwise be required by paragraph 106(b) of AASB 1060 in respect of the accounting policy changes made in applying AASB 2020-8.

The Scheme operates on a not-for-profit basis and is not adopting AASB 1060. The Board has assessed the impact of the new standard on the Scheme and has determined there will be no impact on the Scheme's financial statements.

### **c) *Financial assets and liabilities***

#### **(a) Classification**

The Scheme classifies its financial assets and financial liabilities into the categories below in accordance with AASB 9.

#### *Financial assets and liabilities held for trading*

These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. All derivatives are classified as held for trading. Derivative financial instruments entered into by the Scheme, if any, do not meet the hedge accounting criteria as defined by AASB 9. Consequently hedge accounting is not applied by the Scheme.

#### *Financial instruments designated at fair value through profit or loss upon initial recognition*

These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund.

#### *Other financial liabilities*

This category includes all financial liabilities, other than those classified at fair value through profit or loss. Other financial liabilities are measured at their nominal amounts. Amounts are generally settled within 30 days of being recognised as other financial liabilities. Given the short-term nature of other financial liabilities, the nominal amount approximates fair value

#### **(b) 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 time frame generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Scheme commits to purchase or sell the asset.

## South Australian Superannuation Scheme

### **(c) Initial recognition**

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

Receivables and financial liabilities (other than those classified at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Scheme recognises the difference in the income statement, unless specified otherwise.

### **(d) Subsequent measurement**

After initial measurement, the Scheme measures investments at fair value through profit or loss. Subsequent changes in the fair value of those investments are recorded as 'changes in assets measured at fair value' through the income statement. Interest earned is recorded in 'Interest revenue'.

### **(e) 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 by 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 financial statement Note 4.

### **(f) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash and deposits in the Scheme's Special Deposit Account held with DTF, which are subject to an insignificant risk of changes in value.

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

### **(g) Receivables and payables**

Receivables are carried at nominal amounts due that approximate fair value. Receivables are normally settled within 30 days. Payables are carried at nominal amounts that approximate fair value. They represent liabilities for goods and services provided to the Scheme prior to the end

## South Australian Superannuation Scheme

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.

### **(h) Benefits payable**

Benefits payable are valued at fair value and relate to members who have ceased employment and provided the Scheme with appropriate notification on or prior to 30 June 2022 but paid after 30 June 2022. These also include income protection payments payable on or prior to 30 June 2022 but paid after 30 June 2022.

### **(i) Revenue recognition**

The specific recognition criteria described below must be met before revenue is recognised:

#### *Changes in fair values*

Changes in the fair value of investments invested with Funds SA 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 income statement.

#### *Interest*

Interest revenue on cash and other financial assets carried at fair value is recorded according to the terms of the contract and recognised in the income statement.

### **(j) Taxation**

The Scheme is a constitutionally protected superannuation fund in terms of Section 295-15 of the *Income Tax Assessment Act 1997*, Regulation 995-1.04 (Schedule 4) and is exempt from income tax. Therefore, no income tax has been brought to account in this financial report.

### **(k) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable, or
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

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.

### **(l) Foreign currency**

The functional and presentation currency of the Scheme is Australian Dollars, which is the currency of the primary economic environment the Scheme operates. The Scheme's performance is evaluated and its liquidity 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.

## South Australian Superannuation Scheme

### (m) Investments

Funds SA provides investments measured at fair value. Below is the basis for valuation of these investments.

#### (i) Inflation Linked Securities Tax-Exempt

The Inflation Linked Securities Tax-Exempt portfolio invests in discretely managed portfolios and internal inflation linked securities. Discretely managed portfolios are invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date.

Internally managed inflation linked securities, the returns of which are linked to movements in either the Consumer Price Index or Average Weekly Earnings, have been valued using the discounted cash flow method. The valuation as at balance date was performed by an independent valuer.

#### (ii) Property Tax-Exempt

The Property Tax-Exempt portfolio comprises two sub sectors:

##### *Listed Property Trusts*

These investments comprise arrangements whereby professional fund managers are appointed under an investment management agreement to manage and invest in listed property securities and real estate investment trusts. Investments in this sub-sector are in pooled funds and have been valued in accordance with the valuations supplied by the managers.

##### *Unlisted property vehicles*

The unlisted property vehicles portfolio is invested and managed by external managers. Investments in this sub-sector have been valued in accordance with the valuations supplied by the managers.

#### (iii) Australian Equities Tax-Exempt

The Australian Equities Tax-Exempt portfolio comprises investments in listed Australian equities, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date.

#### (iv) International Equities Tax-Exempt

The International Equities Tax-Exempt portfolio comprises investments in equities listed on international share markets, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled international vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid rates applicable at balance date where applicable.

#### (v) Fixed Interest

Fixed Interest portfolios have exposure to domestic and global debt instruments and is managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

## South Australian Superannuation Scheme

### (vi) Diversified Strategies Growth Tax-Exempt

The Diversified Strategies Growth Tax-Exempt asset class incorporates two sub sectors:

#### *Private Markets Tax-Exempt*

The Private Markets Tax-Exempt portfolio comprises investments in Australian and international private equity funds, which are invested and managed by external managers. The valuation of private equity investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Both Australian and international private equity valuations are generally in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

#### *Core Infrastructure Tax-Exempt*

The Core Infrastructure Tax-Exempt portfolio comprises investments in Australian and international infrastructure pooled funds, which are invested and managed by external managers. The valuation of these investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

### (vii) Diversified Strategies Income

The Diversified Strategies Income asset class incorporates three sub sectors:

#### *Defensive Alternatives*

The Defensive Alternatives portfolio comprises investments in Australian and international pooled funds and is invested and managed by external managers. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

#### *Credit*

The Credit portfolio comprises investments in discretely managed investments and Australian and international pooled funds and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

#### *Growth Alternatives*

The Growth Alternatives portfolio comprises investments in discretely managed investments and Australian and international pooled funds and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

## South Australian Superannuation Scheme

### (viii) Cash

The Cash portfolio comprises investments in a discretely managed investment which is managed by an external manager and is valued by the custodian appointed to hold the assets using market prices applicable at balance date. Deposits at call have been valued on the basis of principal plus accrued interest.

### (ix) Socially Responsible

The Socially Responsible portfolio actively incorporates the consideration of environmental, social and governance factors in their investment decisions and avoids investing in companies operating in areas of high negative social impact. The portfolio comprises investments in equities listed on Australian and international share markets and is invested and managed by external managers along with a number of international and domestic pooled fund investments.

Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid rates applicable at balance date where applicable.

### **(n) Operation of investment portfolio**

Funds SA is responsible for the investment and management of the Fund pursuant to strategies formulated by Funds SA (refer Note 1 (c)). Funds SA operates a multi layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2022, Funds SA managed seven (2021: eight) distinct investment options for the Scheme which were available to investors, each differing by strategic asset allocation:

- High Growth
- Balanced
- Moderate
- Stable (previously known as Conservative)
- Capital Defensive
- Cash
- Socially Responsible

During the financial year all of the above investment options were available to members for assets invested in the South Australian Superannuation Fund Account (New Scheme Division). The assets of the South Australian Superannuation Fund Account (Old Scheme Division) and the South Australian Superannuation Scheme Contribution Account are invested in the Defined Benefit (DB) High Growth Strategy.

Reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to each of the investment options discussed in the preceding paragraphs.

### **(o) Member liabilities**

Member liabilities are measured at 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 at that date 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.

## South Australian Superannuation Scheme

### **(p) Significant accounting judgements, estimates and assumptions**

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

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

#### *Fair value of investments*

When the fair values of the investments 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 including a discounted cash flow model. The inputs in these 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 these investments.

#### *Valuation of defined benefits member liabilities*

The amount of member liabilities in relation to defined benefits 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 include member turnover, future investment returns, pension indexation rates, mortality rates and future salary increases. 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.

In determining the appropriate discount rate, the actuary considers an investment portfolio that reflects the opportunities reasonably available to the Scheme in the investment markets, and also reflects the Scheme's actual investments and investment strategy in respect of defined benefit member liabilities.

The mortality assumption is based on publicly available mortality tables. Future salary increases are based on the Wage Price Index produced by the Australian Bureau of Statistics and in consultation with the employer-sponsors.

### **(q) Climate change financial risks**

In November 2021, Australian Prudential Regulation Authority (APRA) released Prudential Practice Guide CPG 229 Climate Change Financial Risks. CPG 229 does not impose new requirements in relation to climate risks, rather, it supports compliance with APRA's existing risk management and governance requirements and guidance. The Board and Super SA, consider financial risks of climate change, including physical climate risks, transition climate risks, and liability risks as part of the overall Super SA Risk Management Strategy.

Additionally, as identified in Note 1. above, the investments of the Scheme, are managed by Funds SA. Funds SA, in turn is committed to risk management and maintains a rigorous and proactive approach to identifying and managing investment risk, including the risks associated with climate change. Funds SA has developed a Climate Change Position Statement and

## South Australian Superannuation Scheme

Climate Risk Response Plan to support its approach in this area. Please refer to the Funds SA website for further detail.

### 3) Defined contribution member liabilities

The employee funded, defined contribution component for new scheme contributors has an accrued liability that is the balance of the employees' contribution accounts as at the end of the financial year. These accounts are valued using unit prices that are determined by the underlying investment movements.

Defined contribution members bear the investment risk relating to the underlying assets and unit prices used to measure the member liabilities. Unit prices are updated twice weekly.

Refer to Note 17 for the Scheme's management of the investment risks.

### 4) Defined benefit member liabilities

The defined benefits members' liabilities and the employer funded defined benefit component of the liabilities in respect of new scheme contributors is measured annually by the Fund's actuary, currently Mr Geoffrey Keen, Fellow of the Institute of Actuaries of Australia from Brett & Watson Pty Ltd.

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. For the old scheme contributors and the employer funded defined benefit component in respect of new scheme contributors, the accrued liabilities are the present values of expected future benefit payments arising from membership of the Scheme up to 30 June 2022.

The expected future benefit payments have been determined using the 2019 triennial review assumptions relating to mortality, disability, withdrawal, preservation and retirement. The actuarial valuation of member liabilities of the South Australian Superannuation Scheme is undertaken annually, as at the end of each financial year. The key assumptions used to determine the values of accrued benefits were:

- The future rate of investment earnings (net of investment taxes and fees): 6.5 per cent per annum (2021: 6.5 per cent),
- The future rate of salary growth: 2.5 per cent per annum (2021: 2.5 per cent), and
- Long term inflation (CPI): 2.0 per cent per annum (2021: 2.0 per cent).

The defined benefit members' liabilities have changed in the current financial year as a result of salary increases and additional year service accrual. Note, the defined contribution values are included in the tables below for comparison.

## South Australian Superannuation Scheme

	Defined Benefit \$000	<b>2022</b> Defined Contribution \$000	Total \$000	Defined Benefit \$000	<b>2021</b> Defined Contribution \$000	Total \$000
Member liabilities	8 306 884	495 039	8 801 923	8 165 734	600 169	8 765 903
	Old Scheme \$000	<b>2022</b> New Scheme \$000	Total \$000	Old Scheme \$000	<b>2021</b> New Scheme \$000	Total \$000
SA Superannuation Fund	1 151 936	495 039	1 646 975	1 110 437	600 169	1 710 606
<b>SA Superannuation Scheme contribution accounts:</b>						
Employer contribution accounts	1 118 915	250 120	1 369 035	1 081 945	286 206	1 368 151
SA Government employer account	5 061 000	467 713	5 528 713	4 918 642	510 449	5 429 091
Public authorities	253 086	4 114	257 200	253 927	4 128	258 055
	<b>7 584 937</b>	<b>1 216 986</b>	<b>8 801 923</b>	<b>7 364 951</b>	<b>1 400 952</b>	<b>8 765 903</b>

The Board has a number of steps in place to manage the risks associated with the defined benefits. The Board has appointed external consulting actuaries to advise on the risks, including establishing suitable funding objectives.

The Board also uses sensitivity analysis to monitor the potential impact of changes to key variables about which assumptions need to be made. The Scheme has identified four assumptions (being the discount rate, the rate of salary adjustment, pension indexation rates and mortality rates) for which changes are reasonably possible that would have a material impact on the amount of the defined benefit member liabilities.

The assumed discount rate has been determined by reference to the investment returns expected on an investment portfolio that reflects the opportunities reasonably available to the Scheme in the investment markets, and also reflects the Scheme's actual investments and investment strategy in respect of defined benefit member liabilities.

The other variable about which assumptions have been made in measuring defined benefit member liabilities and for which changes are not considered reasonably possible, or for which reasonably possible changes would not be expected to have a material effect, are resignations. The following table outlines the defined benefit liability sensitivity estimates provided by the scheme actuary on the discount rate, salary increase rate, pension indexation rate and mortality rate.

## South Australian Superannuation Scheme

Scenario	Member liability result <sup>(a)</sup> \$000	Change in member benefit liability \$000	Change in member benefit liability %
Base Case	8 307	-	-
Discount rate plus 0.5%	7 997	(310)	(3.7)
Discount rate less 0.5%	8 639	332	4.0
Salary increase rate plus 0.5%	8 326	19	0.2
Salary increase rate less 0.5%	8 289	(18)	(0.2)
Pension increase rate plus 0.5%	8 565	258	3.1
Pension increase rate less 0.5%	8 064	(243)	(2.9)
Mortality rate plus 10%	8 130	(177)	(2.1)
Mortality rate less 10%	8 502	195	2.3

a) Excludes Lump Sum Scheme accumulation liabilities

The SA Government is responsible for funding the SA Government Employer Account and part of the Employer Contribution Accounts. The remaining liability includes the members fund, commercial entities and the Commonwealth Government share of the universities.

### Vested benefits

Vested benefits are only available by the Old Scheme/New Scheme disaggregation. Vested benefits are benefits that are not conditional upon continued membership of the Scheme, or any factor other than resignation from the Scheme. Vested Benefits include benefits which members are entitled to receive had they terminated their membership as at the reporting date.

	2022			2021		
	Old Scheme \$000	New Scheme \$000	Total \$000	Old Scheme \$000	New Scheme \$000	Total \$000
SA Superannuation Fund	1 153 149	495 039	1 648 188	1 111 435	600 169	1 711 604
<b>SA Superannuation Scheme contribution accounts:</b>						
Employer contribution accounts	1 121 008	280 096	1 401 104	1 083 802	324 027	1 407 829
SA Government employer account	5 065 609	536 162	5 601 771	4 922 377	602 337	5 524 714
Public authorities	253 086	4 474	257 560	253 927	4 585	258 512
	<b>7 592 852</b>	<b>1 315 771</b>	<b>8 908 623</b>	<b>7 371 541</b>	<b>1 531 118</b>	<b>8 902 659</b>

### 5) Contributions receivable

	2022 \$000	2021 \$000
Member contributions	161	266
Employer contributions	604	850
	<b>765</b>	<b>1 116</b>

## South Australian Superannuation Scheme

### 6) Receivables

	2022	2021
	\$000	\$000
Benefit repayments	440	190
GST recoup from ATO	241	180
Other receivables	28	56
Prepaid benefits	36	1 891
Past service receivable	194	194
Public authorities	3 216	2 417
Temporary disability	90	89
	<b>4 245</b>	<b>5 017</b>

### 7) Fair value of financial instruments

#### *Classification of financial Instruments under the fair value hierarchy*

AASB 13 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 (unadjusted) 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.

Valuations are the responsibility of the Board. The valuation of investments is performed daily and are subject to quality assurance procedures.

After the checks above have been performed the Board considers the valuation results, including assumptions used in the valuations.

The Board also considers the appropriateness of the valuation methods and inputs and may request that alternative valuation methods are applied to support the valuation arising from the method chosen.

#### *Valuation technique*

The Scheme's investments are not quoted in an active market. To ensure fair value can be determined, the Scheme's investment manager, Funds SA, applies due diligence and considers valuation techniques and inputs used in valuing the funds, prior to investing. In measuring fair value, consideration is given to the amounts for which financial assets can be sold, excluding transaction costs. The Scheme classifies these funds as Level 2.

## South Australian Superannuation Scheme

There were no changes in valuation techniques during the year.

	2022 \$000	2021 \$000
<b>Financial assets at fair value through profit or loss – Level 2</b>		
Level 1 and level 3 are not relevant to the Scheme		
Unlisted managed investment schemes	4 712 875	5 282 288
Funds SA	<b>4 712 875</b>	<b>5 282 288</b>

### 8) Value and movement of investments by investment option

	2022 \$000	Movement \$000	2021 \$000
High Growth Tax-Exempt	685	(7 787)	8 472
Balanced Tax-Exempt	429 531	(88 987)	518 518
Moderate Tax-Exempt	18 719	(4 276)	22 995
Stable (previously known as Conservative Tax-Exempt)	18 128	(4 186)	22 314
Capital Defensive Tax-Exempt	10 291	(2 403)	12 694
Cash Tax-Exempt	10 365	(1 547)	11 912
Socially Responsible	1 594	(367)	1 961
DB High Growth Strategy	4 223 562	(459 860)	4 683 422
Investments at 30 June	<b>4 712 875</b>	<b>(569 413)</b>	<b>5 282 288</b>

### 9) Payables

	2022 \$000	2021 \$000
Audit fees	84	88
Administration expenses	-	2 235
Prepaid Member Contributions	25	-
Returned benefit payments	11	-
	<b>120</b>	<b>2 323</b>

### 10) Investment expenses

	2022 \$000	2021 \$000
Investment expenses	<b>19 088</b>	<b>18 302</b>

Direct Investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's funds under management.

## South Australian Superannuation Scheme

### 11) Administration expenses

	2022	2021
	\$000	\$000
Administration expenses <sup>(i)</sup>	7 911	7 815
Other expenses <sup>(ii)</sup>	204	109
	<b>8 115</b>	<b>7 924</b>

<sup>(i)</sup> Administration expenses comprises the costs incurred by the DTF in administering the Scheme, which are met in the first instance from the DTF Operating Account. The Board recovers a share of the administration cost from the Scheme.

<sup>(ii)</sup> Other expenses include Auditor's remuneration. Refer Note 12.

### 12) Auditors' remuneration

	2022	2021
	\$000	\$000
<b>Audit fees paid or payable</b>	<b>80</b>	<b>79</b>

Audit fees paid (or payable), \$79 900 GST exclusive (2021: \$78 600), relate to the Auditor-General's Department work performed under the PFAA. No other services were provided by the Auditor-General's Department.

### 13) Higher education superannuation costs

	2022	2021
	\$000	\$000
<b>Higher education superannuation costs</b>	<b>9 136</b>	<b>8 342</b>

These amounts are paid to the Commonwealth Government that related to the South Australian share of the 2022 higher education superannuation costs under the Commonwealth – State agreement. This agreement provides that the employer component of the superannuation benefits payable to former employees of South Australian universities who were members of one of the main State Schemes, be shared.

### 14) Contributions for past service liability

	2022	2021
	\$000	\$000
SA Government	368 988	415 870
SA Water	2 030	0
Forestry SA	(171)	194
	<b>370 847</b>	<b>416 064</b>

### 15) Employer contributions

	2022	2021
	\$000	\$000
State government departments	16 023	18 292
Statutory authorities – state government entities	6 798	7 879
Statutory authorities – non-state government entities	293	1 093
	<b>23 114</b>	<b>27 264</b>

## South Australian Superannuation Scheme

### 16) Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash and deposits in the Scheme's Special Deposit Account held with DTF. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

	2022	2021
	\$000	\$000
Cash and cash equivalents	11 366	9 472
<b>Reconciliation of net cash from operating activities</b>		
Net operating result	(599 736)	878 451
Adjustments for:		
Change in investments measured at fair value	83 180	(1 056 704)
Investment expenses	19 088	18 302
(Increase) in receivables	82	(79)
Increase in payables	(2 239)	2 239
Allocation to members' accounts	480 217	143 733
<b>Net cash flows from operating activities</b>	<b>(19 408)</b>	<b>(14 058)</b>

### 17) Financial risk management objectives and policies

The Scheme's investments are managed by Funds SA predominantly by the appointment of investment managers as determined by the Funds SA Board. Each investment manager is required to invest the assets in accordance with the terms of a written mandate. The Funds SA Board has determined that the appointment of these managers is appropriate for the Scheme and is in accordance with the Scheme's investment strategy. The Funds SA Board obtains regular reports from each manager on the nature of the investments made on its behalf and the associated risks.

The allocation of assets between the various types of financial instruments is determined by the Funds SA Board. Divergence from target asset allocations and the composition of the portfolio is monitored by the Funds SA Board on a regular basis.

The Scheme's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Scheme's investment risk management framework.

The Scheme's investment risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Scheme's investment managers, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

The Scheme receives regular reports from Funds SA concerning compliance with investment objectives.

## South Australian Superannuation Scheme

### (a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Scheme's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and sub-markets, and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

#### *i) Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates.

The Scheme's currency risk is managed by Funds SA as investments include assets denominated in foreign currencies.

Funds SA strategic policy for the management of its foreign currency exposure is as follows:

- foreign currency exposures in the Private Markets Tax-Exempt, Private Markets Taxable, Core Infrastructure Tax- Exempt, Core Infrastructure Taxable, Credit, Long Term Fixed Interest and Inflation Linked Securities Taxable asset classes are fully hedged to Australian dollars, and
- foreign currency exposures over the developed markets component of the International Equities Tax-Exempt, International Equities Taxable, International Equities Passive Tax-Exempt and International Equities Passive Taxable asset classes are partly hedged to Australian dollars.

For the purpose of managing foreign currency risk, within defined constraints, the exposure to foreign currency can be varied from the strategic policy stated above, by Funds SA.

#### *ii) Interest rate risk*

Interest rate risk is the risk that a movement in interest rates will cause the value of fixed interest securities to deviate from expectations.

The Fund's interest rate risk is managed by Funds SA, as investments include fixed interest securities.

Funds SA manages interest rate risk through:

- ensuring asset allocations of different investment products are consistent with the time horizon of each, and
- the use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.

#### *iii) Other market price risk*

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

As the Scheme's financial instruments are valued at fair value with changes in fair value recognised in the Income Statement, all changes in market conditions will directly affect investment revenue.

## South Australian Superannuation Scheme

The Fund's other market price risk is managed by Funds SA, as investments include financial instruments exposed to market prices.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and sub markets, and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

### *iv) Investments sensitivity analysis*

The Funds SA Board has determined that its forecast risk/return profile provides a reasonable measure of the sensitivity of the expected returns in the investment for the year ahead. The following tables show the standard deviation around expected nominal returns for DB High Growth Strategy.

The statistics shown below are averages calculated over 10 years, net of investment management fees and gross of tax. These investment statistics have zero per cent tax rate applied and exclude franking credits.

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
<b>2022</b>				
<b>Investment Option</b>				
High Growth Tax-Exempt	6.7	10.3	4 579	472
Balanced Tax-Exempt	6.1	8.9	474 025	42 188
Moderate Tax-Exempt	4.7	6.7	20 857	1 397
Stable Tax-Exempt <sup>(i)</sup>	3.9	5.1	20 221	1 031
Capital Defensive Tax-Exempt	3.3	3.9	11 493	448
Cash Tax Exempt	0.0	0.5	11 139	56
Socially Responsible	5.2	8.8	1 778	156
DB High Growth Strategy	6.7	8.9	4 453 492	396 361

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
<b>2021</b>				
<b>Investment Option</b>				
High Growth Tax-Exempt	7.6	10.9	15 946	1 738
Balanced Tax-Exempt	7.0	10.0	290 507	29 051
Moderate Tax-Exempt	5.6	7.2	23 992	1 727
Stable Tax-Exempt <sup>(i)</sup>	4.5	5.1	23 178	1 182
Capital Defensive Tax-Exempt	3.3	3.6	11 110	400
Cash Tax-Exempt	0.3	1.0	14 783	148
Socially Responsible	6.0	10.3	1 048	108
DB High Growth Strategy	7.6	10.1	4 370 935	441 464

(i) Stable was previously known as the Conservative option.

## South Australian Superannuation Scheme

Market risk is a useful historical measure of the variability of returns earned by an investment portfolio. The market risk shown above represents the range at which actual future returns are expected to occur either side of the nominal return approximately two thirds of the time.

The dollar value of the potential impact on the Income Statement arising from the market risk is indicative only. The impacts are not additive across investment asset classes, as each asset class operates in different markets and is subject to different conditions.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

### **(b) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

The value of financial assets, included in the Statement of Financial Position represents the Scheme's maximum exposure to credit risk in relation to those assets. The Scheme does not have any significant exposure to any individual counterparty or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

The Scheme does not have any assets which are past due or impaired and there is no concentration of credit risk.

### **(c) Liquidity risk**

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

For the Scheme's investments, Funds SA manages liquidity risk as follows:

- by giving careful consideration to the expected net cash redemption requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions,
- a large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities,
- reporting and monitoring the liquidity of the fund on a daily basis to ensure prospective client cash outflows and switches can be met,
- by undertaking portfolio management and rebalancing activities, and
- by undertaking regular stress testing on liquidity positions to identify sources of liquidity strain before they are realised.

For the Scheme itself, the liquidity position is monitored on a daily basis. The Scheme's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, expenses and investing activities.

The following tables summarise the expected maturity profile of the Scheme's financial liabilities based on the earliest date on which the Scheme can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

## South Australian Superannuation Scheme

	Less than 3 Months \$000	Total Contractual Cash Flows \$000%	Carrying Amount Liabilities \$000
<b>2022</b>			
Benefits payable	7 838	7 838	7 838
Payables <sup>(i)</sup>	36	36	36
Vested benefits <sup>(ii)</sup>	8 908 623	8 908 623	8 908 623
<b>Total</b>	<b>8 916 497</b>	<b>8 916 497</b>	<b>8 916 497</b>
<b>2021</b>			
Benefits payable	10 561	10 561	10 561
Payables <sup>(i)</sup>	0	0	0
Vested benefits <sup>(ii)</sup>	8 902 659	8 902 659	8 902 659
<b>Total</b>	<b>8 913 220</b>	<b>8 913 220</b>	<b>8 913 220</b>

<sup>(i)</sup> Payable amounts disclosed here exclude amounts relating to constructive obligations and statutory payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees).

<sup>(ii)</sup> Vested benefits have been included in the "Less than 3 months" column, as this is the amount that members could call upon as at balance date. This is the earliest date on which the Scheme can be required to pay members vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

### (a) Derivative financial instruments

Derivatives can be defined as financial contracts whose value depends on, or is derived from, assets, liabilities, reference rates or indices. Funds SA uses derivatives to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively. Funds SA uses a variety of derivative instruments, such as over the counter swap agreements, forward rate agreements, futures and options.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers for the purposes described above.

### 18) Net assets available for member benefits

AASB 1056 recommends segregation to distinguish between different member accounts based on risk profile. The defined benefit/defined contribution split is a natural disaggregation arising from the different market risk exposures of these member categories. An alternative disaggregation is the segregation into Old Scheme (Pension Scheme) and New Scheme (Lump Sum). The following net assets table shows the splits across these latter accounts and demonstrates net assets available to pay benefits consisting of the combined balances of the Fund and the Account. Movements in the balances of these accounts are detailed below:

## South Australian Superannuation Scheme

	2022			2021		
	Old Scheme	New Scheme	Total	Old Scheme	New Scheme	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>SA Superannuation Fund Account (employee component)</b>						
<b>Funds held at 1 July</b>	<b>1 736 863</b>	<b>584 385</b>	<b>2 321 248</b>	<b>1 490 069</b>	<b>541 014</b>	<b>2 031 083</b>
Contributions	357	9 082	9 439	189	10 378	10 567
Transfers from other super entities	-	223	223	3	466	469
Changes in investments measured at fair value	(20 853)	(30 956)	(51 809)	349 177	113 008	462 185
Interest	-	-	-	1	1	2
Other	-	-	-	0	43	43
	<u>(20 496)</u>	<u>(21 651)</u>	<u>(42 147)</u>	<u>349 370</u>	<u>123 896</u>	<u>473 266</u>
Benefits Paid and Payable	98 194	89 575	187 769	94 783	77 916	172 699
Investment expenses	6 491	1 734	8 225	6 016	2 015	8 031
Administration expenses	2 163	272	2 435	1 777	594	2 371
	<u>106 848</u>	<u>91 581</u>	<u>198 429</u>	<u>102 576</u>	<u>80 525</u>	<u>183 101</u>
<b>Funds held at 30 June</b>	<b>1 609 519</b>	<b>471 153</b>	<b>2 080 672</b>	<b>1 736 863</b>	<b>584 385</b>	<b>2 321 248</b>

<b>SA Superannuation Scheme Contribution Account (employer component)</b>	2022	2021
	\$000	\$000
<b>Funds held at 1 July</b>	<b>2 963 761</b>	<b>2 588 620</b>
Employer contributions:		
State Government departments	16 023	18 292
Statutory Authorities	7 091	8 972
Contributions for past service liability	370 847	416 064
	<u>393 961</u>	<u>443 328</u>
Change in investments measured at fair value	(31 371)	594 519
Bank interest and other revenue		
Public authorities	29 714	31 815
Interest	-	3
Temporary disability	-	9
	<u>392 304</u>	<u>1 069 674</u>
Benefits paid and payable		
Old scheme contributors	553 745	553 839
New scheme contributors	136 020	116 528
	<u>689 765</u>	<u>670 367</u>
Investment expenses	10 863	10 271
Higher education superannuation costs	9 136	8 342
Administration expenses	5 680	5 553
	<u>715 444</u>	<u>694 533</u>
<b>Funds held at 30 June</b>	<b>2 640 621</b>	<b>2 963 761</b>
<b>Net assets available for member benefits</b>	<b>4 721 293</b>	<b>5 285 009</b>

## **South Australian Superannuation Scheme**

### **19) Segment information**

The Scheme operates in one reportable segment, being the provision of benefits to members. The Scheme also operates from one reportable geographic segment, being Australia, from where its activities are managed. While the Scheme operates from Australia only, the Scheme, through its investment manager Funds SA, has investment exposures in different countries and across different industries. Revenue derived from interest and the realised and unrealised changes from the different segments is reflected in the value of investments.

### **20) Related parties**

#### **a) Key management personnel**

The key management personnel of the Scheme includes the Treasurer, Board members and the Chief Executive and the six members of the Executive Leadership Team, State Superannuation Office who have responsibility for the strategic direction and management of the Scheme.

#### **b) Compensation**

All key management personnel are compensated by the Department of Treasury and Finance or the Board, therefore their compensation is disclosed in the respective financial reports.

#### **c) Transactions with key management personnel and other related parties**

There were no transactions requiring disclosure for key management personnel or related parties.

#### **d) Transactions with other government entities**

There were no significant transactions with government entities other than those disclosed elsewhere in the financial statements.

### **21) Events after the reporting period**

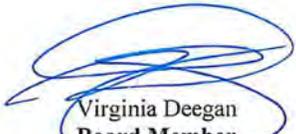
There were no significant events after the reporting period.

## South Australian Superannuation Scheme

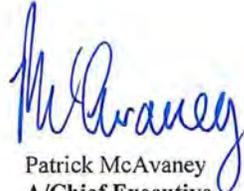
### Certification of the financial statement

We certify that the:

- financial statements of the South Australian Superannuation Scheme:
  - are in accordance with the accounts and records of the Scheme,
  - comply with relevant Treasurer's instructions,
  - comply with relevant accounting standards, and
  - present a true and fair view of the financial position of the Scheme at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Scheme for the financial year over its financial reporting and its preparation of the financial statements have been effective.



Virginia Deegan  
Board Member  
SA Superannuation Board



Patrick McAvaney  
A/Chief Executive  
State Superannuation Office



Mark Hordacre  
Director Finance  
State Superannuation Office

Date ..... 15/9/2022 .....



Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

**To the Board Member  
South Australian Superannuation Board  
Southern State Superannuation Scheme**

## Opinion

I have audited the financial report of Southern State Superannuation Scheme for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Southern State Superannuation Scheme as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Financial Position as at 30 June 2022
- an Income Statement for the year ended 30 June 2022
- a Statement of Changes in Member Benefits for the year ended 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Board Member of the South Australian Superannuation Board, the Acting Chief Executive, State Superannuation Office and the Director, Finance, State Superannuation Office.

## Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of Southern State Superannuation Scheme. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of the Acting Chief Executive, State Superannuation Office and members of the South Australian Superannuation Board for the financial report**

The Acting Chief Executive, State Superannuation Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines 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 Acting Chief Executive, State Superannuation Office is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Acting Chief Executive, State Superannuation Office is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The members of the South Australian Superannuation Board are responsible for overseeing the entity's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 15(3) of the *Southern State Superannuation Act 2009* I have audited the financial report of Southern State Superannuation Scheme for the financial year ended 30 June 2022.

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Southern State Superannuation Scheme's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Chief Executive, State Superannuation Office
- conclude on the appropriateness of the Acting Chief Executive, State Superannuation Office'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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with Acting Chief Executive, State Superannuation Office and the South Australian Superannuation Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

23 September 2022

## Southern State Superannuation Scheme

### Statement of Financial Position

as at 30 June 2022

	Note	2022 \$000	2021 \$000
<b>Assets</b>			
Cash and cash equivalents	17	37 673	22 037
Receivables	6	11 045	11 883
Contributions receivable	7	27 373	50 821
Investments	4	21 991 553	23 396 050
<b>Total assets</b>		<b>22 067 644</b>	<b>23 480 791</b>
<b>Liabilities</b>			
Benefits payable		67 994	42 069
Payables	8	4 824	7 437
Provision for PAYG withholding tax		33	205
Insurance liabilities		20 806	19 772
<b>Total liabilities excluding member benefits</b>		<b>93 657</b>	<b>69 483</b>
<b>Net assets available for member benefits</b>		<b>21 973 987</b>	<b>23 411 308</b>
Member benefits liabilities	3	21 764 387	23 100 589
<b>Total net assets</b>		<b>209 600</b>	<b>310 719</b>
<b>Equity</b>			
Death, invalidity and income protection insurance reserve	9	149 294	142 943
Administrative fee reserve	10	16 238	25 196
Operational risk reserve	11	20 870	22 439
Investment allocation under/(over)	13	23 198	120 141
<b>Total equity</b>		<b>209 600</b>	<b>310 719</b>

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

### Income Statement

for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
Net changes in investments measured at fair value		(1 393 952)	4 115 463
Interest revenue		-	8
Other revenue		-	478
<b>Total revenue</b>		<b>(1 393 952)</b>	<b>4 115 949</b>
Investment expenses	14	(74 768)	(72 669)
Administration expenses	15	(21 585)	(19 621)
Transfer to other schemes	17	9 083	(9 083)
<b>Total expenses</b>		<b>(87 270)</b>	<b>(101 373)</b>
<b>Results from superannuation activities</b>		<b>(1 481 222)</b>	<b>4 014 576</b>
Net insurance activities		12	1 046
<b>Results from operating activities</b>		<b>(1 481 210)</b>	<b>4 015 622</b>
Net benefits allocated to member accounts	12	1 392 127	(3 858 110)
<b>Net operating result</b>		<b>(89 083)</b>	<b>157 512</b>

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

## Southern State Superannuation Scheme

### Statement of Changes in Member Benefits

for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
<b>Opening balance as at 1 July</b>		<b>23 100 589</b>	<b>18 935 303</b>
Employer contributions		1 326 900	1 257 092
Member contributions		111 904	105 374
Transfers from other super entities		523 080	466 468
Transfers from other schemes		57	-
Government co-contributions		864	811
<b>Net contributions</b>		<b>1 962 805</b>	<b>1 829 745</b>
Benefits to members		(1 899 343)	(1 517 223)
Insurance premiums charged to members		(52 787)	(49 214)
Insurance benefits credited to members		45 080	42 968
Amounts allocated to members from reserves		170	900
Net benefits allocated to members, comprising:			
Net investment income		(1 370 599)	3 879 480
Administration fees		(21 528)	(21 370)
<b>Closing balance as at 30 June</b>		<b>21 764 387</b>	<b>23 100 589</b>

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

### Statement of Changes in Equity

for the year ended 30 June 2022

		Admin Fee Reserve \$000	Insurance Reserve \$000	Operational Risk Reserve \$000	(Under)/over allocated benefits \$000	Total Equity \$000
<b>2022</b>	Note	10	9	11		
<b>Opening Balance</b>		<b>25 196</b>	<b>142 943</b>	<b>22 439</b>	<b>120 141</b>	<b>310 719</b>
Net operating result		(986)	(10 761)	(1 569)	(75 767)	(89 083)
Net transfer to/(from) reserves/equity		(7 972)	17 112	-	(21 176)	(12 036)
<b>Closing Balance</b>		<b>16 238</b>	<b>149 294</b>	<b>20 870</b>	<b>23 198</b>	<b>209 600</b>

		Admin Fee Reserve \$000	Insurance Reserve \$000	Operational Risk Reserve \$000	(Under)/over allocated benefits \$000	Total Equity \$000
<b>2021</b>	Note	10	9	11		
<b>Opening Balance</b>		<b>405</b>	<b>161 746</b>	<b>36 702</b>	<b>(44 060)</b>	<b>154 793</b>
Net operating result		3 629	31 466	6 042	116 375	157 512
Net transfer to/(from) reserves/equity		21 162	(50 269)	(20 305)	47 826	(1 586)
<b>Closing Balance</b>		<b>25 196</b>	<b>142 943</b>	<b>22 439</b>	<b>120 141</b>	<b>310 719</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Southern State Superannuation Scheme

### Statement of Cash Flows

for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
GST recoup		4 367	2 302
Other income		424	64
Insurance administration expenses paid		(7 121)	(6 764)
Administration expenses paid		(27 993)	(14 118)
<b>Net cash flows from operating activities</b>	<b>17</b>	<b>(30 323)</b>	<b>(18 516)</b>
Receipts from the sale of investments from Funds SA		1 732 372	1 885 742
Payments to Funds SA for the purchase of investments		(1 797 952)	(2 133 297)
<b>Net cash flows from investing activities</b>		<b>(65 580)</b>	<b>(247 555)</b>
Employer contributions		1 347 006	1 233 171
Member contributions		112 849	104 948
Government co-contribution		864	811
Transfers from other superannuation entities		524 505	466 851
Benefit payments to members		(1 882 759)	(1 515 738)
Transfer from Insurance Reserve		9 083	(9 083)
Payments from Operational Risk Reserve		(9)	(23)
<b>Net cash flows from financing activities</b>		<b>111 539</b>	<b>280 937</b>
<b>Net change in cash</b>		<b>15 636</b>	<b>14 866</b>
Cash at the beginning of the financial period		22 037	7 171
<b>Cash at the end of the financial period</b>	<b>17</b>	<b>37 673</b>	<b>22 037</b>

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

# Southern State Superannuation Scheme

## Notes to the Financial Statements

### 1) Objectives and funding

#### a) *Southern State Superannuation Scheme*

The Southern State Superannuation Scheme (the Scheme/the Triple S Scheme) is both a contributory and non contributory superannuation scheme established pursuant to the *Southern State Superannuation Act 2009* (the Act). The Scheme commenced on 1 July 1995 pursuant to the *Southern State Superannuation Act 1994* and is continued under the Act and the *Southern State Superannuation Regulations 2009*.

Members can elect to make contributions to the Scheme based on a percentage of their salary commencing from 1 per cent, under Regulation 17. A member of the police force, an operations employee of the South Australian Ambulance Service who commenced employment after 1 July 2008 or a former standard contributory member of the SA Ambulance Service Superannuation Scheme who elected to transfer to the Triple S Scheme must contribute at a rate of at least 4.5 per cent of salary. A separate contribution account is maintained for each member. Member and employer contributions and any rollover amounts and co contribution amounts are deposited by the Treasurer into the Southern State Superannuation Fund (the Fund) that is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

An employer is required to pay contributions to the Treasurer under section 21 of the Act. The employer contributes 10.0 per cent of salary from 1 July 2021 and 10.5 per cent of salary from 1 July 2022 (2021: 9.50 per cent).

Benefits, represented by the balances of all member accounts, are available for employees who retire, resign and meet a condition of release, are retrenched, elect Transition to Retirement or Early Access to Super while still an employee of the SA Public Sector or die, or become terminally ill, or terminate their employment because of invalidity. The balance of individual member entitlements is provided in annual statements provided to each member.

The Scheme is an exempt public sector superannuation scheme and operates on a not-for-profit basis.

#### b) *South Australian Superannuation Board*

The purpose of this financial report is to discharge the responsibilities of the South Australian Superannuation Board (the Board) under section 15 of the Act to maintain accounts of receipts and payments.

The Act charges the Board with responsibility for all aspects of the administration of the Act except for the management and investment of the Fund. The Act also provides the Board with the necessary powers to administer the Scheme.

The Board is required under section 13 of the Act to adjust a member's contribution account, rollover account and co contribution account to reflect movements in the value of units allocated to each account.

Pursuant to section 14 of the Act, where a member or members have nominated a class of investments, or a combination of classes of investments, the Board shall adjust a member's contribution account, rollover account and co contribution account to reflect the movement in the value of units held in the class of investments nominated by the member.

## Southern State Superannuation Scheme

### c) *Superannuation Funds Management Corporation of South Australia*

Funds SA is a South Australian Government Entity established under the *Superannuation Funds Management Corporation of South Australia Act 1995*. Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA.

For further information on the investment of the Scheme's funds, reference should be made to the annual report of Funds SA. The investment assets, liabilities, income and expenses contained in this financial report are related to the investment activities of Funds SA.

### d) *Funding Arrangements*

The Act requires that member contributions, employer contributions, rollovers from other schemes and co contributions paid by the Commonwealth be paid to the Treasurer, who, in turn, deposits these amounts into the Fund, the Consolidated Account (which is appropriated to the necessary extent) or to a Special Deposit Account held with the Department of Treasury and Finance (DTF) established for that purpose. During the current reporting period, contributions were made to the Special Deposit Account. All employer contributions are received from South Australian Government Entities.

Under section 10 of the Act, any payment to a member must be made out of the Consolidated Account (which is appropriated to the necessary extent) or from the Special Deposit Account established for that purpose. During the current reporting period payments were made from the Special Deposit Account.

## 2) Significant accounting policies

### a) *Basis of accounting*

This financial report is a general purpose financial report. The financial statements have been prepared in accordance with relevant Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board, Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987* (PFAA), except as provided below.

This financial report has been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

This financial report is presented in Australian currency and all amounts have been rounded to the nearest thousand dollars (\$000).

The scheme is a not-for-profit entity for the purpose of preparing financial statements.

### b) *Impact of standards and statements not yet effective*

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. The assessment of the impact of these new standards and interpretations is set out below.

The Board has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations on behalf of the Scheme. There are no Accounting Policy Statements that are not yet effective. The material impacts on the Scheme are outlined below.

## **Southern State Superannuation Scheme**

### *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The standard replaces the reduced disclosure requirements previously included in all Australian Accounting Standards with simplified disclosure requirements which will apply to Tier 2 entities.

AASB 1053 Application of Tiers of Australian Accounting Standards will still apply in conjunction with AASB 1060. Application of AASB 1060 will significantly amend the content of Tier 2 financial reports.

The Scheme is not a Tier 2 financial reporting entity. The Board has assessed the impact of the amendments of AASB 1060, and has determined there will be no impact on the Scheme's financial statements.

### *AASB 2020-2 Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The standard removes the ability for certain for-profit private sector entities to self-assess their financial reporting requirements and prepare special purpose financial statements (SPFS) when they are required to prepare financial statements that comply with Australian Accounting Standards (AAS).

The Scheme is an exempt public sector superannuation scheme and operates on a not-for-profit basis. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

### *AASB 2021-1 Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The Standard amends new elements of AASB 1053 and amends AASB 1060 for first-time application to provide not-for-profit entities with optional relief from presenting comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous general purpose financial statements. This relief is only applicable where AASB 1060 is early adopted.

Amendments to AASB 1053 highlight that the relief set out in Appendix E of AASB 1053 is available only to for-profit private sector entities.

The Scheme operates on a not-for-profit basis and is not adopting AASB 1060. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

### *AASB 2020-7 Amendments to Australian Accounting Standards - Covid-19 Related Rent Concessions: Tier 2 Disclosures*

This standard applies to reporting periods beginning on or after 1 July 2021. AASB 16 (June 2020) provides a practical expedient to elect not to assess whether rent concessions are lease modifications and allows entities to apply a change in lease payments resulting from rent concessions as per the requirements of AASB 16. This practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and where certain conditions are met. Additional disclosures were required where the practical expedient was applied. AASB 2020-7 amends AASB 16 to include relief for Tier 2 entities from the requirement of the additional disclosures required by paragraph 60A and introduces these disclosures in AASB 1060.

## Southern State Superannuation Scheme

The Scheme does not hold any leases therefore AASB 2020-7 does not apply. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

### *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*

This standard applies to reporting periods beginning on or after 1 July 2021. This Standard amends AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities to provide relief in the first reporting period in which an entity applies AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2. An entity is not required to disclose the information that would otherwise be required by paragraph 106(b) of AASB 1060 in respect of the accounting policy changes made in applying AASB 2020-8.

The Scheme operates on a not-for-profit basis and is not adopting AASB 1060. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

### **c) *Financial assets and liabilities***

#### **(a) Classification**

The Scheme classifies its financial assets and financial liabilities into the categories below in accordance with AASB 9.

#### *Financial assets and liabilities held for trading:*

These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. All derivatives are classified as held for trading. Derivative financial instruments entered into by the Scheme do not meet the hedge accounting criteria as defined by AASB 9. Consequently hedge accounting is not applied by the Scheme.

#### *Financial instruments designated at fair value through profit or loss upon initial recognition:*

These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund.

#### *Other financial liabilities*

This category includes all financial liabilities, other than those classified at fair value through profit or loss. Other financial liabilities are measured at their nominal amounts. Amounts are generally settled within 30 days of being recognised as other financial liabilities. Given the short-term nature of other financial liabilities, the nominal amount approximates fair value.

#### **(b) 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 time frame generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Scheme commits to purchase or sell the asset.

## **Southern State Superannuation Scheme**

### **(c) Initial recognition**

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

Receivables and financial liabilities (other than those classified at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Scheme recognises the difference in the income statement, unless specified otherwise.

### **(d) Subsequent measurement**

After initial measurement, the Scheme measures investments at fair value through profit or loss. Subsequent changes in the fair value of those investments are recorded as 'changes in assets measured at fair value' through the income statement. Interest earned is recorded in 'Interest revenue'.

### **(e) 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 by 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 financial statement Note 4.

### **(f) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash and deposits in the Scheme's Special Deposit Account held with DTF, which are subject to an insignificant risk of changes in value.

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

## Southern State Superannuation Scheme

### (g) Receivables and payables

Receivables are carried at nominal amounts due that approximate fair value. Receivables are normally settled within 30 days. Payables are carried at nominal amounts that 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.

### (h) Benefits payable

Benefits payable are valued at fair value and relate to members who have ceased employment and provided the Scheme with appropriate notification on or prior to 30 June 2022 but paid after 30 June 2022. These also include income protection payments payable on or prior to 30 June 2022 but paid after 30 June 2022.

### (i) Insurance liabilities

The Scheme provides death and disability benefits to its defined contribution members. Premiums are deducted from insured members' accounts and are paid into a dedicated insurance reserve in order to meet claims as they arise. The Scheme ultimately self-insures this risk as the Board believes it is appropriate given the Scheme's present membership and reserve levels. The table below outlines the net results of the Scheme's insurance activities during the year:

#### Insurance activities

	2022	2021
	\$000	\$000
Insurance contract revenue	52 787	49 214
Insurance contract claims expenses	(45 080)	(42 968)
Decrease/(Increase) in insurance liabilities	(1 034)	1 354
<b>Net result from insurance activities</b>	<b>6 673</b>	<b>7 600</b>

#### *Significant estimates made in measuring insurance contract asset and liabilities*

The Scheme uses the services of an actuary to determine its insurance contract assets and liabilities. An actuarial valuation involves making various assumptions about the future. Actual events in the future may differ from these assumptions. The most recent actuarial valuation was performed for the triennium ending 30 June 2019. A shorthand approach has been adopted to determine the value of insurance liabilities between actuarial valuation dates. It is expected that the liability amount determined using the shorthand method will not be materially different had the liabilities been determined in full.

The key assumptions used in measuring the insurance contract liabilities are:

- mortality and disability rates reflecting the Scheme's own claim experience,
- the number and amount of insurance claims yet to be reported to the Scheme, relating to the period prior to the reporting year end, and
- the level of additional payments expected for income protection claims in the course of payment.

## Southern State Superannuation Scheme

The key factors or uncertainties that impact the key assumptions above are:

- if mortality and/or disability rates increase, it will result in an increase in insurance liabilities as a result of higher claims and will lead to a decline in the net assets of the Scheme,
- higher than expected claims reported to the Scheme will result in an increase in insurance liabilities and will lead to a decline in the net assets of the Scheme, and
- a better than expected claims experience will result in lower liabilities and an increase in net assets of the Scheme.

The impact of uncertainties around the key assumptions is largely met from the insurance reserves in the Scheme. The adequacy of the insurance reserves are considered as part of the actuarial valuation.

### **(j) Revenue recognition**

The specific recognition criteria described below must be met before revenue is recognised:

#### *Changes in fair values*

Changes in the fair value of investments invested with Funds SA 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 income statement.

#### *Interest*

Interest revenue on cash and other financial assets carried at fair value is recorded according to the terms of the contract and recognised in the income statement.

### **(k) Taxation**

The Scheme is a constitutionally protected superannuation fund in terms of Section 295-15 of the *Income Tax Assessment Act 1997*, Regulation 995-1.04 (Schedule 4) and is exempt from income tax. Therefore, no income tax has been brought to account in this financial report.

### **(l) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable, or
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

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.

## Southern State Superannuation Scheme

### (m) Foreign currency

The functional and presentation currency of the Scheme is Australian Dollars, which is the currency of the primary economic environment the Scheme operates. The Scheme's performance is evaluated and its liquidity 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.

### (n) Investments

Funds SA provides investments measured at fair value. Below is the basis for valuation of these investments.

#### (i) Inflation Linked Securities Tax-Exempt

The Inflation Linked Securities Tax-Exempt portfolio invests in discretely managed portfolios and internal inflation linked securities. Discretely managed portfolios are invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date.

Internally managed inflation linked securities, the returns of which are linked to movements in either the Consumer Price Index or Average Weekly Earnings, have been valued using the discounted cash flow method. The valuation as at balance date was performed by an independent valuer.

#### (ii) Property Tax-Exempt

The Property Tax-Exempt portfolio comprises two sub sectors:

##### *Listed Property Trusts*

These investments comprise arrangements whereby professional fund managers are appointed under an investment management agreement to manage and invest in listed property securities and real estate investment trusts. Investments in this sub-sector are in pooled funds and have been valued in accordance with the valuations supplied by the managers.

##### *Unlisted property vehicles*

The unlisted property vehicles portfolio is invested and managed by external managers. Investments in this sub-sector have been valued in accordance with the valuations supplied by the managers.

#### (iii) Australian Equities Tax-Exempt

The Australian Equities Tax-Exempt portfolio comprises investments in listed Australian equities, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date.

#### (iv) International Equities Tax-Exempt

The International Equities Tax-Exempt portfolio comprises investments in equities listed on international share markets, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled

## Southern State Superannuation Scheme

international vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid rates applicable at balance date where applicable.

(v) Fixed Interest

Fixed Interest portfolios have exposure to domestic and global debt instruments and is managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

(vi) Diversified Strategies Growth Tax-Exempt

The Diversified Strategies Growth Tax-Exempt asset class incorporates two sub sectors:

*Private Markets Tax-Exempt*

The Private Markets Tax-Exempt portfolio comprises investments in Australian and international private equity funds, which are invested and managed by external managers. The valuation of private equity investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Both Australian and international private equity valuations are generally in accordance with the International Private Equity and Venture Capital Valuation Guidelines Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

*Core Infrastructure Tax-Exempt*

The Core Infrastructure Tax-Exempt portfolio comprises investments in Australian and international infrastructure pooled funds, which are invested and managed by external managers. The valuation of these investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(vii) Diversified Strategies Income

The Diversified Strategies Income asset class incorporates three sub sectors:

*Defensive Alternatives*

The Defensive Alternatives portfolio comprises investments in Australian and international pooled funds and is invested and managed by external managers. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

*Credit*

The Credit portfolio comprises investments in discretely managed investments and Australian and international pooled funds and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

## Southern State Superannuation Scheme

### *Growth Alternatives*

The Growth Alternatives portfolio comprises investments in discretely managed investments and Australian and international pooled funds and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

### (viii) Cash

The Cash portfolio comprises investments in a discretely managed investment which is managed by an external manager and is valued by the custodian appointed to hold the assets using market prices applicable at balance date. Deposits at call have been valued on the basis of principal plus accrued interest.

### (ix) Socially Responsible

The Socially Responsible portfolio actively incorporates the consideration of environmental, social and governance factors in their investment decisions and avoids investing in companies operating in areas of high negative social impact. The portfolio comprises investments in equities listed on Australian and international share markets and is invested and managed by external managers along with a number of international and domestic pooled fund investments.

Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid rates applicable at balance date where applicable.

### **(o) Operation of investment portfolio**

Funds SA is responsible for the investment and management of the Fund pursuant to strategies formulated by Funds SA (refer Note 1 (c)). Funds SA operates a multi layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds.

For the year ending 30 June 2022, Funds SA managed seven (2021: eight) distinct investment options for the Scheme available to investors, each differing by strategic asset allocation:

- High Growth
- Balanced
- Moderate
- Stable (previously known as Conservative)
- Capital Defensive
- Cash
- Socially Responsible

## Southern State Superannuation Scheme

### (p) Significant accounting judgements, estimates and assumptions

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

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

#### *Fair value of investments*

When the fair values of the investments 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 including a discounted cash flow model. The inputs in these 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 these investments.

### (q) Climate change financial risks

In November 2021, Australian Prudential Regulation Authority (APRA) released Prudential Practice Guide CPG 229 Climate Change Financial Risks. CPG 229 does not impose new requirements in relation to climate risks, rather, it supports compliance with APRA's existing risk management and governance requirements and guidance. The Board and Super SA, consider financial risks of climate change, including physical climate risks, transition climate risks, and liability risks as part of the overall Super SA Risk Management Strategy.

Additionally, as identified in Note 1. above, the investments of the scheme, are managed by Funds SA. Funds SA, in turn is committed to risk management and maintains a rigorous and proactive approach to identifying and managing investment risk, including the risks associated with climate change. Funds SA has developed a Climate Change Position Statement and Climate Risk Response Plan to support its approach in this area. Please refer to the Funds SA website for further detail.

### 3) Member benefit liabilities

Triple S members are defined contribution members and bear the investment risk relating to the underlying assets and unit prices used to measure the member liabilities. Member account balances are determined by unit prices that are determined based on the underlying investment movements. Unit prices are updated daily. Refer to Note 18 for the Scheme's management of the investment risks.

	2022 \$000	2021 \$000
Member benefits	21 764 387	23 100 589
As compared to net assets available for member benefits	<u>21 973 987</u>	<u>23 411 308</u>

## Southern State Superannuation Scheme

### 4) Fair value of financial instruments

#### *Classification of financial Instruments under the fair value hierarchy*

AASB 13 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 (unadjusted) 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.

Valuations are the responsibility of the Board. The valuation of investments is performed daily and are subject to quality assurance procedures.

After the checks above have been performed the Board considers the valuation results, including assumptions used in the valuations.

The Board also considers the appropriateness of the valuation methods and inputs and may request that alternative valuation methods are applied to support the valuation arising from the method chosen.

#### *Valuation technique*

The Scheme's investments are not quoted in an active market. To ensure fair value can be determined, the Scheme's investment manager, Funds SA, applies due diligence and considers valuation techniques and inputs used in valuing the funds, prior to investing. In measuring fair value, consideration is given to the amounts for which financial assets can be sold, excluding transaction costs. The Scheme classifies these funds as Level 2.

There were no changes in valuation techniques during the year.

	2022 \$000	2021 \$000
<b>Financial assets at fair value through profit or loss – Level 2</b>		
Level 1 and level 3 are not relevant to the Scheme		
Unlisted managed investment schemes	21 991 553	23 396 050
Funds SA	<b>21 991 553</b>	<b>23 396 050</b>

### 5) Value and movement of investments by investment option

	2022 \$000	Movement \$000	2021 \$000
High Growth Tax-Exempt	2 684 608	(205 823)	2 890 431
Balanced Tax-Exempt	17 350 372	(1 388 719)	18 739 091
Moderate Tax-Exempt	579 218	4 702	574 516
Stable Tax-Exempt <sup>(i)</sup>	449 864	(39 533)	489 397
Capital Defensive Tax-Exempt	221 138	(27 743)	248 881
Cash Tax-Exempt	552 694	223 075	329 619
Socially Responsible	153 659	29 544	124 115
Investments at 30 June	<b>21 991 553</b>	<b>(1 404 497)</b>	<b>23 396 050</b>

## Southern State Superannuation Scheme

### 6) Receivables

	2022	2021
	\$000	\$000
Refund from ATO for GST	359	550
Funds SA receivables	9 760	8 402
Benefit repayments	924	837
Other receivables	2	426
Rollovers receivable	-	1 668
	<b>11 045</b>	<b>11 883</b>

### 7) Contributions receivable

	2022	2021
	\$000	\$000
Member contributions	594	1 539
Employer contributions	26 779	49 282
	<b>27 373</b>	<b>50 821</b>

### 8) Payables

	2022	2021
	\$000	\$000
Audit fees	84	94
Administration expenses	4 740	7 343
	<b>4 824</b>	<b>7 437</b>

### 9) Insurance Reserve

The Scheme self-insures and provides an insurance benefit based on units of cover, subject to certain limitations, in the event of death or permanent invalidity before age 70. An Income Protection Insurance benefit, subject to eligibility criteria, is also available in the event of a member becoming temporarily disabled before age 65.

Most members of the Scheme are provided with three Standard Death and Total and Permanent Disablement (TPD) units of cover as a default costing \$2.25 per week and can reduce or cancel this at any time. Police Officers and operations employees of the SA Ambulance Service, who commenced employment after 1 July 2008 or are former standard contributory members of the SA Ambulance Service Superannuation Scheme who elected to transfer to the Triple S Scheme before age 60, are required to have at least 6 units of Standard Insurance cover and are only able to reduce below this level or cancel on reaching age 65. The value of a unit of Standard Insurance for members up to age 34 years is \$75 000. The value of a unit declines from age 35. Additional units can be purchased (subject to medical evidence) to provide permanent employees with cover up to \$1.5 million and casual employees up to \$750 000. Members can switch their cover to Fixed Benefit Insurance and purchase additional units (subject to medical evidence). Each Fixed Benefit Insurance unit has a value of \$10 000, with premium increases from age 35 to age 70 when cover ceases. The previously offered Fixed Insurance closed to new applications in November 2014.

As required by Section 17 of the Act, a report is obtained from an actuary appointed by the Treasurer on the costs and liabilities of the insurance arrangements of the Scheme (refer Note 2(i)).

## Southern State Superannuation Scheme

To be eligible for the Income Protection Insurance benefit, a member must be an active member, working full-time or part-time and receiving an employer contribution. Casual employees not automatically provided with Income Protection Insurance but can apply for cover subject to medical evidence. Income Protection payments can continue for up to 24 months for members employed full or part time. Casual employees can be paid for up to 12 months.

	2022 \$000	2021 \$000
<b>Opening Balance of Insurance Reserve</b>	<b>142 943</b>	<b>161 746</b>
Investment earnings on Insurance Reserve <sup>(i)</sup>	(10 039)	31 718
Premiums and charges	52 787	49 214
Benefit payments	(45 080)	(42 968)
Administration expenses <sup>(ii)</sup>	(8 429)	(6 498)
<b>Operating Result</b>	<b>(10 761)</b>	<b>31 466</b>
Transfer (from) Reserve <sup>(iii)</sup>	17 112	(50 269)
<b>Closing balance of Reserve</b>	<b>149 294</b>	<b>142 943</b>

(i) The Insurance Reserve is notionally invested in the Balanced option. The rate of return on earnings in 2022 was -6.39 per cent (2021: 21.63 per cent).

(ii) The amount relates to the annual administration fee paid for administering the insurance arrangements.

(iii) The amount relates to the Board approved reversal of the transfers of accumulated investment earnings to the Scheme's Administration Fee Reserve (\$7.9 million), Flexible Rollover Product (\$1.1 million), Income Stream (\$7.9 million), Parliamentary Superannuation Scheme (\$81 000) and Super SA Select (\$26 000).

### 10) Administration Fee Reserve

This Reserve has been set aside for future Scheme requirements. The movement in the reserve reflects the difference between administration fees collected from members and the cost of administering the Scheme during the year.

	2022 \$000	2021 \$000
<b>Opening Balance of Administration Reserve</b>	<b>25 196</b>	<b>405</b>
Investment earnings on Administration Fee Reserve <sup>(i)</sup>	(1 020)	1 568
Administration fees	21 528	21 370
Administration expenses <sup>(ii)</sup>	(21 494)	(19 309)
<b>Operating Result</b>	<b>(986)</b>	<b>3 629</b>
Transfer (from) Reserve <sup>(iii)</sup>	(7 972)	21 162
<b>Closing balance of Reserve</b>	<b>16 238</b>	<b>25 196</b>

(i) The Administration Fee Reserve is notionally invested in the Balanced option. The rate of return on earnings in 2022 was -6.39 per cent (2021: 21.63 per cent).

(ii) The amount relates to the annual service level agreement paid for administering the Scheme (refer Note 15).

(iii) The amount relates to the Board approved reversal of the transfers of accumulated investment earnings from the Scheme's Insurance Reserve (\$7.9 million).

## Southern State Superannuation Scheme

### 11) Operational Risk Reserve

The Operational Risk Reserve is to be accumulated to 0.25 per cent of funds under management in line with Prudential Standard SPS114. The reserve is currently 0.10 per cent of funds under management.

	2022	2021
	\$000	\$000
<b>Opening Balance of Operational Risk Reserve</b>	<b>22 439</b>	<b>36 702</b>
Investment Revenue on Operational Risk Reserve <sup>(i)</sup>	(1 399)	6 942
Payments from Reserve	(170)	(900)
<b>Operating Result</b>	<b>(1 569)</b>	<b>6 042</b>
Transfer (from) Reserve	-	(20 305)
<b>Closing balance of Reserve</b>	<b>20 870</b>	<b>22 439</b>

(i) The Operational Risk Reserve is notionally invested in the Balanced Option. The rate of return on earnings in 2022 was -6.39 per cent (2021: 21.63 per cent).

### 12) Allocated to members' accounts

The value of funds which have been formally allocated to investor accounts equals the member benefits. The formal allocation of earnings to investors' accounts has been determined for the 2021-22 financial year.

### 13) Unallocated to members' accounts

Defined contribution schemes carry a proportion of amounts yet to be allocated. This unallocated amount arises because the financial report of the Scheme is prepared on an accrual basis while monies are allocated to members on a cash basis.

The Scheme also values the investments reported in the financial statements at fair value (refer Notes 2(c)(e) and 4), while the unit prices used to determine the member benefit liabilities are based on the underlying investment movements using redemption value (refer Note 3). The redemption value is adjusted for disposal costs. This difference in valuation methods is reflected in the investment allocation amount in the statement of financial position.

### 14) Investment expenses

	2022	2021
	\$000	\$000
Investment expenses	<b>74 768</b>	<b>72 669</b>

Direct Investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's funds under management.

## Southern State Superannuation Scheme

### 15) Administration expenses

	2022	2021
	\$000	\$000
Administration expenses <sup>(i)</sup>	21 494	19 523
Other expenses <sup>(ii)</sup>	91	98
	<b>21 585</b>	<b>19 621</b>

<sup>(i)</sup> Regulation 16 provides for an administrative charge to be debited each year to members' employer contribution accounts and section 10 of the Act provides that administration costs will be paid from the Fund. The purpose of the administration charge is to provide for existing and future costs of administering the Scheme. The amount of the charge is determined by the Board. For the year ended 30 June 2022, the charge was \$1.35 per week per member for all members, active and non-active. In addition, an asset-based fee of 0.05 per cent of members' account balances is charged monthly and capped at \$325 per annum. However, the charge for a member with an aggregate balance of \$1 000 or less, is the lesser of the charges applicable to members, or the amount of investment earnings credited to the member's account with a minimum of \$10. These charges are included on member annual statements. For the year ended 30 June 2022 the amount charged to members' employer contribution accounts was \$21.5 million (2021: \$21.4 million).

<sup>(ii)</sup> Other expenses include Auditor's remuneration. Refer Note 16.

### 16) Auditors' remuneration

	2022	2021
	\$000	\$000
<b>Audit fees paid or payable</b>	<b>80</b>	<b>79</b>

Audit fees paid or payable to the Auditor-General's Department relating to work performed under the PFAA were \$80 000, GST exclusive (2021: \$78 700). No other services were provided by the Auditor-General's Department.

### 17) Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash and deposits in the Scheme's Special Deposit Account held with DTF. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

	2022	2021
	\$000	\$000
Cash and cash equivalents	37 673	22 037
<b>Reconciliation of net cash from operating activities</b>		
Net operating result	(89 083)	157 512
Adjustments for:		
Change in investments measured at fair value	1 393 952	(4 115 463)
Investment expenses	74 768	72 669
Insurance recognition	(6 673)	(7 600)
Transfer from Insurance Reserve	(9 083)	9 083
(Increase) in receivables	528	(170)
Increase in payables	(2 605)	7 343
Allocation to/(from) members' accounts	(1 392 127)	3 858 110
<b>Net cash flows from operating activities</b>	<b>(30 323)</b>	<b>(18 516)</b>

## Southern State Superannuation Scheme

### 18) Financial risk management objectives and policies

The Scheme's investments are managed by Funds SA predominantly by the appointment of investment managers as determined by the Funds SA Board. Each investment manager is required to invest the assets in accordance with the terms of a written mandate. The Funds SA Board has determined that the appointment of these managers is appropriate for the Scheme and is in accordance with the Scheme's investment strategy. The Funds SA Board obtains regular reports from each manager on the nature of the investments made on its behalf and the associated risks.

The allocation of assets between the various types of financial instruments is determined by the Funds SA Board. Divergence from target asset allocations and the composition of the portfolio is monitored by the Funds SA Board on a regular basis.

The Scheme's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Scheme's investment risk management framework.

The Scheme's investment risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Scheme's investment managers, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

The Scheme receives regular reports from Funds SA concerning compliance with investment objectives.

#### **a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Scheme's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and sub-markets, and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

#### *i) Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates.

The Scheme's currency risk is managed by Funds SA as investments include assets denominated in foreign currencies.

## Southern State Superannuation Scheme

Funds SA strategic policy for the management of its foreign currency exposure is as follows:

- foreign currency exposures in the Private Markets Tax-Exempt, Private Markets Taxable, Core Infrastructure Tax- Exempt, Core Infrastructure Taxable, Credit, Long Term Fixed Interest and Inflation Linked Securities Taxable asset classes are fully hedged to Australian dollars, and
- foreign currency exposures over the developed markets component of the International Equities Tax-Exempt, International Equities Taxable, International Equities Passive Tax-Exempt and International Equities Passive Taxable asset classes are partly hedged to Australian dollars.

For the purpose of managing foreign currency risk, within defined constraints, the exposure to foreign currency can be varied from the strategic policy stated above, by Funds SA.

### *ii) Interest rate risk*

Interest rate risk is the risk that a movement in interest rates will cause the value of fixed interest securities to deviate from expectations.

The Fund's interest rate risk is managed by Funds SA, as investments include fixed interest securities.

Funds SA manages interest rate risk through:

- ensuring asset allocations of different investment products are consistent with the time horizon of each, and
- the use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.

### *iii) Other market price risk*

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

As the Scheme's financial instruments are valued at fair value with changes in fair value recognised in the Income Statement, all changes in market conditions will directly affect investment revenue.

The Fund's other market price risk is managed by Funds SA, as investments include financial instruments exposed to market prices.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and sub markets, and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

### *iv) Investments sensitivity analysis*

The Funds SA Board has determined that its forecast risk/return profile provides a reasonable measure of the sensitivity of the expected returns in the investment for the year ahead. The following tables show the standard deviation around expected nominal returns for the Scheme's investment options.

The statistics shown below are averages calculated over 10 years, net of investment management fees and gross of tax. These investment statistics have zero per cent tax rate applied and exclude franking credits.

## Southern State Superannuation Scheme

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
<b>2022</b>	%	%	\$000	\$000
<b>Investment Option</b>				
High Growth Tax-Exempt	6.7	10.3	2 787 520	287 115
Balanced Tax-Exempt	6.1	8.9	18 044 732	1 605 981
Moderate Tax-Exempt	4.7	6.7	576 867	38 650
Stable Tax-Exempt <sup>(i)</sup>	3.9	5.1	469 631	23 951
Capital Defensive Tax Exempt	3.3	3.9	235 010	9 165
Cash Tax-Exempt	0.0	0.5	441 157	2 206
Socially Responsible	5.2	8.8	138 887	12 222

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
<b>2021</b>	%	%	\$000	\$000
<b>Investment Option</b>				
High Growth Tax-Exempt	7.6	10.9	2 162 943	235 761
Balanced Tax-Exempt	7.0	10.0	16 923 595	1 692 359
Moderate Tax-Exempt	5.6	7.2	509 547	36 687
Stable Tax-Exempt <sup>(i)</sup>	4.5	5.1	454 469	23 178
Capital Defensive Tax-Exempt	3.3	3.6	263 323	9 480
Cash Tax-Exempt	0.3	1.0	484 793	4 848
Socially Responsible	6.0	10.3	99 748	10 274

(i) Stable was previously known as the Conservative option.

Market risk is a useful historical measure of the variability of returns earned by an investment portfolio. The market risk shown above represents the range at which actual future returns are expected to occur either side of the nominal return approximately two thirds of the time.

The dollar value of the potential impact on the Income Statement arising from the market risk is indicative only. The impacts are not additive across investment asset classes, as each asset class operates in different markets and is subject to different conditions.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

### b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

## Southern State Superannuation Scheme

The value of financial assets, included in the Statement of Financial Position represents the Scheme's maximum exposure to credit risk in relation to those assets. The Scheme does not have any significant exposure to any individual counterparty or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

The Scheme does not have any assets which are past due or impaired and there is no concentration of credit risk.

### c) Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

For the Scheme's investments, Funds SA manages liquidity risk as follows:

- by giving careful consideration to the expected net cash redemption requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions,
- a large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities,
- reporting and monitoring the liquidity of the fund on a daily basis to ensure prospective client cash outflows and switches can be met,
- by undertaking portfolio management and rebalancing activities, and
- by undertaking regular stress testing on liquidity positions to identify sources of liquidity strain before they are realised.

For the Scheme itself, the liquidity position is monitored on a daily basis. The Scheme's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, expenses and investing activities.

The following tables summarise the expected maturity profile of the Scheme's financial liabilities based on the earliest date on which the Scheme can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

<b>2022</b>	Less than 3 Months \$000	Total Contractual Cash Flows \$000	Carrying Amount Liabilities \$000
Benefits payable	67 994	67 994	67 994
Vested benefits <sup>(i)</sup>	21 764 387	21 764 387	21 764 387
<b>Total</b>	<b>21 832 381</b>	<b>21 832 381</b>	<b>21 832 381</b>

<b>2021</b>	Less than 3 Months \$000	Total Contractual Cash Flows \$000	Carrying Amount Liabilities \$000
Benefits payable	42 069	42 069	42 069
Vested benefits <sup>(i)</sup>	23 100 589	23 100 589	23 100 589
<b>Total</b>	<b>23 142 658</b>	<b>23 142 658</b>	<b>23 142 658</b>

(i) Vested benefits have been included in the "Less than 3 months" column, as this is the amount that members could call upon as at balance date. This is the earliest date on which the Scheme can be required to pay members vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

## **Southern State Superannuation Scheme**

### **d) Derivative financial instruments**

Derivatives can be defined as financial contracts whose value depends on, or is derived from, assets, liabilities, reference rates or indices. Funds SA uses derivatives to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively. Funds SA uses a variety of derivative instruments, such as over the counter swap agreements, forward rate agreements, futures and options.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers for the purposes described above.

### **19) Segment information**

The Scheme operates in one reportable segment, being the provision of benefits to members. The Scheme also operates from one reportable geographic segment, being Australia, from where its activities are managed. While the Scheme operates from Australia only, the Scheme, through its investment managers Funds SA, has investment exposures in different countries and across different industries.

### **20) Related parties**

#### **a) Key management personnel**

The key management personnel of the Scheme includes the Treasurer, Board members, and the Chief Executive and six members of the Executive Group, State Superannuation Office, who have responsibility for the strategic direction and management of the Scheme.

#### **b) Compensation**

All key management personnel are compensated by the Department of Treasury and Finance therefore their compensation is disclosed in the respective financial reports.

#### **c) Transactions with key management personnel and other related parties**

There were no transactions with key management personnel or related parties.

#### **d) Transactions with other government entities**

There were no significant transactions with government entities other than those disclosed elsewhere in the financial statements.

### **21) Events after the reporting period**

There were no significant events after the reporting period.

## Southern State Superannuation Scheme

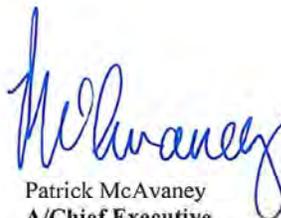
### Certification of the financial statements

We certify that the:

- financial statements of the Southern State Superannuation Scheme:
  - are in accordance with the accounts and records of the Scheme, and comply with relevant Treasurer's instructions,
  - comply with relevant accounting standards,
  - comply with relevant accounting standards, and
  - present a true and fair view of the financial position of the Scheme at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Scheme for the financial year over its financial reporting and its preparation of the financial statements have been effective.



Virginia Deegan  
**Board Member**  
SA Superannuation Board



Patrick McAvaney  
**A/Chief Executive**  
State Superannuation Office



Mark Hordacre  
**Director Finance**  
State Superannuation Office

Date ..... 15/9/2022 .....



Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

**To the Board Member  
South Australian Superannuation Board  
Super SA Retirement Investment Fund**

## Opinion

I have audited the financial report of Super SA Retirement Investment Fund for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Super SA Retirement Investment Fund as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Financial Position as at 30 June 2022
- an Income Statement for the year ended 30 June 2022
- a Statement of Changes in Member Benefits for the year ended 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Board Member of the South Australian Superannuation Board, the Acting Chief Executive, State Superannuation Office and the Director, Finance, State Superannuation Office.

## Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of Super SA Retirement Investment Fund. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of the Acting Chief Executive, State Superannuation Office and members of the South Australian Superannuation Board for the financial report**

The Acting Chief Executive, State Superannuation Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines 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 Acting Chief Executive, State Superannuation Office is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Acting Chief Executive, State Superannuation Office is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The members of the South Australian Superannuation Board are responsible for overseeing the entity's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 15(3) of the *Southern State Superannuation Act 2009* I have audited the financial report of Super SA Retirement Investment Fund for the financial year ended 30 June 2022.

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Super SA Retirement Investment Fund's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Chief Executive, State Superannuation Office
- conclude on the appropriateness of the Acting Chief Executive, State Superannuation Office'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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with Acting Chief Executive, State Superannuation Office and South Australian Superannuation Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

23 September 2022

## Super SA Retirement Investment Fund

### Statement of Financial Position

as at 30 June 2022

	Note	2022 \$000	2021 \$000
<b>Assets</b>			
Cash and cash equivalents	12	24 103	32 615
Receivables	4	3 809	7 022
Investments	5	6 192 727	6 246 946
<b>Total assets</b>		<b>6 220 639</b>	<b>6 286 583</b>
<b>Liabilities</b>			
Benefits payable		16 349	8 821
Payables	7	1 692	1 249
Insurance liabilities		493	925
Provision for PAYG withholding tax		69	23
Income tax payable	11(b)	7 302	47 543
Deferred tax liabilities	11(c)	6 966	24 695
<b>Total liabilities excluding member benefits</b>		<b>32 871</b>	<b>83 256</b>
<b>Net assets available for member benefits</b>		<b>6 187 768</b>	<b>6 203 327</b>
<b>Member benefits</b>			
Income Stream (IS) member benefit liabilities	3	4 383 506	4 463 727
Flexible Rollover Product (FRP) member benefit liabilities	3	1 754 479	1 687 357
<b>Total member benefits</b>		<b>6 137 985</b>	<b>6 151 084</b>
<b>Total net assets</b>		<b>49 783</b>	<b>52 243</b>
<b>Equity</b>			
Administration Fee Reserve	13	13 720	22 861
Insurance Reserve	14	1 244	757
Operational Risk Reserve	15	9 796	9 995
Investment allocation under/(over)		25 023	18 630
<b>Total equity</b>		<b>49 783</b>	<b>52 243</b>

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

## Super SA Retirement Investment Fund

### Income Statement

for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
Net changes in investments measured at fair value		(340 653)	911 931
Interest revenue		1	11
Other revenue		-	4 572
Transfers from other schemes		(8 976)	8 976
<b>Total revenue</b>		<b>(349 628)</b>	<b>925 490</b>
Investment expenses	8	(18 935)	(18 579)
Administration expenses	9	(4 223)	(4 254)
<b>Total expenses</b>		<b>(23 158)</b>	<b>(22 833)</b>
<b>Results from superannuation activities</b>		<b>(372 786)</b>	<b>902 657</b>
Net insurance activities		982	790
<b>Result from operating activities</b>		<b>(371 804)</b>	<b>903 447</b>
Net benefits allocated to IS member accounts		239 274	(607 179)
Net benefits allocated to FRP member accounts		84 224	(210 715)
<b>Operating result before income tax</b>		<b>(48 306)</b>	<b>85 553</b>
Income tax (expense)/benefit	11(a)	46 909	(43 288)
<b>Net operating result</b>		<b>(1 397)</b>	<b>42 265</b>

The income statement should be read in conjunction with the accompanying notes

## Super SA Retirement Investment Fund

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

2022		Flexible Roller Product \$000	Income Stream \$000	Totals \$000
	Note			
<b>Opening balance as at 1 July</b>	<b>3</b>	<b>1 687 357</b>	<b>4 463 727</b>	<b>6 151 084</b>
Member contributions		93 137	-	93 137
Government co-contributions		82	-	82
Spouse contributions		778	-	778
Rollovers from other schemes		535 065	887 239	1 422 304
Income tax on rollovers		(51 230)	(66 506)	(117 736)
<b>Net contributions</b>		<b>577 832</b>	<b>820 733</b>	<b>1 398 565</b>
Benefits to members		(425 943)	(662 765)	(1 088 708)
Insurance premiums charged to members		(552)	-	(552)
Amounts allocated to members from reserves		9	1 085	1 094
Net benefits allocated to members, comprising:				
Net investment income		(82 061)	(235 069)	(317 130)
Net change in member liabilities		(2 163)	(4 205)	(6 368)
<b>Closing balance as at 30 June</b>		<b>1 754 479</b>	<b>4 383 506</b>	<b>6 137 985</b>

2021		Flexible Roller Product \$000	Income Stream \$000	Totals \$000
	Note			
<b>Opening balance as at 1 July</b>	<b>3</b>	<b>1 402 081</b>	<b>3 746 243</b>	<b>5 148 324</b>
Member contributions		75 764	-	75 764
Government co-contributions		64	-	64
Spouse contributions		297	-	297
Rollovers from other schemes		361 362	707 403	1 068 765
Income tax on rollovers		(34 552)	(51 780)	(86 332)
<b>Net contributions</b>		<b>402 935</b>	<b>655 623</b>	<b>1 058 558</b>
Benefits to members		(327 968)	(545 477)	(873 445)
Insurance premiums charged to members		(501)	-	(501)
Amounts allocated to members from reserves		95	159	254
Net benefits comprising:				
Net investment income		212 619	611 062	823 681
Net change in member liabilities		(1 904)	(3 883)	(5 787)
<b>Closing balance as at 30 June</b>	<b>3</b>	<b>1 687 357</b>	<b>4 463 727</b>	<b>6 151 084</b>

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

## Super SA Retirement Investment Fund

### Statement of Changes in Equity

for the year ended 30 June 2022

		Administration Fee Reserve	Insurance Reserve	Operational Risk Reserve	Over/(under) allocated benefits	Total Equity
<b>2022</b>		\$000	\$000	\$000	\$000	\$000
	Note	13	14	15		
<b>Opening balance</b>		<b>22 861</b>	<b>757</b>	<b>9 995</b>	<b>18 630</b>	<b>52 243</b>
Net operating result		(165)	487	(199)	(1 520)	(1 397)
Net transfers to equity		(8 976)	-	-	7 913	(1 063)
<b>Closing balance</b>		<b>13 720</b>	<b>1 244</b>	<b>9 796</b>	<b>25 023</b>	<b>49 783</b>

		Administration Fee Reserve	Insurance Reserve	Operational Risk Reserve	Over/(under) allocated benefits	Total Equity
<b>2021</b>		\$000	\$000	\$000	\$000	\$000
	Note	13	14	15		
<b>Opening balance</b>		<b>19 785</b>	<b>1 833</b>	<b>13 641</b>	<b>(23 745)</b>	<b>11 514</b>
Net operating result		4 387	850	3 633	33 395	42 265
Net transfers to equity		(1 311)	(1 926)	(7 279)	8 980	(1 536)
<b>Closing balance</b>		<b>22 861</b>	<b>757</b>	<b>9 995</b>	<b>18 630</b>	<b>52 243</b>

The statement of Changes in Equity should be read in conjunction with the accompanying notes

## Super SA Retirement Investment Fund

### Statement of Cash Flows

for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
GST recoup		749	294
Other income		80	14
Income tax		(11 062)	1 609
Administration expenses paid		(5 371)	(3 318)
<b>Net cash flows from operating activities</b>	12	<b>(15 604)</b>	<b>(1 401)</b>
Receipts from the sale of investments from Funds SA		1 694 404	1 401 296
Payments to Funds SA for the purchase of investments		(1 996 697)	(1 594 484)
<b>Net cash flows from investing activities</b>		<b>(302 293)</b>	<b>(193 188)</b>
Member contributions		93 137	75 779
Spouse contributions		778	297
Government co-contributions		82	64
Net transfers from other superannuation entities		1 423 218	1 065 555
Transfers from other schemes		(8 976)	8 976
Payments from Operational Risk Reserve		14	(5)
Income Stream payments		(660 124)	(544 506)
Flexible Rollover Product payments		(421 009)	(330 670)
Contributions tax paid		(117 736)	(86 332)
<b>Net cash flows from financing activities</b>		<b>309 384</b>	<b>189 158</b>
<b>Net change in cash</b>		(8 512)	(5 431)
Cash at the beginning of the financial period		32 615	38 046
<b>Cash at the end of the financial period</b>	12	<b>24 103</b>	<b>32 615</b>

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

## Super SA Retirement Investment Fund

### Notes to the Financial Statements

#### 1) Objectives and funding

##### a) *Super SA Retirement Investment Fund (the Fund)*

The Flexible Rollover Product and the Super SA Income Stream Product were introduced from April 2005 under the now repealed *Southern State Superannuation Act 1994* (the Act). The Fund was established under Section 47(B) of the repealed Act. The Fund is now continued under Part 3 Division 4 of the *Southern State Superannuation Regulations 2009* (the Regulations).

Part 3 Division 4 provides that the South Australian Superannuation Board (the Board) may provide investment services and the provision of other products and services for the benefit of persons who have retired or otherwise ceased to be employed.

Regulation 45 provides that the Board may accept money from public sector superannuation beneficiaries or the spouses of public sector beneficiaries.

The Fund comprises of two different products: the Flexible Rollover Product, and the Income Stream which also comprises two products: Income Stream and Transition to Retirement Income Stream (TRIS). Refer to Note 2(c)(k) for more information.

The Flexible Rollover Product may receive after tax investor contributions and rollovers from investors. The Income Stream may only receive rollovers from investors.

The Fund offers investors the opportunity to reinvest funds, providing them with tax advantages, low fees and choice of investment options.

The Fund is only available to investors who have retired, are reaching retirement age, or have terminated employment with the SA public sector. The Fund allows investors in the Flexible Rollover Product to maintain their current insurance through the Triple S Scheme, and provides access to non-preserved benefit amounts.

Benefits, represented by the balances of investors' accounts, are available to investors. The balance of individual investor entitlements is provided on annual statements forwarded to each investor.

Investor contributions are deposited by the Treasurer into the Fund which is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

The Fund is an exempt public sector superannuation entity and operates on a not-for-profit basis.

##### b) *South Australian Superannuation Board*

The purpose of this financial report is to discharge the responsibilities of the Board under section 15 of the Act and Section 45 of the Regulations, to maintain proper accounts of receipts and payments.

The Act charges the Board with responsibility for all aspects of the administration of the Act except for the management and investment of the assets relating to the Flexible Rollover Product and Income Stream.

## Super SA Retirement Investment Fund

### c) *Superannuation Funds Management Corporation of South Australia*

Funds SA is established under the *Superannuation Funds Management Corporation of South Australia Act 1995* (the Funds SA Act). Funds SA is responsible for the investment and management of funds pursuant to strategies formulated by Funds SA. The Fund is not Crown property and therefore operates in a taxed environment.

For further information on investment activities, reference should be made to the annual report of Funds SA. The financial report of Funds SA discloses the investment assets, liabilities, income and expenses relating to the investment activities of Funds SA

### d) *Funding Arrangements*

Investments by investors in one or more of the products available in the Fund are paid to the Board, and invested by Funds SA. All investments are the personal property of the investor who makes the investment, and, as such, are subject to tax on investment earnings where applicable.

## 2) Significant accounting policies

### a) *Basis of accounting*

This financial report is a general purpose financial report. The financial statements have been prepared in accordance with relevant Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board, Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987* (PFAA), except as provided below.

This financial report has been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

This financial report is presented in Australian currency and all amounts have been rounded to the nearest thousand dollars (\$000).

The Fund is a not-for-profit entity for the purpose of preparing financial statements.

### b) *Impact of standards and statements not yet effective*

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. The assessment of the impact of these new standards and interpretations is set out below.

The Board has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations on behalf of the Fund. There are no Accounting Policy Statements that are not yet effective. The material impacts on the Fund are outlined below.

*AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The standard replaces the reduced disclosure requirements previously included in all Australian Accounting Standards with simplified disclosure requirements which will apply to Tier 2 entities.

AASB 1053 Application of Tiers of Australian Accounting Standards will still apply in conjunction with AASB 1060. Application of AASB 1060 will significantly amend the content of Tier 2 financial reports.

## **Super SA Retirement Investment Fund**

The Fund is not a Tier 2 financial reporting entity. The Board has assessed the impact of the amendments of AASB 1060, and has determined there will be no impact on the Fund's financial statements.

### *AASB 2020-2 Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The standard removes the ability for certain for-profit private sector entities to self-assess their financial reporting requirements and prepare special purpose financial statements (SPF) when they are required to prepare financial statements that comply with Australian Accounting Standards (AAS).

The Fund is an exempt public sector superannuation scheme and operates on a not-for-profit basis. The Board has assessed the impact of the new standard on the Fund, and has determined there will be no impact on the Fund's financial statements.

### *AASB 2021-1 Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The Standard amends new elements of AASB 1053 and amends AASB 1060 for first-time application to provide not-for-profit entities with optional relief from presenting comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous general purpose financial statements. This relief is only applicable where AASB 1060 is early adopted.

Amendments to AASB 1053 highlight that the relief set out in Appendix E of AASB 1053 is available only to for-profit private sector entities.

The Fund operates on a not-for-profit basis and is not adopting AASB 1060. The Board has assessed the impact of the new standard on the Fund, and has determined there will be no impact on the Fund's financial statements.

### *AASB 2020-7 Amendments to Australian Accounting Standards - Covid-19 Related Rent Concessions: Tier 2 Disclosures*

This standard applies to reporting periods beginning on or after 1 July 2021. AASB 16 (June 2020) provides a practical expedient to elect not to assess whether rent concessions are lease modifications and allows entities to apply a change in lease payments resulting from rent concessions as per the requirements of AASB 16. This practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and where certain conditions are met. Additional disclosures were required where the practical expedient was applied. AASB 2020-7 amends AASB 16 to include relief for Tier 2 entities from the requirement of the additional disclosures required by paragraph 60A and introduces these disclosures in AASB 1060.

The Scheme does not hold any leases therefore AASB 2020-7 does not apply. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

## Super SA Retirement Investment Fund

### *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*

This standard applies to reporting periods beginning on or after 1 July 2021. This Standard amends AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities to provide relief in the first reporting period in which an entity applies AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2. An entity is not required to disclose the information that would otherwise be required by paragraph 106(b) of AASB 1060 in respect of the accounting policy changes made in applying AASB 2020-8.

The Scheme operates on a not-for-profit basis and is not adopting AASB 1060. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

#### **c) *Financial assets and liabilities***

##### **a) Classification**

The Fund classifies its financial assets and financial liabilities into the categories below in accordance with AASB 9.

##### *Financial assets and liabilities held for trading*

These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. All derivatives are classified as held for trading. Derivative financial instruments entered into by the Fund, if any, do not meet the hedge accounting criteria as defined by AASB 9. Consequently hedge accounting is not applied by the Fund.

##### *Financial instruments designated at fair value through profit or loss upon initial recognition*

These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund.

##### *Other financial liabilities*

This category includes all financial liabilities, other than those classified at fair value through profit or loss. Other financial liabilities are measured at their nominal amounts. Amounts are generally settled within 30 days of being recognised as other financial liabilities. Given the short-term nature of other financial liabilities, the nominal amount approximates fair value.

##### **b) Recognition**

The Fund 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 time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Fund commits to purchase or sell the asset.

##### **c) Initial Recognition**

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

## **Super SA Retirement Investment Fund**

Receivables and liabilities (other than those classified at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Fund recognises the difference in the income statement, unless specified otherwise.

### **d) Subsequent measurement**

After initial measurement, the Fund measures investments at fair value through profit or loss. Subsequent changes in the fair value of those investments are recorded as 'changes in investments measured at fair value' through the income statement. Interest earned is recorded in 'Interest revenue'.

### **e) 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 by the Fund.

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 best economic interest.

The Fund 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 financial statement note 5.

### **f) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash and deposits in Deposit Accounts held with the Department of Treasury and Finance (DTF), which are subject to an insignificant risk of changes in value.

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

### **g) Receivables and payables**

Receivables are carried at nominal amounts due that approximate fair value. Receivables are normally settled within 30 days. Payables are carried at nominal amounts that approximate fair value. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid, and for which the Fund is obliged to make future payments in respect of the purchase of these goods or services.

## Super SA Retirement Investment Fund

### **h) Benefits payable**

Benefits payable are valued at fair value and relate to members who are eligible to receive payment and provided the Fund with appropriate notification on or prior to 30 June 2022 but paid after 30 June 2022.

### **i) Insurance liabilities**

Insurance liabilities have been recognised and measured using the approach to measuring defined benefit member liabilities as required by AASB 1056. The Fund has adopted the equivalent AASB 1056 approved shortcut method that provides a valuation to meet the accrued insurance liabilities as at that date when they are expected to fall due.

### **j) Revenue recognition**

The specific recognition criteria described below must be met before revenue is recognised:

#### *Changes in fair values*

Changes in the fair value of investments invested with Funds SA 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 income statement.

#### *Interest*

Interest revenue on cash and other financial assets carried at fair value is recorded according to the terms of the contract and recognised in the income statement.

### **k) Taxation**

The Fund is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* and accordingly income tax has been brought to account in this financial report. The Flexible Rollover Product is subject to the concessional tax rate of 15 per cent. Income Stream is subject to an income tax rate of 0 per cent under federal tax law, but is able to take advantage of franking credits. The 2016-17 Federal Budget required that from 1 July 2017 the tax exemption on earnings of assets supporting transition to retirement income streams would be removed. As a result Transition to Income Stream is subject to the concessional tax rate of 15 per cent.

#### Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable benefits accrued for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial report and the corresponding tax base of those items.

## Super SA Retirement Investment Fund

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affect neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are estimated to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

### l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable, or
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

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.

### m) Foreign currency

The functional and presentation currency of the Fund is Australian dollars, which is the Fund's primary currency. The Fund's performance is evaluated and its liquidity 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.

### n) Investments

Funds SA provides investments measured at fair value. Below is the basis for valuation of these investments.

#### (i) Inflation Linked Securities Taxable

The Inflation Linked Securities Taxable portfolio invests in discretely managed portfolios and internal inflation linked securities. Discretely managed portfolios are invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date.

## Super SA Retirement Investment Fund

Internally managed inflation linked securities, the returns of which are linked to movements in either the Consumer Price Index or Average Weekly Earnings, have been valued using the discounted cash flow method. The valuation as at balance date was performed by an independent valuer.

(ii) Property Taxable

The Property Taxable portfolio comprises two sub sectors:

*Listed Property Trusts*

These investments comprise arrangements whereby professional fund managers are appointed under an investment management agreement to manage and invest in listed property securities and real estate investment trusts. Investments in this sub-sector are in pooled funds and have been valued in accordance with the valuations supplied by the managers.

*Unlisted property vehicles*

The unlisted property vehicles portfolio is invested and managed by external managers. Investments in this sub-sector have been valued in accordance with the valuations supplied by the managers.

(iii) Australian Equities Taxable

The Australian Equities Taxable portfolio comprises investments in listed Australian equities, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date.

(iv) International Equities Taxable

The International Equities Taxable portfolio comprises investments in equities listed on international share markets, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled international vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid rates applicable at balance date where applicable.

(v) Fixed Interest

Fixed Interest portfolios have exposure to domestic and global debt instruments and is managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

(vi) Diversified Strategies Growth Taxable

The Diversified Strategies Growth Taxable asset class incorporates two sub sectors:

*Private Markets Taxable*

The Private Markets Taxable portfolio comprises investments in Australian and international private equity funds, which are invested and managed by external managers. The valuation of private equity investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Both Australian and international private equity valuations are generally in accordance with the International Private Equity and

## Super SA Retirement Investment Fund

Venture Capital Valuation Guidelines Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

### *Core Infrastructure Taxable*

The Core Infrastructure Taxable portfolio comprises investments in Australian and international infrastructure pooled funds, which are invested and managed by external managers. The valuation of these investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

### (vii) Diversified Strategies Income

The Diversified Strategies Income asset class incorporates three sub sectors:

#### *Defensive Alternatives*

The Defensive Alternatives portfolio comprises investments in Australian and international pooled funds and is invested and managed by external managers. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

#### *Credit*

The Credit portfolio comprises investments in discretely managed investments and Australian and international pooled funds and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

#### *Growth Alternatives*

The Growth Alternatives portfolio comprises investments in discretely managed investments and Australian and international pooled funds and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

### (viii) Cash

The Cash portfolio comprises investments in a discretely managed investment which is managed by an external manager and is valued by the custodian appointed to hold the assets using market prices applicable at balance date. Deposits at call have been valued on the basis of principal plus accrued interest.

### (ix) Socially Responsible

The Socially Responsible portfolio actively incorporates the consideration of environmental, social and governance factors in their investment decisions and avoids investing in companies operating in areas of high negative social impact. The portfolio

## **Super SA Retirement Investment Fund**

comprises investments in equities listed on Australian and international share markets and is invested and managed by external managers along with a number of international and domestic pooled fund investments.

Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid rates applicable at balance date where applicable.

### **o) Operation of investment portfolio**

Funds SA is responsible for the investment and management of the Fund's funds pursuant to strategies formulated by Funds SA (refer Note 1 (c)). Funds SA operates a multi layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2022, Funds SA managed seven (2021: eight) distinct investment options for the Fund which were available to investors, each differing by strategic asset allocation:

- High Growth
- Balanced
- Moderate
- Stable (previously known as Conservative)
- Capital Defensive
- Cash
- Socially Responsible

Reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to each of the investment options discussed in the preceding paragraphs.

### **p) Significant accounting judgements, estimates and assumptions**

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

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

#### *Fair value of investments*

When the fair values of the investments 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 including a discounted cash flow model. The inputs in these 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 these investments.

## Super SA Retirement Investment Fund

### q) Climate change financial risks

In November 2021, Australian Prudential Regulation Authority (APRA) released Prudential Practice Guide CPG 229 Climate Change Financial Risks. CPG 229 does not impose new requirements in relation to climate risks, rather, it supports compliance with APRA's existing risk management and governance requirements and guidance. The Board and Super SA, consider financial risks of climate change, including physical climate risks, transition climate risks, and liability risks as part of the overall Super SA Risk Management Strategy.

Additionally, as identified in note 1. above, the investments of the fund, are managed by Funds SA. Funds SA, in turn is committed to risk management and maintains a rigorous and proactive approach to identifying and managing investment risk, including the risks associated with climate change. Funds SA has developed a Climate Change Position Statement and Climate Risk Response Plan to support its approach in this area. Please refer to the Funds SA website for further detail.

### 3) Member benefit liabilities

Members are defined contribution members and bear the investment risk relating to the underlying assets and unit prices used to measure the member liabilities. Member account balances are determined by unit prices that are determined based on the underlying investment movements. Unit prices are updated daily. Refer to Note 16 for the Fund's management of the investment risks.

	Flexible Rollover Product		Income Stream		Totals	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
Member benefits	1 754 479	1 687 357	4 383 506	4 463 727	6 137 985	6 151 084
As compared to net assets available for member benefits	1 769 073	1 708 177	4 418 695	4 495 150	6 187 768	6 203 327

### 4) Receivables

	Flexible Rollover Product		Income Stream		Totals	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
Refund from ATO for GST	12	29	34	74	46	103
Interest	-	-	-	-	-	-
Funds SA receivables	607	2 755	3 156	4 084	3 763	6 839
Other receivables	-	38	-	42	-	80
Contributions receivables	-	-	-	-	-	-
Rollovers receivable	-	-	-	-	-	-
	<b>619</b>	<b>2 822</b>	<b>3 190</b>	<b>4 200</b>	<b>3 809</b>	<b>7 022</b>

## Super SA Retirement Investment Fund

### 5) Fair value of financial instruments

#### *Classification of financial Instruments under the fair value hierarchy*

AASB 13 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 (unadjusted) 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.

Valuations are the responsibility of the Board. The valuation of investments is performed daily and are subject to quality assurance procedures.

After the checks above have been performed the Board considers the valuation results, including assumptions used in the valuations.

The Board also considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods are applied to support the valuation arising from the method chosen.

#### *Valuation technique*

The Scheme's investments are not quoted in an active market. To ensure fair value can be determined, the Scheme's investment manager, Funds SA, applies due diligence and considers valuation techniques and inputs used in valuing the funds, prior to investing. In measuring fair value, consideration is given to the amounts for which financial assets can be sold, excluding transaction costs. The Scheme classifies these funds as Level 2.

There were no changes in valuation techniques during the year.

#### **Financial assets at fair value through profit or loss – Level 2**

Level 1 and level 3 are not relevant to the Scheme

	Flexible Rollover Product		Income Stream		Totals	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
Unlisted managed investment schemes	1 782 423	1 742 837	4 410 304	4 504 109	6 192 727	6 246 946
Funds SA	1 782 423	1 742 837	4 410 304	4 504 109	6 192 727	6 246 946

## Super SA Retirement Investment Fund

### 6) Value and movement of investments by investment option

	2022	Movement	2021
	\$000	\$000	\$000
<b>Income Stream</b>			
High Growth Taxable	332 689	(36 369)	369 058
Balanced Taxable	1 831 739	(108 848)	1 940 587
Moderate Taxable	778 597	38 353	740 244
Stable Tax-Exempt <sup>(i)</sup>	556 180	(2 176)	558 356
Capital Defensive Taxable	178 783	(21 500)	200 283
Cash Taxable	223 011	104 570	118 441
Socially Responsible Investment	75 565	20 400	55 165
<b>Investments at 30 June</b>	<b>3 976 564</b>	<b>(5 570)</b>	<b>3 982 134</b>
<b>Income Stream (Transition to Retirement)</b>	2022	Movement	2021
	\$000	\$000	\$000
High Growth Taxable	43 360	(13 984)	57 343
Balanced Taxable	207 466	(76 533)	283 999
Moderate	88 557	(6 974)	95 532
Stable Tax-Exempt <sup>(i)</sup>	49 558	112	49 446
Capital Defensive Taxable	8 630	(879)	9 510
Cash Taxable	23 716	7 892	15 823
Socially Responsible Investment	12 453	2 131	10 322
<b>Investments at 30 June</b>	<b>433 740</b>	<b>(88 235)</b>	<b>521 975</b>
<b>Flexible Rollover Product</b>	2022	Movement	2021
	\$000	\$000	\$000
High Growth Taxable	237 920	(25 040)	262 960
Balanced Taxable	876 803	12 982	863 821
Moderate	207 630	(9 367)	216 998
Stable Tax-Exempt <sup>(i)</sup>	179 916	366	179 550
Capital Defensive Taxable	98 153	2 624	95 529
Cash Taxable	143 470	51 314	92 155
Socially Responsible Investment	38 531	6 707	31 824
<b>Investments at 30 June</b>	<b>1 782 423</b>	<b>39 586</b>	<b>1 742 837</b>
<b>Total</b>	2022	Movement	2021
	\$000	\$000	\$000
High Growth Taxable	613 969	(75 393)	689 361
Balanced Taxable	2 916 008	(172 399)	3 088 407
Moderate Taxable	1 074 784	22 012	1 052 774
Stable Tax-Exempt <sup>(i)</sup>	785 651	(1 698)	787 352
Capital Defensive Taxable	285 566	(19 755)	305 322
Cash Taxable	390 197	163 776	226 419
Socially Responsible Investment	126 549	29 238	97 311
<b>Investments at 30 June</b>	<b>6 192 727</b>	<b>(54 219)</b>	<b>6 246 946</b>

## Super SA Retirement Investment Fund

### 7) Payables

	Flexible Rollover Product		Income Stream		Totals	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
Audit fees payable	14	12	34	37	48	49
Administration fees	187	288	558	912	745	1 200
Contributions refundable	-	-	568	-	568	-
Rollovers refundable	331	-	-	-	331	-
	<b>532</b>	<b>300</b>	<b>1 160</b>	<b>949</b>	<b>1 692</b>	<b>1 249</b>

### 8) Investment expenses

	Flexible Rollover Product		Income Stream		Totals	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Investment expenses</b>	<b>5 366</b>	<b>5 100</b>	<b>13 569</b>	<b>13 479</b>	<b>18 935</b>	<b>18 579</b>

Direct Investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's funds under management.

### 9) Administration expenses

	Flexible Rollover Product		Income Stream		Totals	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
Administration fee	1 063	1 006	3 109	3 196	4 172	4 202
Other expenses <sup>(i)</sup>	15	12	36	40	51	52
	<b>1 078</b>	<b>1 018</b>	<b>3 145</b>	<b>3 236</b>	<b>4 223</b>	<b>4 254</b>

<sup>(i)</sup> Other expenses include Auditor's remuneration. Refer Note 10.

### 10) Auditors' remuneration

	2022	2021
	\$000	\$000
Audit fees paid or payable	46	45

Audit fees paid (or payable), \$45 700 GST exclusive (2021: \$44 600), relate to the Auditor-General's Department work performed under the PFAA. No other services were provided by the Auditor-General's Department.

**Super SA Retirement Investment Fund**

**11) Income tax**

	Flexible Rollover		Income Stream		Totals	
	Product		2022	2021	2022	2021
	2022	2021				
<b>Major components of tax expense (expense)/benefit</b>						
<b>(a) Current income tax (expense)/benefit</b>						
Current tax charge	(858)	(15 713)	15 069	(12 976)	14 211	(28 689)
Adjustment to current tax charge for prior periods	135	(112)	14 834	16	14 969	(96)
Relating to the originating and reversal of temporary differences	13 089	(9 678)	4 640	(4 825)	17 729	(14 503)
<b>Income tax (expense)/benefit</b>	<b>12 366</b>	<b>(25 503)</b>	<b>34 543</b>	<b>(17 785)</b>	<b>46 909</b>	<b>(43 288)</b>
Reconciliation between income tax expenses and the accounting profit before income tax						
Net operating result before tax	(18 588)	39 508	(29 718)	46 045	(48 306)	85 553
Tax applicable at the rate of 15% (2021: 15%)	2 788	(5 926)	4 458	(6 907)	7 246	(12 833)
Tax effect of expenses that are not assessable/or deductible in determining taxable income:						
Non deductible expenses	-	-	(257)	(91)	(257)	(91)
Tax effect of income/(losses) that are not assessable/or deductible in determining taxable income:						
Investment revenue	(10 018)	8 722	(29 183)	52 459	(39 201)	61 181
Exempt pension income	-	-	23 519	20 807	23 519	20 807
Tax effect of other adjustments:						
Imputation and foreign tax credits	6 934	3 307	15 112	6 941	22 046	10 248
(Over)/under provision prior period	(134)	(112)	(14 834)	16	(14 968)	(96)
Self insurance deduction	80	76	-	-	80	76
Net benefit allocated to members	12 715	(31 546)	35 728	(91 101)	48 443	(122 647)
Deductible financial planning fees	1	(24)	-	-	1	(24)
<b>Income tax (expense)/benefit</b>	<b>12 366</b>	<b>(25 503)</b>	<b>34 543</b>	<b>(17 785)</b>	<b>46 909</b>	<b>(43 379)</b>
<b>(b) Current tax liabilities</b>						
Balance at beginning of year	21 413	9 152	26 130	7 996	47 543	17 148
Income tax paid - current period	(43 973)	(28 852)	(52 251)	(38 626)	(98 224)	(67 478)
Income tax paid - prior periods	(21 279)	(9 264)	(11 296)	(7 981)	(32 575)	(17 245)
Current years income tax provision	52 088	50 265	51 438	64 757	103 526	115 022
(Over)/under provision prior period	(134)	112	(14 834)	(16)	(14 968)	96
<b>Current tax liabilities</b>	<b>8 115</b>	<b>21 413</b>	<b>(813)</b>	<b>26 130</b>	<b>7 302</b>	<b>47 543</b>

## Super SA Retirement Investment Fund

### Income tax cont.

	Flexible Rollover Product		Income Stream		Totals	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000

### (c) Deferred tax liabilities/(assets)

The amount of deferred tax liability recognised in the Statement of Financial Position at reporting date is made up as follows:

Accrued expenses	(2)	(2)	(1)	(1)	(3)	(3)
Unrealised capital gains /(losses) carried forward (discounted)	8 036	21 125	(1 067)	3 573	6 969	24 698
<b>Deferred tax liabilities/(assets)</b>	<b>8 034</b>	<b>21 123</b>	<b>(1 068)</b>	<b>3 572</b>	<b>6 966</b>	<b>24 695</b>

The Scheme offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets.

### 12) Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash and deposits in the Flexible Rollover Product and Income Stream Deposit Accounts held with DTF. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related item in the statement of financial position as follows:

	Flexible Rollover Product		Income Stream		Totals	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	11 395	9 536	12 708	23 079	24 103	32 615

### Reconciliation of operating result to net cash from operating activities

Net operating result	(6 222)	14 005	4 825	28 260	(1 397)	42 265
Adjustments for:						
Change in investments measured at fair value	96 257	(253 295)	244 396	(658 636)	340 653	(911 931)
Investment expenses	5 366	5 100	13 569	13 479	18 935	18 579
Administration fee received	-	(1 158)		(3 414)		(4 572)
Net insurance movement	(984)	(441)	-	-	(984)	(441)
(Increase) in receivables	2 090	(1 833)	1 010	(4 017)	3 100	(5 850)
Increase/(decrease) in payables	(27 428)	22 625	(24 985)	20 030	(52 413)	42 655
Allocation to members accounts	(84 224)	210 715	(239 274)	607 179	(323 498)	817 894
<b>Net cash (outflows)/inflows from operating activities</b>	<b>(15 145)</b>	<b>(4 282)</b>	<b>(459)</b>	<b>2 881</b>	<b>(15 604)</b>	<b>(1 401)</b>

## Super SA Retirement Investment Fund

### 13) Administration Fee Reserve

The surplus attributable to administration fees for both Income Stream and Flexible Rollover Product included in funds under management were initially recognised in March 2014 as Administration Reserves. The reserves are credited with administration fees deducted from member accounts and debited with the costs incurred in administering the funds.

	Flexible Rollover Product		Income Stream		Totals	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Opening balance</b>	5 576	(202)	17 285	19 987	22 861	19 785
Investment earnings <sup>(i)</sup>	(223)	102	(649)	3 941	(872)	4 043
Administration fees	1 252	1 120	3 628	3 372	4 880	4 492
Administration expenses	(1 064)	(990)	(3 109)	(3 158)	(4 173)	(4 148)
<b>Operating result</b>	(35)	232	(130)	4 155	(165)	4 387
Transfer to/(from) Reserve <sup>(ii)</sup>	(1 093)	5 546	(7 883)	(6 857)	(8 976)	(1 311)
<b>Closing balance</b>	<b>4 448</b>	<b>5 576</b>	<b>9 972</b>	<b>17 285</b>	<b>13 720</b>	<b>22 861</b>

<sup>(i)</sup> The Administration Reserves are notionally invested in the Balanced Option. The rate of return on earnings were FRP: -4.92 per cent (2021: 19.44 per cent), IS -5.78 per cent (2021: 21.30 per cent) and TRIS -2.64 per cent (2021: 19.9 per cent).

<sup>(ii)</sup> The Flexible Rollover Product amount relates to the Board approved reversal of the transfers of accumulated investment earnings from the Triple S Scheme's Insurance Reserve (\$1.1 million). The Income Stream amount relates to the Board approved reversal of the transfers of accumulated investment earnings from the Triple S Scheme's Insurance Reserve (\$7.9 million).

### 14) Insurance Reserve

The surplus attributable to the insurance pool for the Flexible Rollover Product was initially recognised in March 2014 as an Insurance Reserve and operates on a self insurance basis. This reserve is credited with insurance deductions from member accounts and debited with the value of benefits paid to members. Insurance is not offered through Income Stream.

	Flexible Rollover Product		Income Stream		Totals	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Opening balance</b>	757	1 833	-	-	757	1 833
Investment earnings <sup>(i)</sup>	(65)	349	-	-	(65)	349
Premiums and charges	552	501	-	-	552	501
<b>Operating result</b>	487	850	-	-	487	850
Transfer to/(from) Reserve <sup>(ii)</sup>	-	(1 926)	-	-	-	(1 926)
<b>Closing balance</b>	<b>1 244</b>	<b>757</b>	<b>-</b>	<b>-</b>	<b>1 244</b>	<b>757</b>

<sup>(i)</sup> The Insurance Reserve is notionally invested in the Balanced option. The rate of return on earnings was -4.92 per cent (2021: 19.44 per cent).

## Super SA Retirement Investment Fund

### 15) Operational Risk Reserve

The Operational Risk Reserves (ORR) for Income Stream and Flexible Rollover Product were established at 31 December 2012 at 0.20 per cent of funds under management. From April 2016, members were charged a fee (0.04 per cent FRP, 0.05 per cent IS/TRIS) via a reduction to the unit prices in order to build the reserves to a target rate (0.45 per cent FRP, 0.20 per cent IS/TRIS) of funds under management. From March 2018, the fee charged to FRP members was increased from 0.04 per cent to 0.05 per cent, IS/TRIS remained unchanged at 0.05 per cent until June 2019. From July 2019 to December 2019 the fee charged to IS/TRIS members was reduced to 0.025 per cent, from January 2020 the rate was further reduced to 0.0125 per cent and remained unchanged for the year ended 30 June 2022. The FRP rate again remained unchanged at 0.05 per cent for the year.

	Flexible Rollover Product		Income Stream		Totals	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Opening balance</b>	5 072	3 649	4 923	9 992	9 995	13 641
Investment earnings <sup>(i)</sup>	(296)	734	(297)	1 858	(593)	2 592
ORR fee	911	784	577	511	1 488	1 295
Payments from Reserve	(9)	(95)	(1 085)	(159)	(1 094)	(254)
<b>Operating result</b>	606	1 423	(805)	2 210	(199)	3 633
Transfer to/(from) Reserve <sup>(ii)</sup>	-	-	-	(7 279)	-	(7 279)
<b>Closing balance</b>	<b>5 678</b>	<b>5 072</b>	<b>4 118</b>	<b>4 923</b>	<b>9 796</b>	<b>9 995</b>

<sup>(i)</sup> The ORRs are notionally invested in the Balanced Option. The rate of return on earnings were FRP: -4.92 per cent (2021: 19.44 per cent), IS -5.78 per cent (2021: 21.30 per cent) and TRIS -2.64 per cent (2021: 19.9 per cent).

### 16) Financial risk management objectives and policies

The Fund's investments are managed by Funds SA predominantly by the appointment of investment managers as determined by the Funds SA Board. Each investment manager is required to invest the assets in accordance with the terms of a written mandate. The Funds SA Board has determined that the appointment of these managers is appropriate for the Fund and is in accordance with the Fund's investment strategy. The Funds SA Board obtains regular reports from each manager on the nature of the investments made on its behalf and the associated risks.

The allocation of assets between the various types of financial instruments is determined by the Funds SA Board. Divergence from target asset allocations and the composition of the portfolio is monitored by the Funds SA Board on a regular basis.

The Fund's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk.

## Super SA Retirement Investment Fund

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Fund's investment risk management framework.

The Fund's investment risk management policies are established to identify and analyse the risks faced by the Fund, including those risks managed by the Fund's investment managers, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Board receives regular reports from Funds SA concerning compliance with the Fund's investment objectives.

### **a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and sub-markets, and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

#### **(i) Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates.

The Fund's currency risk is managed by Funds SA as investments include assets denominated in foreign currencies.

Funds SA strategic policy for the management of its foreign currency exposure is as follows:

- foreign currency exposures in the Private Markets Tax-Exempt, Private Markets Taxable, Core Infrastructure Tax- Exempt, Core Infrastructure Taxable, Credit, Long Term Fixed Interest and Inflation Linked Securities Taxable asset classes are fully hedged to Australian dollars, and
- foreign currency exposures over the developed markets component of the International Equities Tax-Exempt, International Equities Taxable, International Equities Passive Tax-Exempt and International Equities Passive Taxable asset classes are partly hedged to Australian dollars.

For the purpose of managing foreign currency risk, within defined constraints, the exposure to foreign currency can be varied from the strategic policy stated above.

## Super SA Retirement Investment Fund

### (ii) Interest rate risk

Interest rate risk is the risk that a movement in interest rates will cause the value of fixed interest securities to deviate from expectations.

The Fund's interest rate risk is managed by Funds SA, as investments include fixed interest securities.

Funds SA manages interest rate risk through:

- ensuring asset allocations of different investment products are consistent with the time horizon of each, and
- the use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.

### (iii) Other market price risk

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

As the Fund's financial instruments are valued at fair value with changes in fair value recognised in the income statement, all changes in market conditions will directly affect investment revenue.

The Fund's other market price risk is managed by Funds SA, as investments include financial instruments exposed to market prices.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and sub markets, and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

### (iv) Investments sensitivity analysis

The Funds SA Board has determined that its forecast risk/return profile provides a reasonable measure of the sensitivity of the expected returns in each investment option. The following tables show the standard deviation around expected nominal returns for each investment option.

## Super SA Retirement Investment Fund

### Income Stream

The statistics shown below are averages calculated over 10 years, net of investment management fees and gross of tax. These investment statistics have a zero per cent tax rate applied and includes franking credits.

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
<b>2022</b>				
<b>Investment Option</b>				
High Growth Taxable	7.0	10.4	350 874	36 491
Balanced Taxable	6.3	9.0	1 886 163	169 755
Moderate Taxable	4.8	6.7	759 421	50 881
Stable Tax-Exempt <sup>(i)</sup>	4.0	5.1	557 268	28 421
Capital Defensive Taxable	3.3	3.8	189 533	7 202
Cash Taxable	0.0	0.5	170 726	854
Socially Responsible Investment	5.4	8.9	65 365	5 817

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
<b>2021</b>				
<b>Investment Option</b>				
High Growth B	7.9	10.9	225 286	24 556
Balanced Taxable	7.3	10.0	1 707 230	170 723
Moderate Taxable	5.8	7.1	646 122	45 875
Stable Tax-Exempt <sup>(i)</sup>	4.7	5.1	492 535	25 119
Capital Defensive Taxable	3.4	3.5	210 799	7 378
Cash Taxable	0.3	1.0	184 141	1 841
Socially Responsible Investment	6.3	10.2	46 467	4 740

## Super SA Retirement Investment Fund

### Income Stream Transition to Retirement

The statistics shown below are averages calculated over 10 years, net of investment management fees and gross of tax. These investment statistics have a 15 per cent tax rate applied and includes franking credits.

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/- ) on Income Statement
	%	%	\$000	\$000
<b>2022</b>				
<b>Investment Option</b>				
High Growth Taxable	6.2	10.3	50 352	5 186
Balanced Taxable	5.6	9.0	245 733	22 116
Moderate Taxable	4.3	6.7	92 045	6 167
Stable Tax-Exempt <sup>(i)</sup>	3.5	5.1	49 502	2 525
Capital Defensive Taxable	2.9	3.8	9 070	345
Cash Taxable	0.0	0.5	19 770	99
Socially Responsible Investment	4.7	8.9	11 388	1 013
	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/- ) on Income Statement
	%	%	\$000	\$000
<b>2021</b>				
<b>Investment Option</b>				
High Growth Taxable	7.0	10.9	39 467	4 302
Balanced Taxable	6.4	10.0	275 807	27 581
Moderate Taxable	5.1	7.1	87 763	6 231
Stable Tax-Exempt <sup>(i)</sup>	4.1	5.1	44 770	2 283
Capital Defensive Taxable	3.0	3.5	13 436	470
Cash Taxable	0.3	1.0	26 378	264
Socially Responsible Investment	5.9	10.3	7 189	740

## Super SA Retirement Investment Fund

### Flexible Rollover Product

The statistics shown below are averages calculated over 10 years, net of investment management fees and gross of tax. These investment statistics have a 15 per cent tax rate applied and includes franking credits.

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/- ) on Income Statement
	%	%	\$000	\$000
<b>2022</b>				
<b>Investment Option</b>				
High Growth Taxable	6.2	10.3	250 440	25 795
Balanced Taxable	5.6	9.0	870 312	78 328
Moderate Taxable	4.3	6.7	212 314	14 225
Stable Tax-Exempt <sup>(i)</sup>	3.5	5.1	179 733	9 166
Capital Defensive Taxable	2.9	3.8	96 841	3 680
Cash Taxable	0.0	0.5	117 813	589
Socially Responsible Investment	4.7	8.9	35 178	3 131

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/- ) on Income Statement
	%	%	\$000	\$000
<b>2021</b>				
<b>Investment Option</b>				
High Growth Taxable	7.0	10.9	169 693	18 497
Balanced Taxable	6.4	10.0	750 165	75 016
Moderate Taxable	5.1	7.1	193 338	13 727
Stable Tax-Exempt <sup>(i)</sup>	4.1	5.1	160 121	8 166
Capital Defensive Taxable	3.0	3.5	95 288	3 335
Cash Taxable	0.3	1.0	126 076	1 261
Socially Responsible Investment	5.9	10.3	26 156	2 694

(i) Stable was previously known as the Conservative option.

Market risk is a useful historical measure of the variability of returns earned by an investment portfolio. The market risk shown above represents the range at which actual future returns are expected to occur either side of the nominal return approximately two thirds of the time.

The dollar value of the potential impact on the income statement arising from the market risk is indicative only. The impacts are not additive across investment asset classes, as each asset class operates in different markets and is subject to different conditions.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

## **Super SA Retirement Investment Fund**

### **b) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The fair value of financial assets, included in the statement of financial position represents the Fund's maximum exposure to credit risk in relation to those assets. Funds SA is the Fund's only significant exposure to any individual counterparty or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

The Fund does not have any assets which are past due or impaired and there is no concentration of credit risk other than Funds SA.

### **c) Liquidity risk**

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

For the Fund's investments, Funds SA manages liquidity risk as follows:

- by giving careful consideration to the expected net cash redemption requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions,
- a large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities,
- reporting and monitoring the liquidity of the fund on a daily basis to ensure prospective client cash outflows and switches can be met,
- by undertaking portfolio management and rebalancing activities, and
- by undertaking regular stress testing on liquidity positions to identify sources of liquidity strain before they are realised.

For the Fund itself, the liquidity position is monitored on a daily basis. The Fund's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, expenses and investing activities.

## Super SA Retirement Investment Fund

The following tables summarise the expected maturity profile of the Fund's financial liabilities based on the earliest date on which the Fund can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

	Less than 3 Months \$000	Total Contractual Cash Flows \$000	Carrying Amount Liabilities \$000
<b>2022</b>			
Benefits payable Payables <sup>(i)</sup>	16 349	16 349	16 349
Vested benefits <sup>(ii)</sup>	6 137 985	6 137 985	6 137 985
<b>Total</b>	<b>6 154 334</b>	<b>6 154 334</b>	<b>6 154 334</b>
<b>2021</b>			
Benefits payable Payables <sup>(i)</sup>	8 821	8 821	8 821
Vested benefits <sup>(ii)</sup>	-	-	-
	6 151 084	6 151 084	6 151 084
<b>Total</b>	<b>6 159 905</b>	<b>6 159 905</b>	<b>6 159 905</b>

(i) Payable amounts disclosed here exclude amounts relating to constructive obligations and statutory payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees).

(ii) Vested benefits have been included in the "Less than 3 months" column, as this is the amount that members could call upon as at balance date. This is the earliest date on which the Scheme can be required to pay members vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

### d) Derivative financial instruments

Derivatives can be defined as financial contracts whose value depends on, or is derived from, assets, liabilities, reference rates or indices. Funds SA uses derivatives to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively. Funds SA uses a variety of derivative instruments, such as over the counter swap agreements, forward rate agreements, futures and options.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers for the purposes described above.

### 17) Unallocated to members' accounts

Defined contribution funds carry a proportion of amounts yet to be allocated. This unallocated amount arises because the financial report of the Fund is prepared on an accrual basis while monies are allocated to members on a cash basis.

The Fund also values the investments reported in the financial statements at fair value (refer Notes 2(c)(e) and 5), while the unit prices used to determine the member benefit liabilities are based on the underlying investment movements using redemption value (refer Note 3). The redemption value is adjusted for disposal costs. This difference in valuation methods is reflected in the investment allocation amount in the statement of financial position.

## **Super SA Retirement Investment Fund**

### **18) Segment information**

The Fund operates in one reportable segment, being the provision of benefits to members. The Fund also operates from one reportable geographic segment, being Australia, from where its activities are managed. While the Fund operates from Australia only, the Fund, through its investment managers Funds SA, has investment exposures in different countries and across different industries. Revenue derived from interest and the realised and unrealised changes from the different segments is reflected in the value of investments.

### **19) Related parties**

#### **a) Key management personnel**

The key management personnel of the Fund includes the Treasurer, Board members and the Chief Executive and the six members of the Executive Leadership Team, State Superannuation Office who have responsibility for the strategic direction and management of the Fund.

#### **b) Compensation**

All key management personnel are compensated by the Department of Treasury and Finance or the Board, therefore their compensation is disclosed in the respective financial reports.

#### **c) Transactions with key management personnel and other related parties**

There were no transactions requiring disclosure for key management personnel or related parties.

#### **d) Transactions with other government entities**

There were no significant transactions with government entities other than those disclosed elsewhere in the financial statements.

### **20) Events after the reporting period**

There were no significant events after the reporting period.

## Super SA Retirement Investment Fund

### Certification of the financial statement

We certify that the:

- financial statements of the Super SA Retirement Investment Fund:
  - are in accordance with the accounts and records of the Fund,
  - comply with relevant Treasurer's instructions,
  - comply with relevant accounting standards, and
  - present a true and fair view of the financial position of the Fund at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Fund for the financial year over its financial reporting and its preparation of the financial statements have been effective.



Virginia Deegan  
Board Member  
SA Superannuation Board



Patrick McAvaney  
A/Chief Executive  
State Superannuation Office



Mark Hordacre  
Director Finance  
State Superannuation Office

Date 15/9/2022.....



Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000

Tel +618 8226 9640  
Fax +618 8226 9688

ABN 53 327 061 410

audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

**To the Board Member  
South Australian Superannuation Board  
South Australian Ambulance Service Superannuation Scheme**

## Opinion

I have audited the financial report of South Australian Ambulance Service Superannuation Scheme for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Ambulance Service Superannuation Scheme as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Financial Position as at 30 June 2022
- an Income Statement for the year ended 30 June 2022
- a Statement of Changes in Member Benefits for the year ended 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Board Member of the South Australian Superannuation Board, the Acting Chief Executive, State Superannuation Office and the Director, Finance, State Superannuation Office.

## Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of South Australian Ambulance Service Superannuation Scheme. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of the Acting Chief Executive, State Superannuation Office and members of the South Australian Superannuation Board for the financial report**

The Acting Chief Executive, State Superannuation Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines 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 Acting Chief Executive, State Superannuation Office is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Acting Chief Executive, State Superannuation Office is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The members of the South Australian Superannuation Board are responsible for overseeing the entity's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 9 of schedule 3 of the *Superannuation Act 1988*, I have audited the financial report of South Australian Ambulance Service Superannuation Scheme for the financial year ended 30 June 2022.

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 South Australian Ambulance Service Superannuation Scheme's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Chief Executive
- conclude on the appropriateness of the Acting Chief Executive, State Superannuation Office'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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with Acting Chief Executive, State Superannuation Office and the South Australian Superannuation Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

23 September 2022

## South Australian Ambulance Service Superannuation Scheme

### Statement of Financial Position

as at 30 June 2022

	Note	2022 \$000	2021 \$000
<b>Assets</b>			
Cash and cash equivalents	13	665	839
Contributions receivable		2	5
Receivables	7	10	11
Investments	5, 6	292 747	320 722
<b>Total assets</b>		<b>293 424</b>	<b>321 577</b>
<b>Liabilities</b>			
Benefits payable		545	30
Payables	8	212	366
Insurance liabilities		523	533
Income tax liabilities	14(b)	1 017	3 167
Deferred tax liabilities	14(c)	4 910	8 418
<b>Total liabilities excluding member benefits</b>		<b>7 207</b>	<b>12 514</b>
<b>Net assets available for member benefits</b>		<b>286 217</b>	<b>309 063</b>
Defined benefit member liabilities	3	192 810	198 075
Defined contribution member liabilities	4	70 673	72 294
<b>Total member benefits</b>		<b>263 483</b>	<b>270 369</b>
<b>Total net assets</b>		<b>22 734</b>	<b>38 694</b>
<b>Equity</b>			
Insurance Reserve	15	1 707	1 675
Operational Risk Reserve	16	795	830
Defined benefits that are over funded		20 232	36 189
<b>Total equity</b>		<b>22 734</b>	<b>38 694</b>

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

### Income Statement

for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
Net changes in investments measured at fair value		(15 900)	59 663
<b>Total revenue</b>		<b>(15 900)</b>	<b>59 663</b>
Investment expenses	9	(1 053)	(1 061)
Administration expenses	10	(391)	(382)
<b>Total expenses</b>		<b>(1 444)</b>	<b>(1 443)</b>
<b>Results from superannuation activities</b>		<b>(17 344)</b>	<b>58 220</b>
Net insurance activities		(300)	(284)
<b>Net operating result</b>		<b>(17 644)</b>	<b>57 936</b>
Net change in defined benefit member liabilities		(1 629)	(17 542)
Allocation (to)/from defined contribution member accounts		397	(13 176)
<b>Results from operating activities before tax</b>		<b>(18 876)</b>	<b>27 218</b>
Income tax (expense)/benefit	14(a)	2 917	(5 820)
<b>Net operating result</b>		<b>(15 959)</b>	<b>21 398</b>

The income statement should be read in conjunction with the accompanying notes

## South Australian Ambulance Service Superannuation Scheme

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

2022	Note	Defined Benefit Component \$000	Defined Contribution Component \$000	Totals \$000
<b>Opening balance as at 1 July</b>		<b>198 075</b>	<b>72 294</b>	<b>270 369</b>
Employer contributions	12	5 500	2 016	7 516
Member contributions		-	1 166	1 166
Transfers from other super entities		-	165	165
Government co-contributions		-	7	7
Contributions tax		(775)	(284)	(1 059)
<b>Net contributions</b>		<b>4 725</b>	<b>3 070</b>	<b>7 795</b>
Benefits to members		(11 872)	(4 351)	(16 223)
Insurance premiums charged to members		-	(36)	(36)
Insurance benefits credited to members		253	93	346
Net benefits allocated to members, comprising:				
Net investment income		-	(397)	(397)
Administration fees				
Net change in member liabilities		1 629	-	1 629
<b>Closing balance as at 30 June</b>		<b>192 810</b>	<b>70 673</b>	<b>263 483</b>

2021	Note	Defined Benefit Component \$000	Defined Contribution Component \$000	Totals \$000
<b>Opening balance as at 1 July</b>		<b>188 303</b>	<b>60 539</b>	<b>248 842</b>
Employer contributions	12	5 977	2 181	8 158
Member contributions		-	1 155	1 155
Transfers from other super entities		-	297	297
Government co-contributions		-	2	2
Contributions tax		(851)	(311)	(1 162)
<b>Net contributions</b>		<b>5 126</b>	<b>3 324</b>	<b>8 450</b>
Benefits to members		(13 103)	(4 783)	(17 886)
Insurance premiums charged to members		-	(38)	(38)
Insurance benefits credited to members		207	76	283
Net benefits comprising:				
Net investment income		-	13 176	13 176
Net change in member liabilities		17 542	-	17 542
<b>Closing balance as at 30 June</b>		<b>198 075</b>	<b>72 294</b>	<b>270 369</b>

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

## South Australian Ambulance Service Superannuation Scheme

### Statement of Changes in Equity

for the year ended 30 June 2022

		Insurance Reserve	Operational Risk Reserve	Over/(under) allocated benefits	Total Equity
<b>2022</b>	Note	\$000	\$000	\$000	\$000
	15		16		
<b>Opening balance</b>		1 675	830	36 189	38 694
Net operating result		32	(35)	(15 956)	(15 959)
Net transfers to equity		-	-	(1)	(1)
<b>Closing balance</b>		<b>1 707</b>	<b>795</b>	<b>20 232</b>	<b>22 734</b>

		Insurance Reserve	Operational Risk Reserve	Over/(under) allocated benefits	Total Equity
<b>2021</b>	Note	\$000	\$000	\$000	\$000
	15		16		
<b>Opening balance</b>		3 295	694	13 307	17 296
Net operating result		680	136	20 582	21 398
Net transfers to equity		(2 300)	-	2 300	-
<b>Closing balance</b>		<b>1 675</b>	<b>830</b>	<b>36 189</b>	<b>38 694</b>

The statement of Changes in Equity should be read in conjunction with the accompanying notes

### Statement of Cash Flows

for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
GST recoup		74	27
Bank interest		4	-
Administration expenses paid		(567)	(316)
Income tax		(2 741)	(1 184)
<b>Net cash flows from operating activities</b>	13	<b>(3 230)</b>	<b>(1 473)</b>
Receipts from the sale of investments from Funds SA		16 172	16 850
Payments to Funds SA for the purchase of investments		(5 150)	(4 770)
<b>Net cash flows from investing activities</b>		<b>11 022</b>	<b>12 080</b>
Employer contributions		7 467	8 116
Member contributions		1 160	1 150
Government co-contributions		7	2
Transfers from other superannuation entities		165	297
Benefit payments to members		(15 706)	(18 664)
Contributions tax paid		(1 059)	(1 162)
<b>Net cash flows from financing activities</b>		<b>(7 966)</b>	<b>(10 261)</b>
<b>Net change in cash</b>		<b>(174)</b>	<b>346</b>
Cash at the beginning of the financial period		839	493
<b>Cash at the end of the financial period</b>	13	<b>665</b>	<b>839</b>

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

## South Australian Ambulance Service Superannuation Scheme

### Notes to the Financial Statements

#### 1) Objectives and funding

##### *a) South Australian Ambulance Service Superannuation Scheme*

On 29 June 2006, the Treasurer declared the South Australian Ambulance Service Superannuation Scheme (the Scheme) a Scheme and Fund established pursuant to Clause 2 of Schedule 3 of the *Superannuation Act 1988* (the Act). The net assets of the SA Ambulance Service Superannuation Fund (the former scheme) as at 30 June 2006 were transferred to the Scheme. The Scheme is an exempt public sector superannuation scheme in terms of schedule 1AA of the Superannuation Industry (Supervision) Regulations 1994 (Cwlth). The Scheme is a taxed scheme by virtue of schedule 4 of the Income Tax Assessment Regulations 1997 (Cwlth).

The Scheme is governed by a Trust Deed and Rules pursuant to the Act and became effective from 1 July 2006. The Scheme's membership includes contributory, non contributory, spouse, and preserved members. The main benefit for contributory members is a defined benefit. Non contributory, spouse and preserved members are entitled to accumulation benefits. The Scheme provides benefits to members on retirement, resignation, death, permanent or temporary disablement and serious ill health.

Member and employer contributions are deposited by the Treasurer into the fund established for the Scheme (the Fund), which is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA). The Scheme was closed to further new members with effect from 1 July 2008.

The Scheme is an exempt public sector superannuation scheme and operates on a not-for-profit basis.

##### *b) South Australian Superannuation Board*

Pursuant to Clause 2(1)(d) of Schedule 3 of the Act, the Treasurer declared the South Australian Superannuation Board (the Board) the Trustee of the Scheme from 1 July 2006. As Trustee of the Scheme, the Board is responsible for administering the Trust Deed and Rules.

##### *c) Superannuation Funds Management Corporation of South Australia*

Funds SA is a South Australian Government Entity established under the *Superannuation Funds Management Corporation of South Australia Act 1995* (the Funds SA Act). Funds SA is responsible for the investment and management of the Fund pursuant to strategies formulated by Funds SA.

Pursuant to Clause 2(1)(c) of Schedule 3 of the Act, the Treasurer declared the Fund to be invested and managed by Funds SA from 1 July 2006.

For further information on the investment of the Scheme's funds, reference should be made to the Fund in the annual report of Funds SA. The financial report of Funds SA discloses the investment assets, liabilities, income and expenses relating to the investment activities of Funds SA.

## South Australian Ambulance Service Superannuation Scheme

### **d) *Funding Arrangements***

For the year ended 30 June 2022, contributory members contributed 5 per cent of post tax salary or 5.9 per cent of pre tax salary. Members could also make additional voluntary contributions on either a pre tax or post tax basis. The employer contributed at the rate of 12 per cent of member salaries. For members who were entitled to the SA Ambulance Service Award superannuation benefit under the Scheme, the employer contributed an additional 3 per cent of salaries (3 per cent for Elective Services employees and Emergency Services staff).

Non contributory members are employees employed on a casual basis or those employees who elected prior to 30 June 2006 to not be a defined benefit member. Non contributory members may make voluntary post tax or pre tax contributions. The employer contribution for non contributory members is 10 per cent (2021: 9.5 per cent) of salary in order to satisfy the Superannuation Guarantee requirements under Commonwealth law.

The employer contributions above are in line with the 30 June 2020 triennial actuarial review recommendations and were effective on 1 July 2021. The next triennial actuarial review will be performed as at 30 June 2023.

Provision of insurance cover for Death, Total and Permanent Disablement, Serious Ill-Health and Income Protection under a self-insurance arrangement within the Scheme commenced from 1 July 2006. The weekly voluntary insurance contribution rate was retained at \$1.35 per unit, as part of the triennial actuarial review, the recommended self insurance reserve is to be maintained at 200 per cent of one year's expected claim cost.

The asset coverage of vested benefits as at 30 June 2022 met the target of 105 per cent.

## **2) Significant accounting policies**

### **a) *Basis of accounting***

This financial report is a general purpose financial report. The financial statements have been prepared in accordance with relevant Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board, Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the Public Finance and Audit Act 1987 (PFAA), except as provided below.

This financial report has been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

This financial report is presented in Australian currency and all amounts have been rounded to the nearest thousand dollars (\$000).

The Scheme is a not-for-profit entity for the purpose of preparing financial statements.

### **b) *Impact of standards and statements not yet effective***

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. The assessment of the impact of these new standards and interpretations is set out below.

The Board has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations on behalf of the Scheme. There are no Accounting Policy Statements that are not yet effective. The material impacts on the Scheme are outlined below.

## **South Australian Ambulance Service Superannuation Scheme**

### *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The standard replaces the reduced disclosure requirements previously included in all Australian Accounting Standards with simplified disclosure requirements which will apply to Tier 2 entities.

AASB 1053 Application of Tiers of Australian Accounting Standards will still apply in conjunction with AASB 1060. Application of AASB 1060 will significantly amend the content of Tier 2 financial reports.

The Scheme is not a Tier 2 financial reporting entity. The Board has assessed the impact of the amendments of AASB 1060, and has determined there will be no impact on the Scheme's financial statements.

### *AASB 2020-2 Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The standard removes the ability for certain for-profit private sector entities to self-assess their financial reporting requirements and prepare special purpose financial statements (SPFS) when they are required to prepare financial statements that comply with Australian Accounting Standards (AAS).

The Scheme is an exempt public sector superannuation scheme and operates on a not-for-profit basis. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

### *AASB 2021-1 Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

The standard applies to reporting periods beginning on or after 1 July 2021. The Standard amends new elements of AASB 1053 and amends AASB 1060 for first-time application to provide not-for-profit entities with optional relief from presenting comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous general purpose financial statements. This relief is only applicable where AASB 1060 is early adopted.

Amendments to AASB 1053 highlight that the relief set out in Appendix E of AASB 1053 is available only to for-profit private sector entities.

The Scheme operates on a not-for-profit basis and is not adopting AASB 1060. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

### *AASB 2020-7 Amendments to Australian Accounting Standards - Covid-19 Related Rent Concessions: Tier 2 Disclosures*

This standard applies to reporting periods beginning on or after 1 July 2021. AASB 16 (June 2020) provides a practical expedient to elect not to assess whether rent concessions are lease modifications and allows entities to apply a change in lease payments resulting from rent concessions as per the requirements of AASB 16. This practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and where certain conditions are met. Additional disclosures were required where the practical expedient was applied. AASB 2020-7 amends AASB 16 to include relief for Tier 2 entities from the requirement of the additional disclosures required by paragraph 60A and introduces these disclosures in AASB 1060.

## South Australian Ambulance Service Superannuation Scheme

The Scheme does not hold any leases therefore AASB 2020-7 does not apply. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

### *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*

This standard applies to reporting periods beginning on or after 1 July 2021. This Standard amends AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities to provide relief in the first reporting period in which an entity applies AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2. An entity is not required to disclose the information that would otherwise be required by paragraph 106(b) of AASB 1060 in respect of the accounting policy changes made in applying AASB 2020-8.

The Scheme operates on a not-for-profit basis and is not adopting AASB 1060. The Board has assessed the impact of the new standard on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

### **c) Financial assets and liabilities**

#### **(a) Classification**

The Scheme classifies its financial assets and financial liabilities into the categories below in accordance with AASB 9.

#### *Financial assets and liabilities held for trading*

These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. All derivatives are classified as held for trading. Derivative financial instruments entered into by the Scheme, if any, do not meet the hedge accounting criteria as defined by AASB 9. Consequently hedge accounting is not applied by the Scheme.

#### *Financial instruments designated at fair value through profit or loss upon initial recognition*

These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund.

#### *Other financial liabilities*

This category includes all financial liabilities, other than those classified at fair value through profit or loss. Other financial liabilities are measured at their nominal amounts. Amounts are generally settled within 30 days of being recognised as other financial liabilities. Given the short-term nature of other financial liabilities, the nominal amount approximates fair value.

#### **(b) 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 time frame 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.

## **South Australian Ambulance Service Superannuation Scheme**

### **(c) Initial recognition**

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

Receivables and financial liabilities (other than those classified at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Scheme recognises the difference in the income statement, unless specified otherwise.

### **(d) Subsequent measurement**

After initial measurement, the Scheme measures investments at fair value through profit or loss. Subsequent changes in the fair value of those investments are recorded as 'changes in assets measured at fair value' through the income statement. Interest earned is recorded in 'Interest revenue'.

### **(e) 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 by 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 financial statement note 4.

### **(f) Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

## South Australian Ambulance Service Superannuation Scheme

### (g) Receivables and payables

Receivables are carried at nominal amounts due that approximate fair value. Receivables are normally settled within 30 days. Payables are carried at nominal amounts that 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.

### (h) Benefits payable

Benefits payable are valued at fair value and relate to members who have ceased employment and provided the Scheme with appropriate notification on or prior to 30 June 2022 but paid after 30 June 2022. These also include income protection payments payable on or prior to 30 June 2022 but paid after 30 June 2022.

### (i) Insurance liabilities

The Scheme provides death and disability benefits to Contributory Members in Service, members may also purchase voluntary insurance. Premiums for voluntary insurance are deducted from insured members' accounts and are paid into a dedicated insurance reserve in order to meet claims as they arise. An actuarially determined percentage of defined benefit employer contributions are also paid into the reserves. The Scheme ultimately self-insures this risk as the Board believes it is appropriate in light of the Scheme's present membership and reserve levels. The table below outlines the net results of the Scheme's insurance activities during the year:

<b>Insurance activities</b>	2022 \$000	2021 \$000
Insurance contract revenue	459	329
Insurance contract claims expenses	(346)	(283)
(Increase)/decrease in insurance liabilities	(10)	(39)
<b>Net result from insurance activities</b>	<b>123</b>	<b>7</b>

### (j) Significant estimates made in measuring insurance contract asset and liabilities

The Scheme uses the services of an actuary to determine its insurance contract assets and liabilities. An actuarial valuation involves making various assumptions about the future. Actual events in the future may differ from these assumptions. The most recent actuarial valuation was performed for the triennium ending 30 June 2020. The value of insurance liabilities between actuarial valuation dates is determined by evaluating the expected claims over the next year based on the assumptions adopted at the most recent actuarial valuation.

The key assumptions used in measuring the insurance contract liabilities are:

- mortality and disability rates determined by Super SA based on the experience of a large number of public sector employees in South Australia, adjusted to estimate the Scheme's claim experience,
- the number and amount of insurance claims yet to be reported to the Scheme, relating to the period prior to the reporting year end.

## South Australian Ambulance Service Superannuation Scheme

The key factors or uncertainties that impact the key assumptions above are:

- if mortality and/or disability rates increase, it will result in an increase in insurance liabilities as a result of higher claims and will lead to a decline in the net assets of the Scheme,
- higher than expected claims reported to the Scheme will result in an increase in insurance liabilities and will lead to a decline in the net assets of the Scheme, and
- a better than expected claims experience will result in lower liabilities and an increase in net assets of the Scheme.

The impact of uncertainties around the key assumptions is largely met from the insurance reserves in the Scheme. The adequacy of the insurance reserves are considered as part of the actuarial valuation.

### **(k) Revenue recognition**

The specific recognition criteria described below must be met before revenue is recognised:

#### *Changes in fair values*

Changes in the fair value of investments invested with Funds SA 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 income statement.

#### *Interest*

Interest revenue on cash and other financial assets carried at fair value is recorded according to the terms of the contract and recognised in the income statement.

### **(l) Taxation**

The Scheme is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* and accordingly the concessional tax rate of 15 per cent has been applied.

#### Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable benefits accrued for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial report and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affect neither taxable income nor accounting profit.

## South Australian Ambulance Service Superannuation Scheme

Deferred tax assets and liabilities are measured at the tax rates that are estimated to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Scheme expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Scheme intends to settle its current tax assets and liabilities on a net basis.

### **(m) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable, or
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

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.

### **(n) Foreign currency**

The functional and presentation currency of the Scheme is Australian Dollars, which is the currency of the primary economic environment the Scheme operates. The Scheme's performance is evaluated and its liquidity 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.

### **(o) Investments**

Funds SA provides investments measured at fair value. Below is the basis for valuation of these investments.

#### **(i) Inflation Linked Securities Taxable**

The Inflation Linked Securities Taxable portfolio invests in discretely managed portfolios and internal inflation linked securities. Discretely managed portfolios are invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date.

Internally managed inflation linked securities, the returns of which are linked to movements in either the Consumer Price Index or Average Weekly Earnings, have been valued using the discounted cash flow method. The valuation as at balance date was performed by an independent valuer.

## South Australian Ambulance Service Superannuation Scheme

### **(ii)** Property Taxable

The Property Taxable portfolio comprises two sub sectors:

#### *Listed Property Trusts*

These investments comprise arrangements whereby professional fund managers are appointed under an investment management agreement to manage and invest in listed property securities and real estate investment trusts. Investments in this sub-sector are in pooled funds and have been valued in accordance with the valuations supplied by the managers.

#### *Unlisted property vehicles*

The unlisted property vehicles portfolio is invested and managed by external managers. Investments in this sub-sector have been valued in accordance with the valuations supplied by the managers.

### **(iii)** Australian Equities Taxable

The Australian Equities Taxable portfolio comprises investments in listed Australian equities, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date.

### **(iv)** International Equities Taxable

The International Equities Taxable portfolio comprises investments in equities listed on international share markets, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled international vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid rates applicable at balance date where applicable.

### **(v)** Fixed Interest

Fixed Interest portfolios have exposure to domestic and global debt instruments and are managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

### **(vi)** Diversified Strategies Growth Taxable

The Diversified Strategies Growth Taxable asset class incorporates two sub sectors:

#### *Private Markets Taxable*

The Private Markets Taxable portfolio comprises investments in Australian and international private equity funds, which are invested and managed by external managers. The valuation of private equity investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Both Australian and international private equity valuations are generally in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

## South Australian Ambulance Service Superannuation Scheme

### *Core Infrastructure Taxable*

The Core Infrastructure Taxable portfolio comprises investments in Australian and international infrastructure pooled funds, which are invested and managed by external managers. The valuation of these investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

### **(vii)** Diversified Strategies Income

The Diversified Strategies Income asset class incorporates three sub sectors:

#### *Defensive Alternatives*

The Defensive Alternatives portfolio comprises investments in Australian and international pooled funds and is invested and managed by external managers. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

#### *Credit*

The Credit portfolio comprises investments in discretely managed investments and Australian and international pooled funds and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

#### *Growth Alternatives*

The Growth Alternatives portfolio comprises investments in discretely managed investments and Australian and international pooled funds and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

### **(viii)** Cash

The Cash portfolio comprises investments in a discretely managed investment which is managed by an external manager and is valued by the custodian appointed to hold the assets using market prices applicable at balance date. Deposits at call have been valued on the basis of principal plus accrued interest.

### **(p)** **Operation of investment portfolio**

Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA (refer Note 1 (c)). Funds SA operates a multi layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2022, Funds SA managed the Balanced investment for the fund and reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to the investment discussed in the preceding paragraphs.

## South Australian Ambulance Service Superannuation Scheme

### **(q) Member liabilities**

Member liabilities are measured at 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 at that date 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.

### **(r) Significant accounting judgements, estimates and assumptions**

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

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

#### *Fair value of investments*

When the fair values of the investments 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 including a discounted cash flow model. The inputs in these 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 these investments.

#### *Valuation of defined benefits member liabilities*

The amount of member liabilities in relation to defined benefits 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 include member turnover, future investment returns, pension indexation rates, mortality rates and future salary increases. 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.

In determining the appropriate discount rate, the actuary considers an investment portfolio that reflects the opportunities reasonably available to the Scheme in the investment markets, and also reflects the Scheme's actual investments and investment strategy in respect of defined benefit member liabilities.

The mortality assumption is based on publicly available mortality tables. Future salary increases are based on the Wage Price Index produced by the Australian Bureau of Statistics and in consultation with the employer-sponsors.

## South Australian Ambulance Service Superannuation Scheme

### (s) Climate change financial risks

In November 2021, Australian Prudential Regulation Authority (APRA) released Prudential Practice Guide CPG 229 Climate Change Financial Risks. CPG 229 does not impose new requirements in relation to climate risks, rather, it supports compliance with APRA's existing risk management and governance requirements and guidance. The Board and Super SA, consider financial risks of climate change, including physical climate risks, transition climate risks, and liability risks as part of the overall Super SA Risk Management Strategy.

Additionally, as identified in note 1. above, the investments of the scheme, are managed by Funds SA. Funds SA, in turn is committed to risk management and maintains a rigorous and proactive approach to identifying and managing investment risk, including the risks associated with climate change. Funds SA has developed a Climate Change Position Statement and Climate Risk Response Plan to support its approach in this area. Please refer to the Funds SA website for further detail.

### 3) Defined benefit member liabilities

Actuarial valuations to determine the defined benefit members' accrued liabilities are conducted at least every three years. The most recent actuarial valuation was undertaken by Esther Conway (FIAA), an actuary with Mercer Consulting (Australia) Pty Ltd. The actuarial valuation was undertaken as at 30 June 2020 with the next triennial valuation to be undertaken as at 30 June 2023.

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. The accrued liabilities are the present values of expected future benefit payments arising from membership of the Scheme up to 30 June 2022.

The annual update of the defined benefit member liability has been determined by reference to the expected future salary level increases (2.5 per cent; 2021: 2.5 per cent) and by application of the market-based, risk-adjusted discount rate after tax (4.25 per cent; 2021: 4.25 per cent).

	2022	2021
	\$000	\$000
Defined benefit member liabilities	192 810	198 075

The Board uses sensitivity analysis to monitor the potential impact of changes to key variables about which assumptions need to be made. The Scheme has identified two assumptions (being the discount rate and the rate of salary adjustment) for which changes are reasonably possible that would have a material impact on the amount of the defined benefit member liabilities.

- (i) The assumed discount has been determined by reference to the investment returns expected on an investment portfolio that reflects the opportunities reasonably available to the Scheme in the investment markets, and also reflects the Scheme's actual investments and investment strategy in respect of defined benefit member liabilities.
- (ii) The assumed annual salary adjustment has been determined by reference to the Wage Price Index produced by the Australian Bureau of Statistics and in consultation with the employer-sponsor.

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

## South Australian Ambulance Service Superannuation Scheme

The following table outlines the sensitivity estimates of the total member liabilities (both defined benefit (\$198 million) and defined contribution (\$72 million)), provided by the Scheme actuary, on the net earnings and salary growth.

Scenario	Member Liability result \$000	Change in member benefit liability \$000	Change in member benefit liability %
Scenario	263 483		
Salary growth less 0.5%	261 871	(1 612)	(0.6)
Net earnings less 0.5%	266 094	2 611	1.0

As advised in Note 1(d), employer contributions for the year have been made at the rate determined by the Scheme actuary.

### Vested benefits

Vested benefits are benefits that are not conditional upon continued membership of the Scheme (or any factor other than resignation from the Scheme) and include benefits which members were entitled to receive had they terminated their Scheme membership as at the reporting date.

	2022 \$000	2021 \$000
Defined benefit vested benefits	190 528	198 170

#### 4) Defined contribution member liabilities

The employee funded, defined contribution component for the defined contribution accrued liability is the balance of the employees' contribution accounts as at the end of the financial year. These accounts are valued using unit prices that are determined by the underlying investment movements.

	2022 \$000	2021 \$000
Defined benefit vested benefits	70 673	72 294

Defined contribution members bear the investment risk relating to the underlying assets and unit prices. Unit prices are updated twice weekly.

	2022 \$000	2021 \$000
Defined benefit vested benefits	190 528	198 170
Defined contribution member liabilities	70 673	72 294
<b>Total vested benefits</b>	<b>261 201</b>	<b>270 464</b>

Refer to Note 17 for the Scheme's management of the investment risks.

## South Australian Ambulance Service Superannuation Scheme

### 5) Fair value of financial instruments

#### *Classification of financial Instruments under the fair value hierarchy*

AASB 13 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 (unadjusted) 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.

Valuations are the responsibility of the Board. The valuation of investments is performed daily and are subject to quality assurance procedures.

After the checks above have been performed the Board considers the valuation results, including assumptions used in the valuations.

The Board also considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods are applied to support the valuation arising from the method chosen.

#### *Valuation technique*

The Scheme's investments are not quoted in an active market. To ensure fair value can be determined, the Scheme's investment manager, Funds SA, applies due diligence and considers valuation techniques and inputs used in valuing the funds, prior to investing. In measuring fair value, consideration is given to the amounts for which financial assets can be sold, excluding transaction costs. The Scheme classifies these funds as Level 2.

There were no changes in valuation techniques during the year.

	2022	2021
	\$000	\$000
<b>Financial assets at fair value through profit or loss – Level 2</b>		
Level 1 and level 3 are not relevant to the Scheme		
Unlisted managed investment schemes	292 747	320 722
Funds SA	<b>292 747</b>	<b>320 722</b>

### 6) Value and movement of investments by investment option

	2022	2021
	\$000	\$000
<b>Investments at 1 July</b>	320 722	274 200
Change in Balanced Taxable	(27 975)	46 522
<b>Investments at 30 June</b>	<b>292 747</b>	<b>320 722</b>

## South Australian Ambulance Service Superannuation Scheme

### 7) Receivables

	2022 \$000	2021 \$000
GST recoup from ATO	11	8
Other receivables	(1)	3
	<b>10</b>	<b>11</b>

### 8) Payables

	2022 \$000	2021 \$000
Audit fees	26	26
Administration expenses	-	98
Unearned revenue	177	236
Provision for PAYG Withholding	8	3
Other payables	1	3
	<b>212</b>	<b>366</b>

### 9) Investment expenses

	2022 \$000	2021 \$000
Investment expenses	<b>1 053</b>	<b>1 061</b>

Direct Investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's funds under management.

### 10) Administration expenses

	2022 \$000	2021 \$000
Administration expenses <sup>(i)</sup>	359	355
Other expenses <sup>(ii)</sup>	32	27
	<b>391</b>	<b>382</b>

<sup>(i)</sup> Administration expenses comprises the costs incurred by the Department of Treasury and Finance in administering the Scheme, which are met in the first instance from the Department of Treasury and Finance Operating Account. The Board recovers a share of the administration cost from the Scheme.

<sup>(ii)</sup> Other expenses include Auditor's remuneration. Refer Note 11.

### 11) Auditors' remuneration

	2022 \$000	2021 \$000
<b>Audit fees paid or payable</b>	<b>25</b>	<b>25</b>

Audit fees paid (or payable), \$25 100 GST exclusive (2021: \$25 000), relate to the Auditor-General's Department work performed under the PFAA. No other services were provided by the Auditor-General's Department.

## South Australian Ambulance Service Superannuation Scheme

### 12) Employer contributions

	2022	2021
	\$000	\$000
Employer contributions	6 534	7 576
Insurance premiums	491	291
Administration charges	491	291
	<b>7 516</b>	<b>8 158</b>

### 13) Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash and deposits held in a Special Deposit Account with DTF. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

	2022	2021
	\$000	\$000
Cash and cash equivalents	665	839
<b>Reconciliation of net cash from operating activities</b>		
Net operating result	(15 959)	21 398
Adjustments for:		
Change in investments measured at fair value	15 900	(59 663)
Investment expenses	1 053	1 061
Insurance recognition	(123)	(7)
(Increase)/decrease in receivables	1	(3)
Increase in payables	(5 334)	5 023
Allocation to members' accounts	1 232	30 718
<b>Net cash flows from operating activities</b>	<b>(3 230)</b>	<b>(1 473)</b>

## South Australian Ambulance Service Superannuation Scheme

### 14) Income tax

	2022 \$000	2021 \$000
<b>Major components of income tax (expense)/ benefit</b>		
<b>(a) Current income tax (expense)/ benefit</b>		
Current tax charge	(606)	(2 515)
Adjustment to current tax for prior periods	15	(4)
Deferred income tax	-	-
Relating to the originating and reversal of temporary differences	3 508	(3 301)
Adjustment to deferred tax for prior periods	-	-
<b>Income tax (expense)/ benefit</b>	<b>2 917</b>	<b>(5 820)</b>
Reconciliation between income tax expenses and the accounting profit before income tax		
Net operating result before tax	(18 876)	27 218
Tax applicable at the rate of 15% (2021: 15%)	2 831	(4 083)
Tax effect of income that are not assessable/or deductible in determining taxable income:		
Investment revenue	(1 172)	2 112
Tax effect of other adjustments:		
Imputation and foreign tax credits	1 428	729
Self-Insurance deduction	76	62
(Under)/over provision prior period	(15)	4
Net benefit allocated to members	(231)	(4 644)
Movement in insurance liabilities	-	-
<b>Income tax (expense)/benefit</b>	<b>2 917</b>	<b>(5 820)</b>
<b>(b) Current tax liabilities</b>		
Current years income tax provision	1 017	3 167
<b>Current tax liabilities</b>	<b>1 017</b>	<b>3 167</b>
<b>(c) Deferred tax liabilities</b>		
The amount of deferred tax liability recognised in the Statement of Financial Position at reporting date comprises:		
Accrued expenses	(4)	(4)
Prepaid contributions/contributions receivable	-	-
Realised capital losses carried forward (discounted)	-	-
Unrealised capital gains/(losses) carried forward (discounted)	4 914	8 422
<b>Deferred tax liabilities</b>	<b>4 910</b>	<b>8 418</b>

The Scheme offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets.

## South Australian Ambulance Service Superannuation Scheme

### 15) Insurance Reserve

The Scheme self insures and provides to Contributory Members in Service a benefit on death or total and permanent disablement (TPD) equal to the normal retirement benefit that would be payable if the member had continued in service to age 60. An income protection equal to 75 per cent of salary is payable for a maximum period of 24 months where a member becomes temporarily disabled before age 60. A member is also entitled to a benefit on Serious Ill Health equal to the greater of the early retirement benefit plus 5 per cent of salary for each year of service, and three times the member's salary. The Serious Ill Health benefit cannot exceed the benefit payable on TPD. The amount of salary is adjusted, if applicable, by the salary adjustment factor.

Members may purchase voluntary death and TPD insurance by applying for up to four units of insurance. The premium for each unit is \$1.35 per week per unit. The amount of cover for each unit is \$75 000 for ages up to 34 last birthday reducing to \$5 000 at age 64 last birthday.

	2022	2021
	\$000	\$000
<b>Opening balance</b>	<b>1 675</b>	<b>3 295</b>
Investment earnings/(loss) <sup>(i)</sup>	(75)	637
Premiums and charges	459	329
Benefit payments	(346)	(283)
Consultancy expenses	(6)	(3)
<b>Operating result</b>	<b>32</b>	<b>680</b>
Transfer (from) Reserve <sup>(ii)</sup>	-	(2 300)
<b>Closing balance</b>	<b>1 707</b>	<b>1 675</b>

<sup>(i)</sup> The Insurance Reserve is notionally invested in the Balanced option. The rate of return on earnings was -4.70 per cent (2021: 19.69 per cent).

<sup>(ii)</sup> The amount relates to the Board approved transfer out of accumulated investment earnings to the defined benefit assets.

### 16) Operational Risk Reserve

The Operational Risk Reserve is to be accumulated to 0.6 per cent of funds under management following a decision of the Board and in line with Prudential Standard SPS114.

	2022	2021
	\$000	\$000
<b>Opening balance</b>	<b>830</b>	<b>694</b>
Investment earnings/(loss) <sup>(i)</sup>	(35)	136
Payments from reserve	-	-
<b>Operating result</b>	<b>(35)</b>	<b>136</b>
Transfer to/(from) Reserve	-	-
<b>Closing balance</b>	<b>795</b>	<b>830</b>

<sup>(i)</sup> The Operational Risk Reserve is notionally invested in the Balanced option. The rate of return on earnings was -4.70 per cent (2021: 19.69 per cent).

## South Australian Ambulance Service Superannuation Scheme

### 17) Financial risk management objectives and policies

The Scheme's investments are managed by Funds SA predominantly by the appointment of investment managers as determined by the Funds SA Board. Each investment manager is required to invest the assets in accordance with the terms of a written mandate. The Funds SA Board has determined that the appointment of these managers is appropriate for the Scheme and is in accordance with the Scheme's investment strategy. The Funds SA Board obtains regular reports from each manager on the nature of the investments made on its behalf and the associated risks.

The allocation of assets between the various types of financial instruments is determined by the Funds SA Board. Divergence from target asset allocations and the composition of the portfolio is monitored by the Funds SA Board on a regular basis.

The Scheme's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Scheme's investment risk management framework.

The Scheme's investment risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Scheme's investment managers, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

The Scheme receives regular reports from Funds SA concerning compliance with investment objectives.

#### a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and sub-markets, and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

#### (i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates.

The Fund's currency risk is managed by Funds SA as investments include assets denominated in foreign currencies.

## South Australian Ambulance Service Superannuation Scheme

Funds SA strategic policy for the management of its foreign currency exposure is as follows:

- foreign currency exposures in the Private Markets Tax-Exempt, Private Markets Taxable, Core Infrastructure Tax- Exempt, Core Infrastructure Taxable, Credit, Long Term Fixed Interest and Inflation Linked Securities Taxable asset classes are fully hedged to Australian dollars, and
- foreign currency exposures over the developed markets component of the International Equities Tax-Exempt, International Equities Taxable, International Equities Passive Tax Exempt and International Equities Passive Taxable asset classes are partly hedged to Australian dollars.

For the purpose of managing foreign currency risk, within defined constraints, the exposure to foreign currency can be varied from the strategic policy stated above, by Funds SA.

### (ii) Interest rate risk

Interest rate risk is the risk that a movement in interest rates will cause the value of fixed interest securities to deviate from expectations.

The Fund's interest rate risk is managed by Funds SA, as investments include fixed interest securities.

Funds SA manages interest rate risk through:

- ensuring asset allocations of different investment products are consistent with the time horizon of each, and
- the use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.

### (iii) Other market price risk

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

As the Fund's financial instruments are valued at fair value with changes in fair value recognised in the income statement, all changes in market conditions will directly affect investment revenue.

The Fund's other market price risk is managed by Funds SA, as investments include financial instruments exposed to market prices.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and sub markets, and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

### (iv) Investments sensitivity analysis

The Funds SA Board has determined that its forecast risk/return profile provides a reasonable measure of the sensitivity of the expected returns in the investment for the year ahead. The following tables show the standard deviation around expected nominal returns for DB High Growth investment.

## South Australian Ambulance Service Superannuation Scheme

The statistics shown below are averages calculated over 10 years, net of investment management fees and gross of tax. These investment statistics have zero per cent tax rate applied and exclude franking credits.

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
<b>2022</b>				
<b>Investment Option</b>				
Balanced Taxable	5.6	9.0	306 735	27 606
	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
<b>2021</b>				
<b>Investment Option</b>				
Balanced Taxable	6.4	10.0	297 461	29 746

Market risk is a useful historical measure of the variability of returns earned by an investment portfolio. The market risk shown above represents the range at which actual future returns are expected to occur either side of the nominal return approximately two thirds of the time.

The dollar value of the potential impact on the Income Statement arising from the market risk is indicative only. The impacts are not additive across investment asset classes, as each asset class operates in different markets and is subject to different conditions.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

### b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

The value of financial assets, included in the Statement of Financial Position represents the Scheme's maximum exposure to credit risk in relation to those assets. The Scheme does not have any significant exposure to any individual counterparty or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

The Scheme does not have any assets which are past due or impaired and there is no concentration of credit risk.

## South Australian Ambulance Service Superannuation Scheme

### e) Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

For the Scheme's investments, Funds SA manages liquidity risk as follows:

- by giving careful consideration to the expected net cash redemption requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions, and
- a large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

For the Scheme itself, the liquidity position is monitored on a daily basis. The Scheme's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, expenses and investing activities.

The following tables summarise the expected maturity profile of the Scheme's financial liabilities based on the earliest date on which the Scheme can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

	Less than 3 Months \$000	Total Contractual Cash Flows \$000%	Carrying Amount Liabilities \$000
<b>2022</b>			
Benefits payable	545	545	545
Payables <sup>(i)</sup>	177	177	177
Vested benefits <sup>(ii)</sup>	261 201	261 201	261 201
<b>Total</b>	<b>261 923</b>	<b>261 923</b>	<b>261 923</b>
<b>2021</b>			
Benefits payable	30	30	30
Payables <sup>(i)</sup>	236	236	236
Vested benefits <sup>(ii)</sup>	270 464	270 464	270 464
<b>Total</b>	<b>270 730</b>	<b>270 730</b>	<b>270 730</b>

<sup>(i)</sup> Payable amounts disclosed here exclude amounts relating to constructive obligations and statutory payables (e.g. Commonwealth, State and Local Government taxes, fees and charges, Auditor-General's Department audit fees).

<sup>(ii)</sup> Vested benefits have been included in the "Less than 3 months" column, as this is the amount that members could call upon as at balance date. This is the earliest date on which the Scheme can be required to pay members vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

## South Australian Ambulance Service Superannuation Scheme

### **d) Derivative financial instruments**

Derivatives can be defined as financial contracts whose value depends on, or is derived from, assets, liabilities, reference rates or indices. Funds SA uses derivatives to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively. Funds SA uses a variety of derivative instruments, such as over the counter swap agreements, forward rate agreements, futures and options.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers for the purposes described above.

### **18) Segment information**

The Scheme operates in one reportable segment, being the provision of benefits to members. The Scheme also operates from one reportable geographic segment, being Australia, from where its activities are managed. While the Scheme operates from Australia only, the Scheme, through its investment manager Funds SA, has investment exposures in different countries and across different industries. Revenue derived from interest and the realised and unrealised changes from the different segments is reflected in the value of investments.

### **19) Related parties**

#### **a) Key management personnel**

The key management personnel of the Scheme includes the Treasurer, Board members and the Chief Executive and the six members of the Executive Leadership Team, State Superannuation Office who have responsibility for the strategic direction and management of the Scheme.

#### **b) Compensation**

All key management personnel are compensated by the Department of Treasury and Finance or the Board, therefore their compensation is disclosed in the respective financial reports.

#### **c) Transactions with key management personnel and other related parties**

There were no transactions requiring disclosure for key management personnel or related parties.

#### **d) Transactions with other government entities**

There were no significant transactions with government entities other than those disclosed elsewhere in the financial statements.

### **20) Events after the reporting period**

There were no significant events after the reporting period.

**South Australian Ambulance Service Superannuation Scheme**

**Certification of the financial statement**

We certify that the:

- financial statements of the South Australian Ambulance Service Superannuation Scheme:
  - are in accordance with the accounts and records of the Scheme,
  - comply with relevant Treasurer's instructions,
  - comply with relevant accounting standards, and
  - present a true and fair view of the financial position of the Scheme at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Scheme for the financial year over its financial reporting and its preparation of the financial statements have been effective.



Virginia Deegan  
Board Member  
SA Superannuation Board



Patrick McAvaney  
A/Chief Executive  
State Superannuation Office



Mark Hordacre  
Director Finance  
State Superannuation Office

Date ..... 15/9/2022 .....