

Director Careers Counsellor  
Analyst Multimedia  
Officer Public Relations

Senior Cartographer  
Designer Network Administrator  
Quality Assurance Manager

Chief Information Officer  
Administrator Nurse Practitioner  
Assurance Manager

Officer Child Care Centre  
Occupational Radiation Oncologist



Electrical Engineer  
Manager Futures Trade  
Adviser Illustration  
Planner Management  
Network Administrator  
Primary School Teacher  
Oncologist Registered  
Speech Pathologist  
Transport Engineer  
Ambulance Officer



Environmental Technician  
Health Internal Auditor  
Biologist Market  
Occupational Therapist  
Relations Manager  
Counsellor Safety  
Counsellor Surveyor  
Producer Welfare  
Art Teacher Auditor



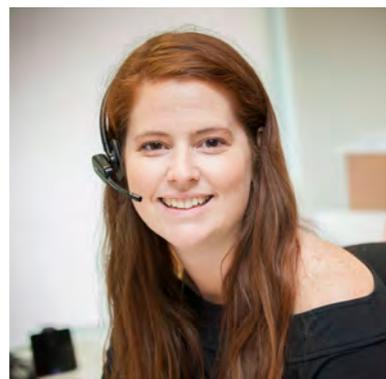
**SUPER SA**  
contributing to your future

# Super SA Board

## 89TH ANNUAL REPORT

### 2014-15

Occupational Therapist  
Public Relations Manager  
Counsellor Safety  
Counsellor Surveyor  
Producer Welfare Worker  
Teacher Auditor Building  
Centre Manager Civil  
Copywriter Corporate  
Disabilities Services  
Agency Service Worker



Disabilities Services  
Finance Manager Future  
Auditor Laboratory  
Administrator Nurse Practitioner  
Occupational Therapist  
Manager Radiation  
Counsellor Surveyor  
Trade Worker Finance  
Internal Auditor Laboratory  
Administrator Nurse  
Quality Assurance Manager

Officer Early Childhood  
Trades Trader Geologist  
Manager Magistrate  
Occupational Therapist  
Oncologist Registered  
Telecommunications  
Manager Futures Trade  
Laboratory Manager  
Practitioner Occupational  
Radiation Oncologist

Teacher Education  
Hardware Technician  
Maintenance Planner  
Therapist Office Manager  
Nurse Rehabilitation  
Engineer Translator  
Geologist Hardware  
Magistrate Maintenance  
Occupational Therapist  
Registered Nurse

Engineer Emergency Services  
Worker Human Resources  
Consultant Marine Biologist  
Policy Analyst Prison  
Counsellor Safety Inspector  
Transport Engineer Urban  
Occupational Therapist  
Oncologist Registered  
Telecommunications  
Analyst Program



Environmental Consultant  
Illustrator Insurance  
Analyst Multimedia  
Prison Officer Public  
Software Engineer  
Welfare Worker Youth  
Park Ranger Policy Analyst  
Occupational Therapist  
Transport Engineer  
Building Inspector



Engineer Translator Trade  
Teacher Auditor Building

Transport Engineer Urban  
Building Inspector Careers

Planner Video Producer  
Counsellor Cartographer

Producer Welfare Worker  
Chief Information

# Vision Statement

TO BE THE LEADING PROVIDER OF QUALITY SUPERANNUATION AND RELATED SERVICES IN SOUTH AUSTRALIA.

## Key objectives

### Adequacy

Increase the number of members contributing for their retirement and encourage members to have an appropriate level of insurance.

### Services and Communications

Meet member and stakeholder expectations of continually improving services, products and communication.

### Sustainable Fund

Ensure that strategies are implemented to maintain Super SA as a sustainable public sector fund.

## Values

- > Financial prudence to ensure security of members' entitlements.
- > Prudent management of the schemes.
- > To act honestly in all matters concerning the schemes.
- > Having a well-informed membership by providing accurate and effective communication.
- > Meeting members' expectations and delivering excellent customer services.
- > To provide a fair and equitable appeal mechanism for members.



**SUPER SA**  
contributing to your future

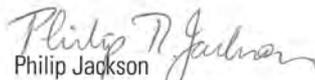
23 September 2015

Hon. Tom Koutsantonis, MP  
Minister for Finance  
8th Floor, State Administration Centre  
200 Victoria Square  
ADELAIDE SA 5000

Dear Minister

On behalf of the South Australian Superannuation Board (Super SA Board), and in accordance with section 21 and schedule 3 (section 10) of the *Superannuation Act 1988* and section 16 of the *Southern State Superannuation Act 2009*, I submit to you for presentation to Parliament the Annual Report for the year ended 30 June 2015.

Yours faithfully

  
Philip Jackson  
**PRESIDING MEMBER**  
**SUPER SA BOARD**

**In person**  
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(Enter from Pulteney Street)  
Adelaide SA 5000

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Photograph courtesy of the Department for Education and Child Development (DECD).

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## About Super SA

On behalf of the South Australian Superannuation Board (the Board), the Super SA Office (Super SA) is responsible for managing SA public sector superannuation schemes in line with relevant acts and legislation. Funds are managed by specialist investment manager, Superannuation Funds Management Corporation of South Australia (Funds SA).

The Board is committed to being the leading provider of quality superannuation and related services in South Australia for SA public sector employees. The Board is responsible for the Triple S Scheme (accumulation), the Pension Scheme, Lump Sum Scheme and SA Ambulance Service Super Scheme (defined benefit schemes) and the Flexible Rollover Product and Super SA Income Stream (post-retirement products) as well as self-underwritten insurance.

Public sector superannuation is a significant function for the State Government involving the management of over **\$20.7 billion** in assets at 30 June 2015 and the stewardship of some or all of the retirement savings of over **209,000 members**.



## About our annual report

This 89th Annual Report of the Board for the year ending 30 June 2015 has been prepared by Super SA on behalf of the Board for the South Australian Parliament, members and other stakeholders.

This annual report represents a comprehensive picture of the Board's activities over the past 12 months including information about performance, achievements, financial position and management.

Photograph courtesy of the Department of Planning, Transport and Infrastructure (DPTI).

[www.supersa.sa.gov.au](http://www.supersa.sa.gov.au)



Photograph courtesy of the Department of Planning, Transport and Infrastructure (DPTI).

Our  
future...

# Presiding Member's Message

The end of the 2015 financial year marked a significant milestone for Super SA, being 20 years since the commencement of South Australia's first voluntary contributory superannuation scheme for public sector employees, the Southern State Superannuation Scheme, or Triple S.

Anniversaries like this provide an opportunity to reflect on what has been achieved and give us a broader perspective on the relevance and importance of upcoming projects.

In the early 1990s there were significant changes taking place in the Australian superannuation landscape. The introduction of the Superannuation Guarantee made it compulsory for employers to contribute to workers' retirement savings at a time when governments were beginning to understand the funding challenges associated with the existing defined benefits schemes. July 1 1995 marked the beginning of Triple S, a modern accumulation-style fund which allowed members to work in partnership with their employer and contribute to their own retirement.

Twenty years on Super SA continues to look after the superannuation needs of over 209,000 members, 84% of whom are Triple S members. Realising our vision to be the leading provider of quality superannuation services in South Australia remains challenging. Frequent regulatory changes and increasing complexity around superannuation has been a consistent theme over the years, requiring us to continually adapt and challenge the way we operate the schemes.

Recognising this and the fundamental role of technology, the Board is currently procuring a 'next generation' information and communications technology (ICT) platform anticipated to come online in 2017. Since our last administration system upgrade in 1996, we have seen technological developments that have enabled

“The Board is keenly aware of the ultimate aim of superannuation, that is to provide an adequate level of income in retirement.”



Philip Jackson, Presiding Member, Super SA Board.

superannuation funds to significantly improve efficiencies and streamline operations. By designing a platform capable of processing more of the basic core functions, we will be able to focus our skilled subject matter experts on complex issues, and improve service to all members.

One of the Board's key objectives is to encourage members to have an appropriate level of insurance. With this in mind, Super SA is undertaking a review of our insurance offerings to ensure that our strategies are implemented and Triple S remains a sustainable public sector scheme.

The Board is keenly aware of the ultimate aim of superannuation, that is to provide an adequate level of income in retirement. To help Triple S members reach this goal, Super SA is working with our investment manager, Funds SA, to understand what the majority of members want in retirement and how the design of an investment strategy can influence this.

As Triple S moves into its 21<sup>st</sup> year, we turn our focus to the future; in particular, to the product gaining popularity – the Super SA Income Stream. The rise, both in membership and funds under management to \$1.95 billion, in 10 years indicates members want a low cost retirement product that offers a high level of service from a known and trusted provider.

We understand that moving into retirement is an important and significant phase of a member's life and in the near future we plan to address this by extending advice to members enabling them to benefit from our experience and knowledge of Super SA's unique schemes.

## Investments

I would like to acknowledge the partnership we have with Funds SA and welcome Jo Townsend as the new CEO of Funds SA. Funds SA, in its current form, has been Super SA's investment manager for 20 years and has helped steer us through periods of market volatility over that time.

Returns for the sixth consecutive year have been positive for the year ending 30 June 2015. All the Triple S options performed well with returns ranging from 10.9% for the High Growth option to 2.7% for the Cash option. The Balanced (default for Triple S) investment option returned 9.4% and Growth (default for Lump Sum and Pension schemes) achieved a return of 10.0%. However, industry forecasts indicate that we do not expect such strong investment returns to continue into the future.

## Awards

Super SA continues to be held in high esteem in the superannuation industry, with our products again achieving the highest possible ratings from independent ratings agencies, Chant West and SuperRatings, which recognise our products as being 'quality' and 'best value for money'.

For the fifth consecutive year Super SA ranked in the top 300 super funds in the world in the P&I/Towers Watson Global 300 research.

Super SA's 2013 Payrise Campaign was a finalist in the 2014 Australian Institute of Superannuation Trustees (AIST) Communications Awards for Excellence and Triple S was a finalist in the SelectingSuper 'Workplace Super Product of the Year' – Value Category in 2014.

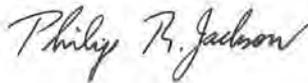
Such accolades provide us with valuable industry feedback on how our products and services compare in the broader superannuation marketplace.

## With thanks

Many dedicated staff work hard to provide exceptional service to our members. On behalf of the Board, I thank Super SA staff and the executive team lead by John Montague for their efforts.

I would like to take this opportunity to thank the members of the Board, Deborah Black, Virginia Deegan, Bill Griggs, Jan McMahon, and deputy Board members Liz Hlipala, Leah York, Aaron Chia and John Wright for their valuable contribution.

I look forward to leading the Board in another year of growth and development for Super SA in 2015-16.



Philip Jackson

**Presiding Member, Super SA Board**

# General Manager's Message

Striving to be the leading provider of quality superannuation in South Australia requires keeping up with the constant stream of regulatory changes and increasing complexity around super. This means we are continually challenged and need to adapt and adjust the way we deliver our service to members.

## Strategic direction

At its 2014 Planning Day the Board committed to a focus on aligning the activities undertaken by the Office with industry standards. Although this strategy seems to be about meeting Commonwealth Government requirements, at its core is the desire to develop products and services to best assist members to reach their retirement goals.

The Commonwealth Government's administrative reforms are raising compliance costs for all superannuation funds. As a consequence the Board determined a path of consolidation and completion of current projects and elected to maintain its three key strategic objectives for 2014–15:

1. **Adequacy:** increase the number of members contributing for their retirement and encourage members to have an appropriate level of insurance.
2. **Services and Communications:** meet member and stakeholder expectations of continually improving services, products and communication.
3. **Sustainable fund:** ensure that strategies are implemented to maintain the Board and the Office as sustainable providers of public sector superannuation services.



John Montague, General Manager, Super SA.

## Adequacy

Each year Super SA runs two major campaigns to encourage members to commence or increase personal contributions to achieve better retirement outcomes. These are the Pay Rise campaign and the Co-Contribution campaign.

Members continue to roll funds into Super SA schemes and choose to stay with the Board's schemes and products.

“The Office is responding to the increasing activities and requirements of members, particularly in the electronic realm...”

## Serving our members

The Office is responding to the increasing activities and requirements of members, particularly in the electronic realm via emails and our website. The Super SA website is an integral part of member contact and we are constantly improving it. This includes enhancing our calculators and providing Triple S members with the option to receive their Annual Statements and newsletters online. Our Member Education team has been busy conducting seminars, workplace visits and Regional Roadshows across the state.



An old hand-written Super SA ledger from the 1960s.

## ANNUAL REPORT 2014-15

## Sustainability

Several projects were progressed in the 2014–15 year to ensure that Super SA remains a sustainable fund. The two most significant were:

- > Insurance project – significant progress has been made towards establishing new offerings.
- > ICT Solution – this long-term project is on target to provide the Office with up-to-date systems to support ongoing member demands.

A focus on process efficiency has seen the Office able to deliver services within budget in each of the past five years. This has achieved the strategic objective to build reserves to meet capital replacement needs.

## Investments

The past 20 years have provided strong investment returns to members, as shown by the default option (Balanced) which has returned an average of 8.2% per annum over this period. However, it will become harder to produce similar returns in the near future because the outlook for the next five to 10 years is for lower returns due to the low interest rate environment and low economic growth in the main economic regions.

This will make achieving investment objectives more difficult. We are working with Funds SA on how to best manage the portfolio in the current and future environments. Together we aim to develop a strategy that is appropriate, adequate and sustainable over the long term, with investment objectives which are appropriate for each option.

## Living the values

In the past three years Super SA has invested heavily in establishing a strong culture based on core values. These are: respect, selflessness, transparency, optimism, satisfaction and leadership. Each of the values has been specifically targeted and promoted within the organisation during the year. These common values set the standard for staff behaviour and service delivery across the Office and the high standards we expect of ourselves.

As part of a focus on Super SA's selflessness value, Super SA joined the not-for-profit super sector and participated in the 2015 Mother's Day Classic, a national community charity event supporting breast cancer research created by the Women in Super Network.

Participation in this event provided positive recognition for Super SA amongst our industry fund peers, community and members. This included presenting a corporate trophy to the Metropolitan Fire Service for the largest government team. Funds raised from the 2015 event across Australia totalled \$3.1 million.



Super SA staff took part in the Mother's Day Classic event, May 2015.

## In conclusion

I look forward to meeting the needs and requests of members and working with all of our stakeholders: Minister for Finance, Board, Department of Treasury and Finance, and staff, to continue delivering a cost-effective and efficient service. Finally, I would like to thank the members of Super SA for demonstrating confidence in our products, and the staff of Super SA for their support over the past financial year.

John Montague

**General Manager, Super SA**

# Year in Review

## ASSETS UNDER MANAGEMENT INCREASED BY 11% TO OVER \$20 BILLION FOR THE YEAR.

### The Board is responsible for the administration of:

- > Triple S Scheme
- > Pension Scheme
- > Lump Sum Scheme
- > Income Stream
- > Flexible Rollover Product
- > SA Ambulance Service Superannuation Scheme.

### The Board's Strategic Plan addresses *South Australia's Strategic Plan Economic Priority Of Our Prosperity*.

#### Strategic objectives

The Super SA Board's key strategic objectives are supported by the following activities and projects.

#### Adequacy

Super SA's focus is on helping our members achieve better retirement outcomes.

Each year the Office runs two major campaigns to increase member contributions:

- > The Pay Rise Campaign was run during February and March. Over 70,000 members received communications promoting salary sacrifice and after-tax contributions as well as encouraging them to try out the updated Personal Super Contributions Calculator. The result was a 3.2% increase in contributions over the 2014–15 year. Although there was a decrease in the amount of after-tax contributions there was a significant increase in salary sacrifice contributions.
- > The Co-Contribution campaign was run from early May to June and despite the Co-Contribution scheme being scaled back by the Commonwealth Government over the past few years, the average amount contributed per member in 2014–15 year was the highest in recent years, with an increase of 37%.

Super SA members continue to roll funds in and choose to stay with the Board's schemes and products:

- > 56% of Triple S members have rolled over non-government super accounts to Super SA.

- > 63% of rollovers greater than \$100,000 by Super SA members are going into Super SA's post-retirement products. This is reflected in a 28% increase in Income Stream members and has contributed to the funds under management of the post-retirement products increasing to over \$2.6 billion at 30 June 2015.

#### Serving our members

It is our aim to meet member and stakeholder expectations of continually improving services, products and communication.

Demand on services is ever increasing. While Super SA experienced a small decrease in calls, letters and attendances, there was a significant rise in electronic interactions, totalling an overall increase in service transactions of around 25% during 2014–15.

The Super SA website is an integral part of member contact and is available to members 24/7. To this end Super SA is constantly improving the site. Recently, the calculators have undergone improvements and their relevance and usability is demonstrated by a 19% rise in visits in the past 12 months.

Many members have indicated a preference to receive their statement online, so over the past 12 months Super SA has run a campaign 'Going Green' and over 12,000 Triple S members chose to receive their 2014–15 statements electronically.

The Super SA Member Education team saw more than 23,000 members this year. They presented seminars and attended workplaces from Ceduna, Berri, Port Lincoln, Mount Gambier to the Adelaide CBD and suburbs. The team continued the successful Regional Roadshow formula in Berri and Port Lincoln and received excellent member feedback.

Super SA recently streamlined insurance claim processes. This has increased member satisfaction and more than halved the average time taken to handle requests, from 43 days to 17.

Benefit payment requests from members continue to increase. A whole-of-office project was created in response to the increasing requests. Ten process improvements were implemented, and staff from across the Office assisted. Over a month the highest number of payments per month ever were completed, significantly reducing the volume to a sustainable level.

# ANNUAL REPORT 2014-15

## Sustainability

A number of projects were progressed in the 2014–15 year to ensure that Super SA remains a sustainable operation. These were:

- > Insurance project – Transitional arrangements freezing Fixed Death and TPD Insurance units and no longer accepting new applications were implemented from 13 November 2014. Significant progress has been made towards the establishment of a revised scheme and it is expected these will be available to members in 2016.
- > ICT Solution – This long-term project will enable the Office to have up-to-date systems to support ongoing member demands. The Request for Proposal was issued to the market in late June 2014 and bids continue to be evaluated to select a successful respondent.
- > Nomination of Legal Personal Representative – Progress is being made to implement legislative changes to enable members to nominate a Legal Personal Representative. This is expected to be available to members in early 2016.
- > Member Advice – Industry Fund Services has been reappointed to provide Super SA's financial advice services.
- > Australian Prudential Regulation Authority (APRA) Reporting – New reporting requirements have been implemented.

## Administrative services

Section 10 (3) of the *Superannuation Act 1988* enables the Board to make use of the staff or facilities of an administrative unit of the SA Public Sector, with the approval of the Minister of that administrative unit. Super SA, a branch of the Department of Treasury and Finance, provides administrative services to the Board.

The annual budget for the operation of Super SA is presented to the Board for its approval. In determining the budget, a management plan for the provision of services is prepared each financial year.

### **The Board's service level contract with the Under Treasurer sets out specific performance standards for:**

- > adjustments to member records and accounts
- > allocation and banking of contributions
- > transfer of contributions received to Funds SA
- > benefit payments
- > member communications
- > issuing of members' annual statements
- > complaints resolution
- > accounting
- > compliance.

The Board monitors performance against the service level contract and the management plan through the quarterly management report produced by Super SA.

The current contract expires on 30 June 2019.

Management of human resources, use of consultants and disability action plan reporting are included in the Department of Treasury and Finance annual report.

## Financial inter-relationship with Funds SA

Funds SA manages the investments for each scheme in accordance with sections 17 and 19 of the *Superannuation Act 1988*, sections 10 and 11 of the *Southern State Superannuation Act 2009*, and the provisions of the *Superannuation Funds Management Corporation of South Australia Act 1995*.

Provisions exist for the Board to comment on the investment strategy proposed by Funds SA, and there is a close working relationship between the senior management of Funds SA and Super SA. The Super SA Board and Funds SA Board meet annually and the senior management team from the two offices meet bi-monthly, to discuss investment policies, strategy and performance.

The current service level agreement (SLA) between Funds SA and the Office was executed in October 2014. Funds SA provides this service under legislation. The agreement is reviewed on a three yearly basis or if a significant change occurs.

Information provided by Funds SA on market and investment trends can be found on the Super SA website. Super SA maintains fact sheets on investment choice which can also be found on the website.

Funds SA reports separately on its operating costs, including all costs associated with investment management, in its annual report to the Treasurer. Funds SA costs are deducted before the investment unit prices/earning rates are declared.



Photograph courtesy of the Department of Planning, Transport and Infrastructure (DPTI).

# Year in Review CONT'D

## Membership

The total number of accounts increased to 209 196 during the year. This figure includes the Triple S Scheme, the Pension Scheme (including Superannuants), the Lump Sum Scheme, the SA Ambulance Service Superannuation Scheme, the Super SA Income Stream and the Flexible Rollover Product.

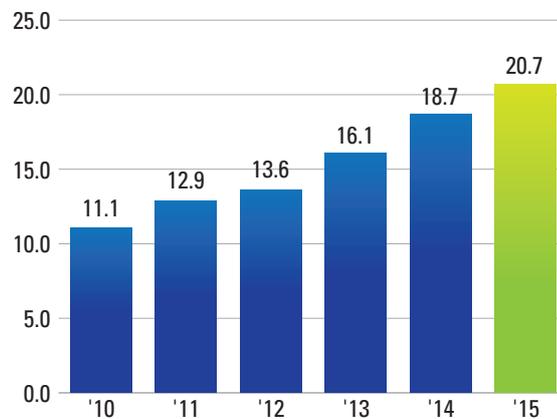
Total scheme membership

Schemes	2013-14	2014-15
Pension Scheme	1 803	1 423
Superannuants	15 438	15 326
Lump Sum Scheme	5 399	4 839
Triple S	176 381	176 038
SA Ambulance	875	849
Income Stream	5 230	6 678
Flexible Rollover Product	3 668	4 043
<b>TOTAL</b>	<b>208 794</b>	<b>209 196</b>

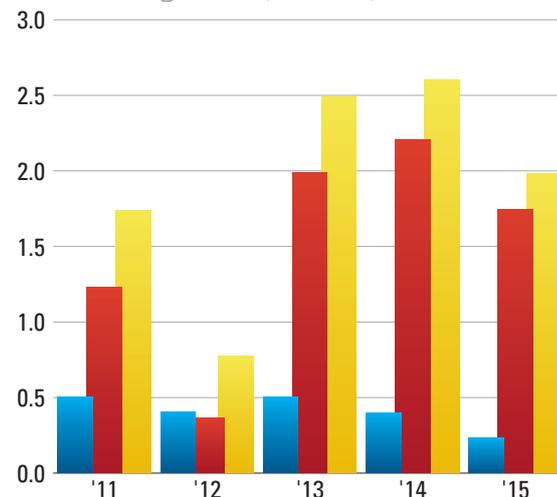
## Assets Under Management

The value of total assets under management by Funds SA increased 11% to \$20.7 billion as at 30 June 2015, compared with \$18.7 billion as at 30 June 2014.

Assets Under Management as at 30 June from 2010 to 2015 (\$ billion)



Contribution of cashflows and investment earnings to the movement in total Assets Under Management (\$ billion)



	2011 (\$b)	2012 (\$b)	2013 (\$b)	2014 (\$b)	2015 (\$b)
Net Cashflows	0.506	0.406	0.501	0.398	0.235
Investment Earnings	1.229	0.368	1.992	2.207	1.746
Total Movement	1.735	0.774	2.493	2.605	1.981

Financial year ended 30 June

Cashflows and investment earnings have positively contributed to assets under management over each of the past five years.

# Investment Review

## ANOTHER STRONG YEAR OF INVESTMENT RETURNS FOR SUPER SA MEMBERS

### Investment option returns 2014-15

All of the options, with the exception of Cash, performed strongly because of the positive returns achieved from both shares and fixed interest investments. The month of June 2015, however, saw significant uncertainty enter financial markets, related to the Greek debt crisis. The returns from Cash continued to be low over the year as central banks globally maintained official cash rates at historically low levels.

Investment returns for Triple S, Lump Sum<sup>1</sup> and Pension schemes<sup>2</sup> (%)

Investment options	1yr %	3yrs % p.a.	5yrs % p.a.	7yrs % p.a.	10yrs % p.a.
High Growth	10.91	15.52	11.50	6.43	7.13
Socially Responsible	10.25	14.14	9.97	n.a.	n.a.
Growth	10.02	13.75	10.84	6.45	6.98
Balanced	9.38	12.62	10.32	6.54	6.94
Moderate	8.18	10.82	9.30	6.64	n.a.
Conservative	6.90	8.94	8.51	6.70	6.56
Capital Defensive	5.53	6.40	7.18	6.50	6.30
Cash	2.69	2.99	3.77	4.04	4.68

<sup>1</sup> Lump Sum Scheme Employer component is invested in the Growth option. <sup>2</sup> Pension Scheme is invested in the Growth option.

Investment returns for Super SA Income Stream (%)

Investment options	1yr %	3yrs % p.a.	5yrs % p.a.	7yrs % p.a.	10yrs % p.a.
High Growth	11.31	15.55	11.56	6.65	7.37
Socially Responsible	10.74	14.70	10.41	n.a.	n.a.
Growth	10.08	13.40	10.57	6.36	7.02
Balanced	9.45	12.31	10.07	6.39	6.84
Moderate	8.14	10.45	9.02	6.55	n.a.
Conservative	6.88	8.55	8.17	6.46	6.48
Capital Defensive	5.33	5.90	6.72	6.13	6.08
Cash	2.69	2.99	3.77	4.04	4.68

## ANNUAL REPORT 2014-15

Investment returns for Flexible Rollover Product and SA Ambulance Service Superannuation Scheme <sup>3</sup> (%)

Investment options	1yr %	3yrs % p.a.	5yrs % p.a.	7yrs % p.a.	10yrs % p.a.
High Growth	10.06	13.79	10.13	5.74	6.54
Socially Responsible	9.21	12.73	8.99	n.a.	n.a.
Growth	8.91	11.86	9.29	5.52	6.25
Balanced	8.13	10.61	8.66	5.43	5.86
Moderate	7.07	9.07	7.81	5.65	n.a.
Conservative	5.92	7.39	7.08	5.59	5.71
Capital Defensive	4.52	5.02	5.75	5.26	5.33
Cash	2.28	2.54	3.19	3.43	4.03

<sup>3</sup> SA Ambulance Service Superannuation Scheme is invested in the Balanced option.

## Investment markets 2014-15

**Investment returns were solid despite the volatility emanating from commodity and currency markets.**

Investment markets performed solidly for the 2014-15 financial year. Modest global growth, low inflation and the US' desire to strengthen its economy, allowed very low interest rates to persist, which was generally supportive for financial assets throughout the year.

- > Global developed market equities produced positive returns, with Japan materially outperforming. Returns were less varied than in previous years; however, the impact of falling energy and commodity prices did have large impacts when viewed at the industry level. Australian markets underperformed but still delivered a positive return.
- > Government bond returns were strong as yields unexpectedly fell across the globe reflecting weaker global growth, deflationary concerns and a continuation of easy monetary policy. Yields reversed late in the year but this was not enough to undermine what was, in hindsight, a strong year.
- > Emerging market investments, both equity and debt, underperformed as the escalation in falling commodity prices resulted in many countries underperforming. This underperformance was partly a result of large currency depreciations which adversely affected both equity and local bond market returns.
- > The global search for yield helped the Australian unlisted property market to deliver strong returns. Listed property outperformed unlisted as the lower yield environment and strong investor demand impacted listed asset market pricing more quickly than the unlisted market.

- > Commodity markets underperformed markedly during the period, with the energy sector and iron ore prices falling heavily. A slowdown in growth outside the US, oversupply pressures and the continued rise in the US dollar had the effect of undermining most commodity prices. Markets marginally recovered late in the year but remained under pressure.
- > Most currencies fell against the US dollar, particularly energy or commodity linked currencies. The Australian dollar fell sharply against the US dollar but less so against the Euro and Japanese yen.

**Investment Markets 2014-15****Cash and Fixed Income**

- Australian Cash	2.6%
- Australian Government	5.8%
- Australian Inflation-Linked	6.7%
- Global Treasuries	6.3%
Australian unlisted property	10.0%
Australian listed property	20.2%

**Equities**

- Australian Equities	5.6%
- Global Equities	8.4%
- Japanese Equities	32.1%
- Emerging Markets	6.6%

# Investment Review CONT'D

## Investment strategy

While the past year, and indeed the past 20 years, have provided strong returns, Funds SA advice is that an extended period of lower returns is likely. The implications of this on superannuation funds generally is that going forward, achieving a fund's investment objective will be more challenging. Super SA is working with Funds SA to consider how best to manage the portfolio in the current environment. To this end a review is being undertaken of investment targets, strategy and asset allocations. Super SA will communicate any significant changes to the options prior to their implementation.

## Indirect Investment Cost Ratios<sup>1</sup>

Funds SA's tax-exempt funds	2010–11	2011–12	2012–13	2013–14	2014–15
	%	%	%	%	%
Cash	0.06	0.06	0.06	0.06	0.05
Capital Defensive	0.35	0.28	0.26	0.33	0.34
Conservative	0.41	0.34	0.33	0.38	0.39
Moderate	0.42	0.36	0.44	0.51	0.52
Balanced	0.54	0.49	0.52	0.60	0.63
Growth	0.57	0.52	0.58	0.67	0.70
Socially Responsible	0.83	0.81	0.82	0.82	0.75
High Growth	0.62	0.58	0.61	0.68	0.71

<sup>1</sup> Funds SA's Indirect Cost Ratio (ICR) reflects the ratio of costs expressed as a percentage of average funds managed.

The Indirect Cost Ratios comprise investment management fees (including performance fees) and Funds SA administration fees which are charged to each option and are deducted before unit prices are declared. For the 2014–15 financial year, increases in ICRs are due to the increase in performance based fees paid to managers in the Diversified Strategies Growth and Diversified Strategies Income asset classes. The decrease in the ICR for the Socially Responsible option was due to the renegotiation of fees with the underlying fund manager based on the increased scale of funds invested in this option.

Total fees charged to Super SA schemes over the past five years are shown in the table on page 17.

## ANNUAL REPORT 2014-15

## Total Investment and Administration Fees

Type of Fee	2011		2012		2013		2014		2015	
	Fees \$000's	ICR <sup>1</sup> %								
<b>Investment Fees <sup>2</sup></b>										
Investment Management Expenses	62 641	0.51	59 523	0.45	73 002	0.48	101 638	0.57	119 894	0.60
Funds SA Administration Fee	3 567	0.03	4 005	0.03	4 398	0.03	4 560	0.03	5 054	0.03
<b>Total Investment Fees</b>	<b>66 208</b>	<b>0.54</b>	<b>63 528</b>	<b>0.48</b>	<b>77 400</b>	<b>0.51</b>	<b>106 198</b>	<b>0.60</b>	<b>124 948</b>	<b>0.62</b>
<b>Super SA Fees</b>										
Member Administration Fee <sup>3</sup>	10 884	0.14	11 042	0.12	11 866	0.11	14 443	0.12	14 660	0.10
Defined Benefit Administration Cost <sup>4</sup>	5 492	0.13	4 955	0.12	4 985	0.11	2 926	0.06	3 190	0.06
<b>Total Super SA Fees</b>	<b>16 376</b>	<b>0.13</b>	<b>15 997</b>	<b>0.12</b>	<b>16 851</b>	<b>0.11</b>	<b>17 369</b>	<b>0.10</b>	<b>17 850</b>	<b>0.09</b>
<b>Total Fees</b>	<b>82 584</b>	<b>0.67</b>	<b>79 525</b>	<b>0.60</b>	<b>94 251</b>	<b>0.62</b>	<b>123 567</b>	<b>0.70</b>	<b>142 798</b>	<b>0.71</b>

<sup>1</sup>The Indirect Cost Ratio reflects the ratio of costs expressed as a percentage of average funds managed for the relevant schemes.

<sup>2</sup>Funds SA's Investment Management Expenses and Administration fees are supplied by Funds SA.

<sup>3</sup>Super SA's Member Administration fee applies to Triple S, FRP and Income Stream.

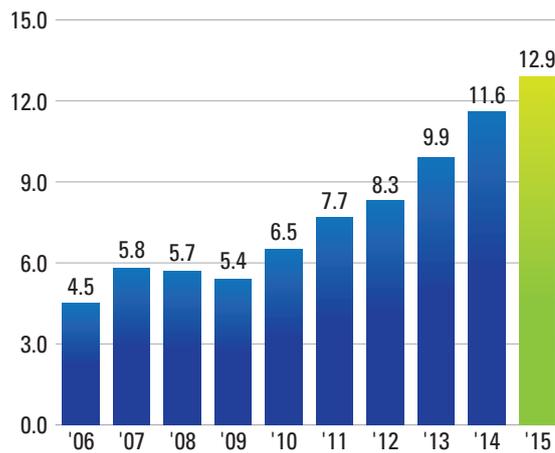
<sup>4</sup>Represents the total administration costs of the Lump Sum, Pension and SA Ambulance schemes.

# Triple S

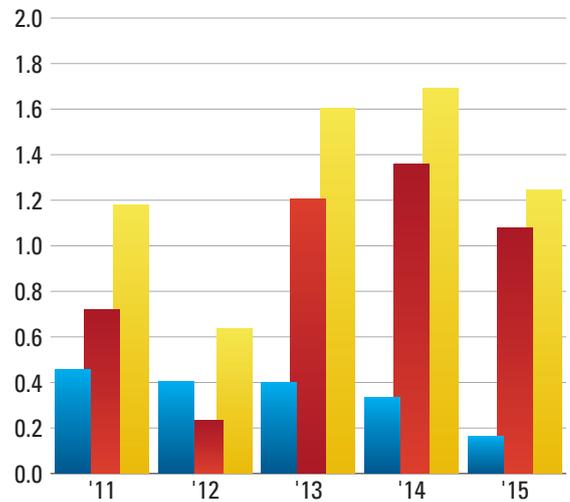
## THE TRIPLE S BALANCED OPTION PRODUCES ANOTHER YEAR OF STRONG RETURNS.

SA public sector employees who are not members of any other Government superannuation scheme automatically become members of Triple S from the day they commence employment. The scheme commenced on 1 July 1995. Full details of the scheme and benefits are contained in the Product Disclosure Statement (PDS).

Assets Under Management - Triple S (\$ billion)



Contribution of cashflows and investment earnings to the movement in Assets Under Management (\$ billion)



	2011 (\$b)	2012 (\$b)	2013 (\$b)	2014 (\$b)	2015 (\$b)
Net Cashflows	0.459	0.403	0.398	0.334	0.164
Investment Earnings	0.720	0.233	1.207	1.358	1.080
Total Movement	1.179	0.636	1.605	1.692	1.244

Financial Year ended 30 June

Cashflows and investment earnings have positively contributed to assets under management over each of the past five years.

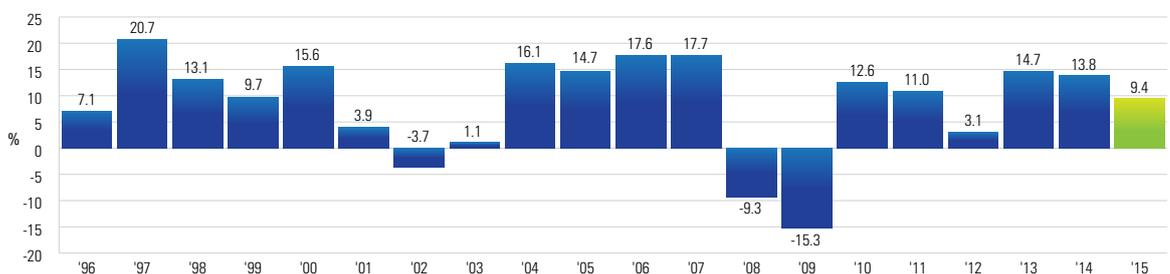
### Triple S investment performance

The Balanced option (the default option when members do not select an option) returned 9.4% for the year to 30 June 2015, and over the past 20 years has returned 8.2% p.a.

It is interesting to note that \$10,000 invested in the Balanced option 20 years ago would be worth over \$48,000 today, noting that this 20 year period includes periods of

significant market volatility (including the Global Financial Crisis), which have impacted annual returns.

The annual returns recorded for the Balanced option are shown in the chart below – and range from a high of 20.7% to a low of -15.3%.



## ANNUAL REPORT 2014-15

Triple S investment returns from 2006 to 2015 (%)<sup>1</sup>

Investment Option	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
High Growth	21.60	21.70	-13.00	-20.50	12.91	12.46	-0.60	19.70	16.12	10.91
Socially Responsible	n.a.	n.a.	n.a.	9.87	8.98	8.64	-0.46	19.04	13.31	10.25
Growth	19.40	19.50	-11.17	-17.51	12.21	11.44	1.99	16.45	14.90	10.02
Balanced (default)	17.60	17.70	-9.30	-15.30	12.59	10.96	3.10	14.73	13.82	9.38
Moderate	n.a.	n.a.	-6.85	-10.34	12.11	9.75	4.46	12.26	12.06	8.18
Conservative	11.70	11.60	-3.83	-6.63	12.06	8.83	6.93	9.66	10.29	6.90
Capital Defensive	8.50	8.40	0.72	-0.97	11.00	7.46	9.26	5.66	8.02	5.53
Cash	5.90	6.50	6.19	5.64	3.85	5.07	4.80	3.44	2.85	2.69

<sup>1</sup> Investment returns over 3, 5, 7 and 10 years are shown on page 14 of this report.

## Active Triple S members by investment option 2014-15

Investment Option	June 2014 investment option 1	June 2014 investment option 2 <sup>1</sup>	June 2015 investment option 1	June 2015 investment option 2 <sup>1</sup>
High Growth	3 917	213	4 211	130
Socially Responsible	224	76	292	83
Growth	1 940	132	2 081	2 728
Balanced (default)	105 508	0	106 727	0
Moderate	552	97	694	64
Conservative	1 275	161	1 293	143
Capital Defensive	767	74	677	91
Cash	1 294	142	1 080	65
<b>Total</b>	<b>115 477</b>	<b>895</b>	<b>117 055</b>	<b>3 304</b>

<sup>1</sup> These members have elected to split their investment between two options.

## Triple S contributory and non-contributory membership breakdown 2012 to 2015

Type of membership	June 2012	June 2013	June 2014	June 2015
Defined benefit members salary sacrificing	3 058	2 343	2 319	2 198
Triple S members salary sacrificing only	5 524	6 577	7 635	9 020
Triple S members salary sacrificing and making after-tax contributions	3 870	3 994	3 991	3 847
Triple S members making after-tax contributions only	18 474	17 450	16 348	15 008
<b>Total contributory membership</b>	<b>30 926</b>	<b>30 364</b>	<b>30 293</b>	<b>30 073</b>
Total non-contributory membership (incl. spouse members)	82 504	84 034	86 091	86 982
Preserved members	59 768	59 931	59 997	58 983
<b>Total Membership</b>	<b>173 198</b>	<b>174 329</b>	<b>176 381</b>	<b>176 038</b>

# Pension Scheme

## THE STATE GOVERNMENT PAID \$356.7M IN 2014–15 TO MEET ITS PAST SERVICE LIABILITIES FOR PENSION AND LUMP SUM SCHEMES.

The Pension Scheme is a voluntary membership scheme that closed to new members in May 1986. Members elect to make personal contributions to the scheme and receive an employer-financed benefit. This is a defined benefit scheme where member benefits are calculated as a percentage of final salary. Most benefits are independent of the investment earnings of the scheme. Benefits are generally payable in the form of a fortnightly income. The scheme does have provision for eligible members to commute their fortnightly pension (that is, take a lump sum).

### Pension scheme CPI adjustment

Consumer Price Index (CPI) adjustments of pension payments occur twice yearly, in October and April. An adjustment of 1.05% was made in October 2014 reflecting CPI (Adelaide) movement for the December quarter 2013 to June quarter 2014 period. An adjustment of 0.66% was applied in April 2015, which reflects the movement in CPI (Adelaide) for the June quarter 2014 to December quarter 2014 period.

### Investment performance

The Pension Scheme member accounts are adjusted at the end of each financial year to reflect the investment earnings achieved by Funds SA for the South Australian Superannuation Fund. The Fund is invested in the Growth option.

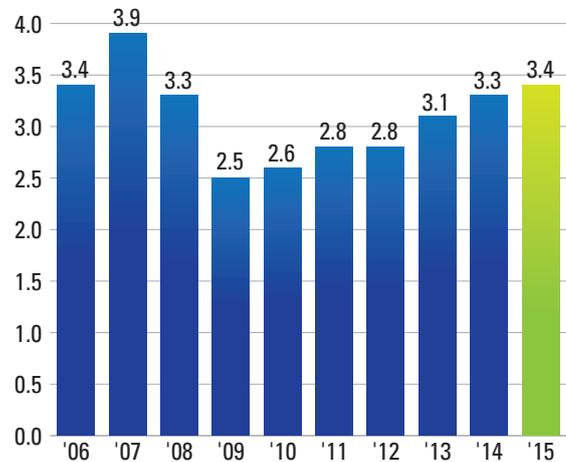
### Unfunded liability – Pension and Lump Sum schemes

The State Government has a strategy to fund both its accruing and accrued past service superannuation liabilities by 30 June 2034.

During the 2014–15 year, the State Government transferred \$356.7<sup>1</sup> million into the Employer Account to meet its past service superannuation liabilities in respect of the schemes.

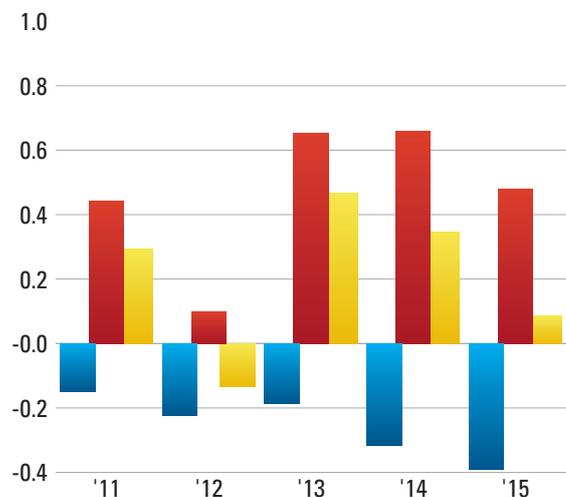
<sup>1</sup> Please note this sum was contributed in respect of both the Pension Scheme and Lump Sum Scheme.

### Assets Under Management – Pension Scheme (\$ billion)



### Net Asset Movement – Pension and Lump Sum schemes

Contribution of cashflows and investment earnings to the movement in Assets Under Management (\$ billion)



	2011 (\$b)	2012 (\$b)	2013 (\$b)	2014 (\$b)	2015 (\$b)
Net Cashflows	-0.149	-0.233	-0.186	-0.315	-0.392
Investment Earnings	0.441	0.098	0.652	0.660	0.478
Total Movement	0.292	-0.135	0.466	0.345	0.086

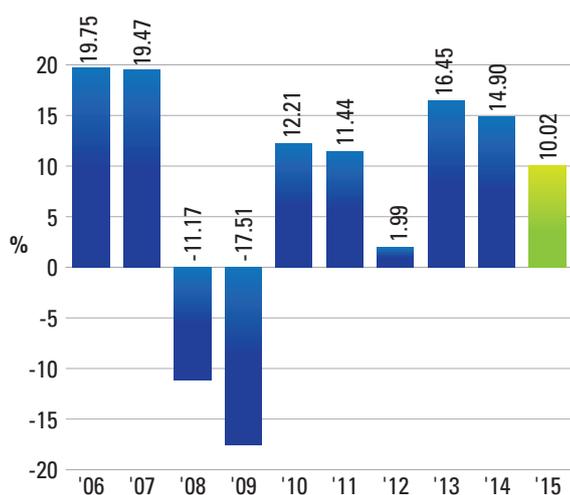
Financial Year ended 30 June

## ANNUAL REPORT 2014-15

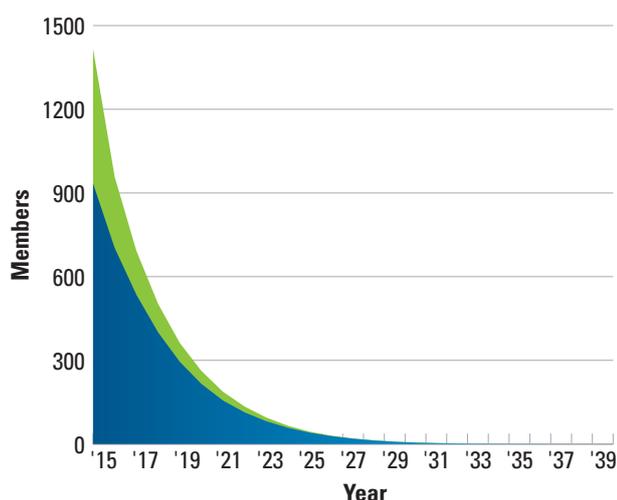
Membership of Pension Scheme at 30 June from 2010 to 2015

Year	Contributory	Preserved	Superannuants	Total
2010	2 748	1 038	15 332	19 118
2011	2 383	915	15 359	18 657
2012	1 945	776	15 433	18 154
2013	1 548	676	15 471	17 695
2014	1 226	577	15 438	17 241
2015	939	484	15 326	16 749

Pension Scheme investment return from 2006 to 2015 (%)



Projected membership of Pension Scheme (excluding Superannuants)



■ Pension Scheme: current contributors  
■ Pension Scheme: including preserved

## Actuarial review

An actuarial review of the South Australian Superannuation Fund (Pension and Lump Sum schemes) as at 30 June 2013 was completed in June 2014. The review looked comparatively at the cost of the Pension and Lump Sum schemes against the proportion of benefits that can be met from the South Australian Superannuation Fund. Actuarial reviews are undertaken every three years as required by section 21 of the *Superannuation Act 1988*. The following recommendations made by the actuary to the funding status of the Pension Scheme were adopted by the Board:

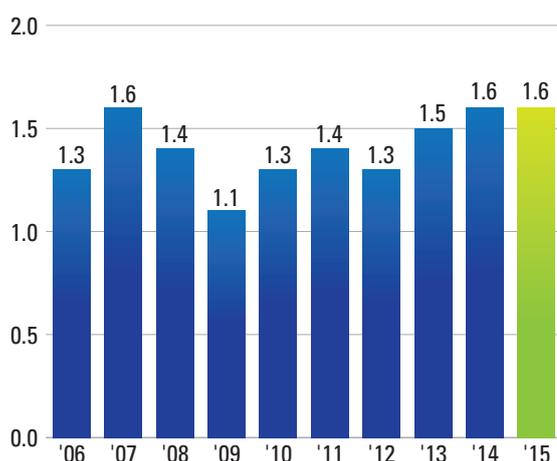
- > The employer contribution rate for the employer share of the future service cost of the Pension Scheme be maintained at 26.0% of contributors' salaries.
- > The Prescribed Proportion of the future Pension Scheme benefits that can be met from the Fund be maintained at 14.0%.

# Lump Sum Scheme

## DOUBLE-DIGIT INVESTMENT RETURNS ACHIEVED IN THE GROWTH OPTION.

The Lump Sum Scheme is a voluntary membership scheme that closed to new members in May 1994. Members elect to make personal contributions to the scheme and receive an employer-financed benefit. The benefits are payable in the form of a lump sum. Full details of the scheme and benefits are contained in the Product Disclosure Statement (PDS).

Assets Under Management - Lump Sum Scheme (\$ billion)



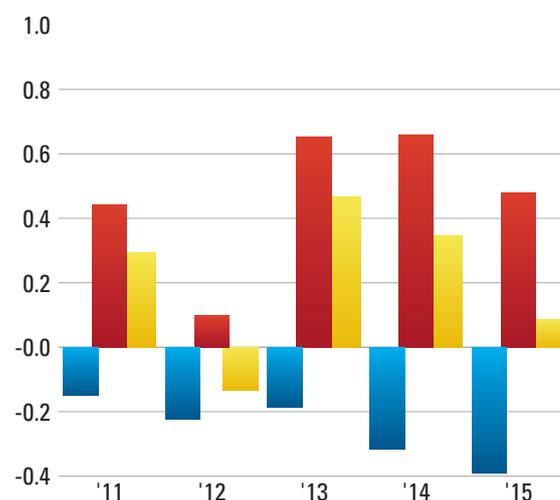
### Actuarial Review

An actuarial review of the South Australian Superannuation Fund (Pension and Lump Sum schemes) as at 30 June 2013 was completed in June 2014. The review looked at the cost of the Pension and Lump Sum schemes against the proportion of benefits that can be met from the South Australian Superannuation Fund. Actuarial reviews are undertaken every three years as required by section 21 of the *Superannuation Act 1988*. The following recommendation made by the actuary to the funding status of the Lump Sum Scheme was adopted by the Treasurer:

- > The employer contribution rate for the employer share of the future service cost of the Lump Sum Scheme be maintained at 14.75% of contributors' salaries.

### Net Asset Movement - Pension and Lump Sum schemes

Contribution of cashflows and investment earnings to the movement in Assets Under Management (\$ billion)



	2011 (\$b)	2012 (\$b)	2013 (\$b)	2014 (\$b)	2015 (\$b)
Net Cashflows	-0.149	-0.233	-0.186	-0.315	-0.392
Investment Earnings	0.441	0.098	0.652	0.660	0.478
Total Movement	0.292	-0.135	0.466	0.345	0.086

Financial Year ended 30 June

### Unfunded liability - Pension and Lump Sum schemes

The State Government has a strategy to fund both its accruing and accrued past service superannuation liabilities by 30 June 2034.

During the 2014-15 year, the State Government transferred \$356.7<sup>1</sup> million into the Employer Account to meet its past service superannuation liabilities in respect of the schemes.

<sup>1</sup> Please note this sum was contributed in respect of both the Pension Scheme and Lump Sum Scheme.

### Membership of Lump Sum Scheme at 30 June from 2010 to 2015

Year	Contributory	Preserved	Total
2010	5 391	1 935	7 326
2011	5 030	1 855	6 885
2012	4 630	1 731	6 361
2013	4 262	1 618	5 880
2014	3 871	1 528	5 399
2015	3 428	1 411	4 839

## ANNUAL REPORT 2014-15

Lump Sum Scheme investment returns from 2006 to 2015 (%)<sup>1</sup>

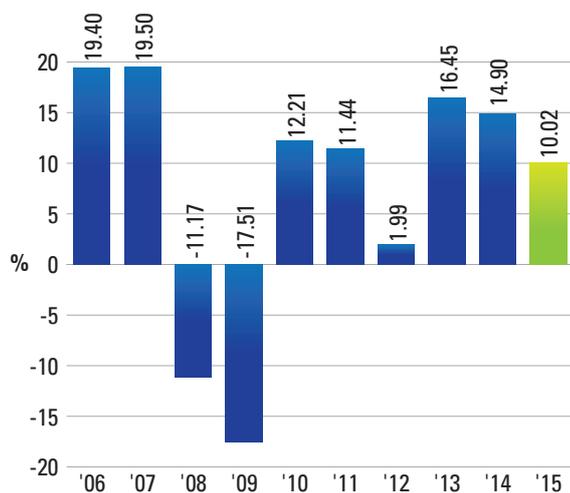
Investment option	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
High Growth	21.60	21.70	-13.00	-20.50	12.91	12.46	-0.60	19.70	16.12	10.91
Socially Responsible	n.a.	n.a.	n.a.	9.87	8.98	8.64	-0.46	19.04	13.31	10.25
Growth (default)	19.40	19.50	-11.17	-17.51	12.21	11.44	1.99	16.45	14.90	10.02
Balanced	17.60	17.70	-9.30	-15.30	12.59	10.96	3.10	14.73	13.82	9.38
Moderate	n.a.	n.a.	-6.85	-10.34	12.11	9.75	4.46	12.26	12.06	8.18
Conservative	11.70	11.60	-3.83	-6.63	12.06	8.83	6.93	9.66	10.29	6.90
Capital Defensive	8.50	8.40	0.72	-0.97	11.00	7.46	9.26	5.66	8.02	5.53
Cash	5.90	6.50	6.19	5.64	3.85	5.07	4.80	3.44	2.85	2.69

<sup>1</sup> Investment returns over 3, 5, 7 and 10 years are shown on page 14 of this report.

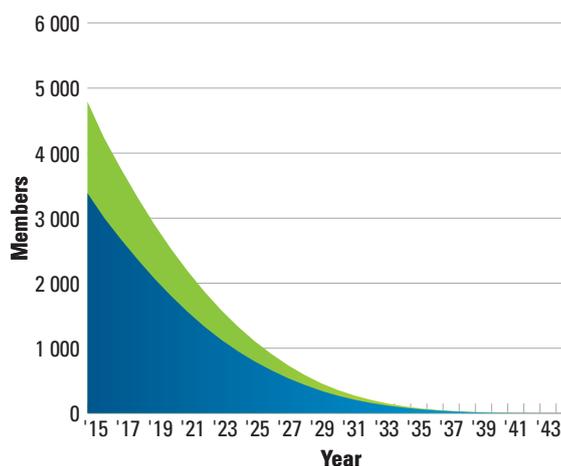
## Investment Performance

There is a choice of investment options for the member component of the Lump Sum Scheme, with Growth being the default option. The employer component is only invested in the Growth option. Returns by investment option, which are based on a price per unit, are displayed in the table above.

## Lump Sum Scheme investment return for Growth option from 2006 to 2015 (%)



## Projected membership of Lump Sum Scheme



■ Lump Sum Scheme: current contributors  
 ■ Lump Sum Scheme: including preserved

## Lump Sum Scheme members by investment option 2014-15

Investment Option	June 2014	June 2015
High Growth	171	161
Socially Responsible	16	15
Growth (default)	4 515	4 058
Balanced	225	209
Moderate	69	68
Conservative	164	151
Capital Defensive	114	95
Cash	125	82
<b>Total</b>	<b>5 399</b>	<b>4 839</b>

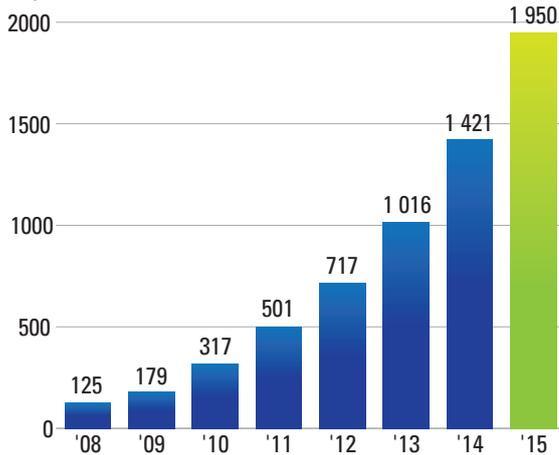
# Super SA Income Stream

## A 28% INCREASE IN THE NUMBER OF INVESTORS IN THE INCOME STREAM OVER THE PAST YEAR

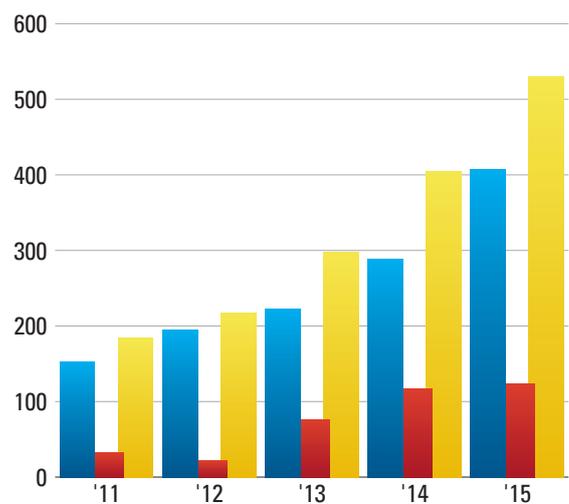
The Super SA Income Stream commenced on 1 April 2005. It is designed as a post-retirement product for Super SA members to roll in their lump sum payment. This enables them to continue to receive investment earnings and draw-down their super as a regular income payment. The guidelines governing the Income Stream are consistent with the Commonwealth legislation governing super.

Full details of the product and benefits are contained in the Product Disclosure Statement (PDS).

Assets Under Management - Super SA Income Stream (\$ million)



Contribution of cashflows and investment earnings to the movement in Assets Under Management (\$ million)



	2011 (\$m)	2012 (\$m)	2013 (\$m)	2014 (\$m)	2015 (\$m)
<b>Net Cashflows</b>	152	195	222	288	407
<b>Investment Earnings</b>	32	22	76	117	123
<b>Total Movement</b>	184	217	298	405	530

Financial Year ended 30 June

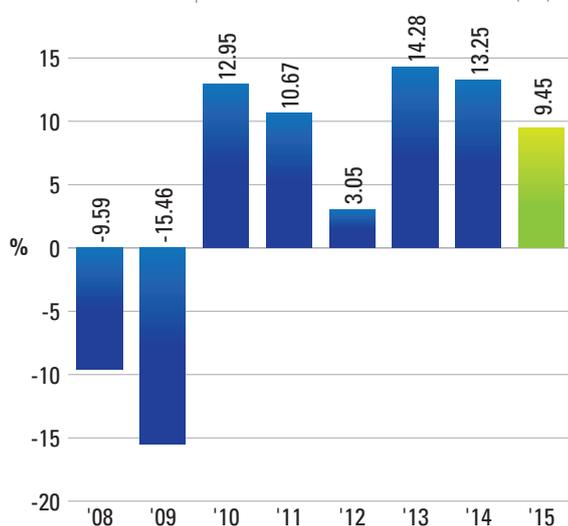
The Super SA Income Stream has continued to experience an increase in assets under management, with cashflows being the major contributor over each of the past five years.

Super SA Income Stream investment returns from 2009 to 2015 (%)<sup>1</sup>

Investment option	2009	2010	2011	2012	2013	2014	2015
High Growth	-20.85	14.78	12.27	-0.25	19.43	16.05	11.31
Socially Responsible	n.a.	9.30	8.74	-0.01	19.68	13.87	10.74
Growth	-17.40	12.77	11.21	1.92	15.91	14.30	10.08
Balanced (default)	-15.46	12.95	10.67	3.05	14.28	13.25	9.45
Moderate	-9.72	12.11	9.58	4.31	11.81	11.45	8.14
Conservative	-7.34	12.95	8.64	6.60	9.31	9.47	6.88
Capital Defensive	-1.73	11.53	7.25	8.66	5.24	7.14	5.33
Cash	5.64	3.85	5.07	4.80	3.44	2.86	2.69

<sup>1</sup> Investment returns over 3, 5 and 7 years are shown on page 14 of this report.

## Super SA Income Stream investment return for Balanced option from 2008 to 2015 (%)



## Super SA Income Stream investment performance

The Super SA Income Stream is fully funded and the investments are based on a price per unit. The Balanced option is the default option for the Super SA Income Stream product. Returns by investment option are displayed in the table above.

## Investor numbers in Super SA Income Stream from 2010 to 2015

2010	2011	2012	2013	2014	2015
1 610	2 337	3 236	4 142	5 230	6 678

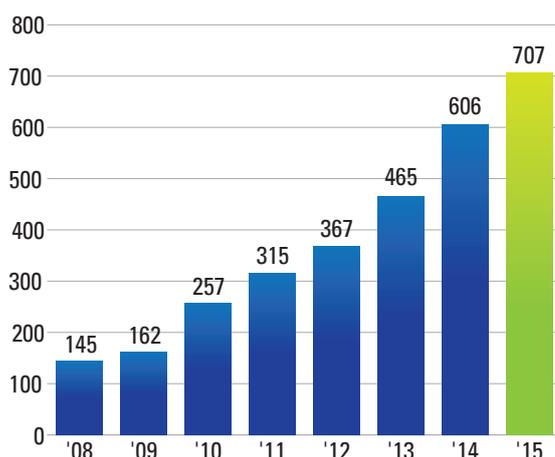
# Flexible Rollover Product

## INVESTOR NUMBERS IN THE FLEXIBLE ROLLOVER PRODUCT INCREASED BY 10% IN 2014-15.

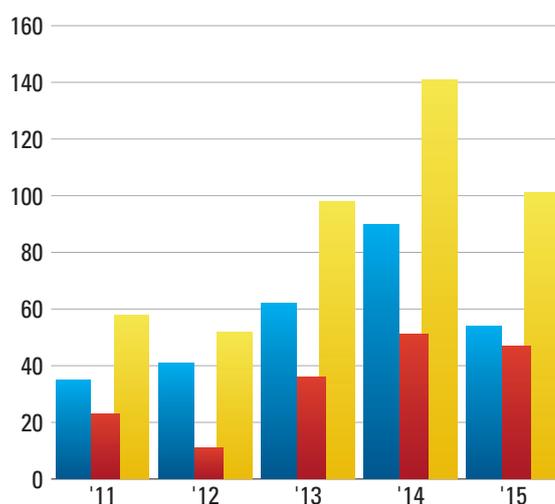
The Flexible Rollover Product (FRP) is designed as a short to medium term super product that allows investors to manage their super both before and in retirement. Because it is a super product, the guidelines governing FRP are consistent with the Commonwealth legislation governing super.

Full details of the product and benefits are contained in the Product Disclosure Statement (PDS).

Assets Under Management - Flexible Rollover Product (\$ million)



Contribution of cashflows and investment earnings to the movement in Assets Under Management (\$ million)



	2011 (\$m)	2012 (\$m)	2013 (\$m)	2014 (\$m)	2015 (\$m)
Net Cashflows	35	41	62	90	54
Investment Earnings	23	11	36	51	47
Total Movement	58	52	98	141	101

Financial Year ended 30 June

The Flexible Rollover Product has continued to experience an increase in funds under management, with cashflows being the major contributor over each of the past five years.

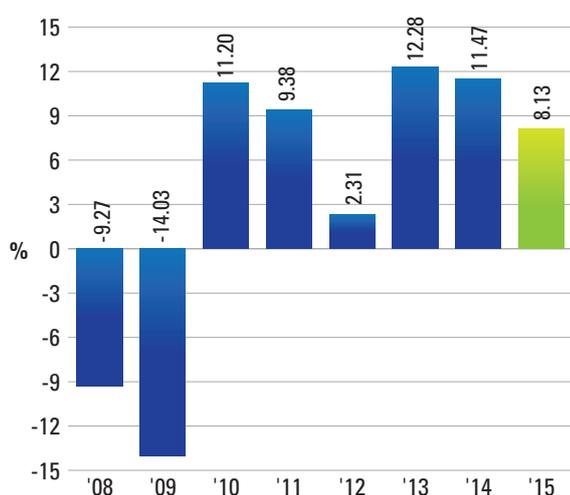
## ANNUAL REPORT 2014-15

Flexible Rollover Product investment returns from 2009 to 2015 (%)<sup>1</sup>

Investment option	2009	2010	2011	2012	2013	2014	2015
High Growth	-17.68	10.82	10.97	-0.92	17.17	14.26	10.06
Socially Responsible	n.a.	7.86	7.76	-0.36	17.13	11.98	9.21
Growth	-16.20	11.51	9.93	1.32	14.05	12.67	8.91
Balanced (default)	-14.03	11.20	9.38	2.31	12.28	11.47	8.13
Moderate	-8.75	10.53	8.46	3.51	10.22	9.95	7.07
Conservative	-6.52	11.18	7.63	5.62	8.06	8.20	5.92
Capital Defensive	-1.52	9.90	6.34	7.36	4.44	6.10	4.52
Cash	4.77	3.27	4.28	4.07	2.93	2.42	2.28

<sup>1</sup> Investment returns over 3, 5 and 7 years are shown on page 15 of this report.

### Flexible Rollover Product investment return for Balanced option from 2008 to 2015 (%)



### Flexible Rollover Product investment performance

The Flexible Rollover Product is fully funded and the investments are based on a price per unit. The Balanced option is the default option for the Flexible Rollover Product. Returns by investment option are displayed in the table above.

### Investor numbers in Flexible Rollover Product from 2010 to 2015

2010	2011	2012	2013	2014	2015
2 113	2 434	2 793	3 168	3 668	4 043

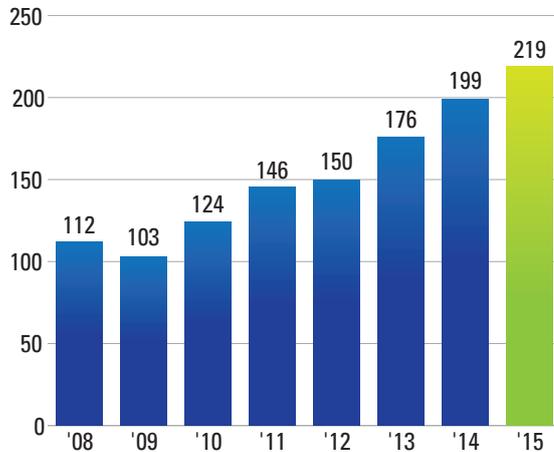
# SA Ambulance Service Superannuation Scheme

## ANOTHER YEAR OF STRONG INVESTMENT RETURNS FOR THE SA AMBULANCE SUPERANNUATION SCHEME.

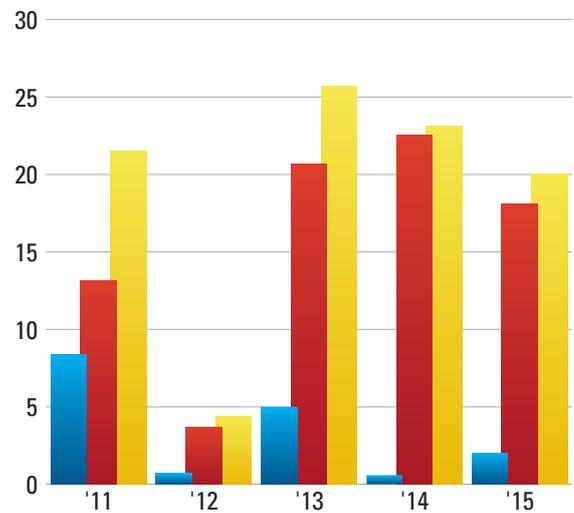
The SA Ambulance Service Superannuation Scheme was closed to new members on 1 July 2008. From this date all new employees of the SA Ambulance Service became members of the Triple S Scheme. The benefits are payable in the form of a lump sum.

Full details of the scheme and benefits are contained in the Product Disclosure Statement (PDS).

Assets Under Management - SA Ambulance Service Superannuation Scheme (\$ million)



Contribution of cashflows and investment earnings to the movement in Assets Under Management (\$ million)



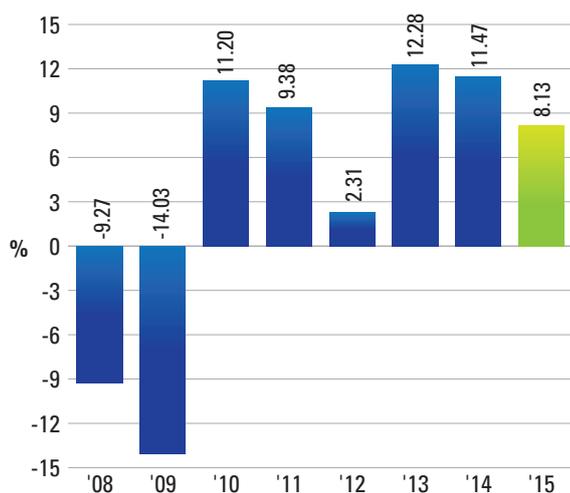
	2011 (\$m)	2012 (\$m)	2013 (\$m)	2014 (\$m)	2015 (\$m)
<b>Net Cashflows</b>	8.370	0.700	4.970	0.590	1.980
<b>Investment Earnings</b>	13.124	3.667	20.706	22.526	18.069
<b>Total Movement</b>	21.494	4.367	25.676	23.116	20.049

Financial Year ended 30 June

## Investment performance

The SA Ambulance Service Superannuation Scheme is invested in the Balanced option. The returns achieved are displayed in the table below.

SA Ambulance Service Superannuation Scheme investment return from 2008 to 2015 (%)



Membership of SA Ambulance Service Superannuation Scheme from 2010 to 2015

2010	2011	2012	2013	2014	2015
990	957	928	901	875	849

## Actuarial review

The SA Ambulance Service Superannuation Scheme is actuarially reviewed at least every three years. The most recent actuarial review of the fund supporting the scheme was performed as at 30 June 2014. The purpose of an actuarial review is to:

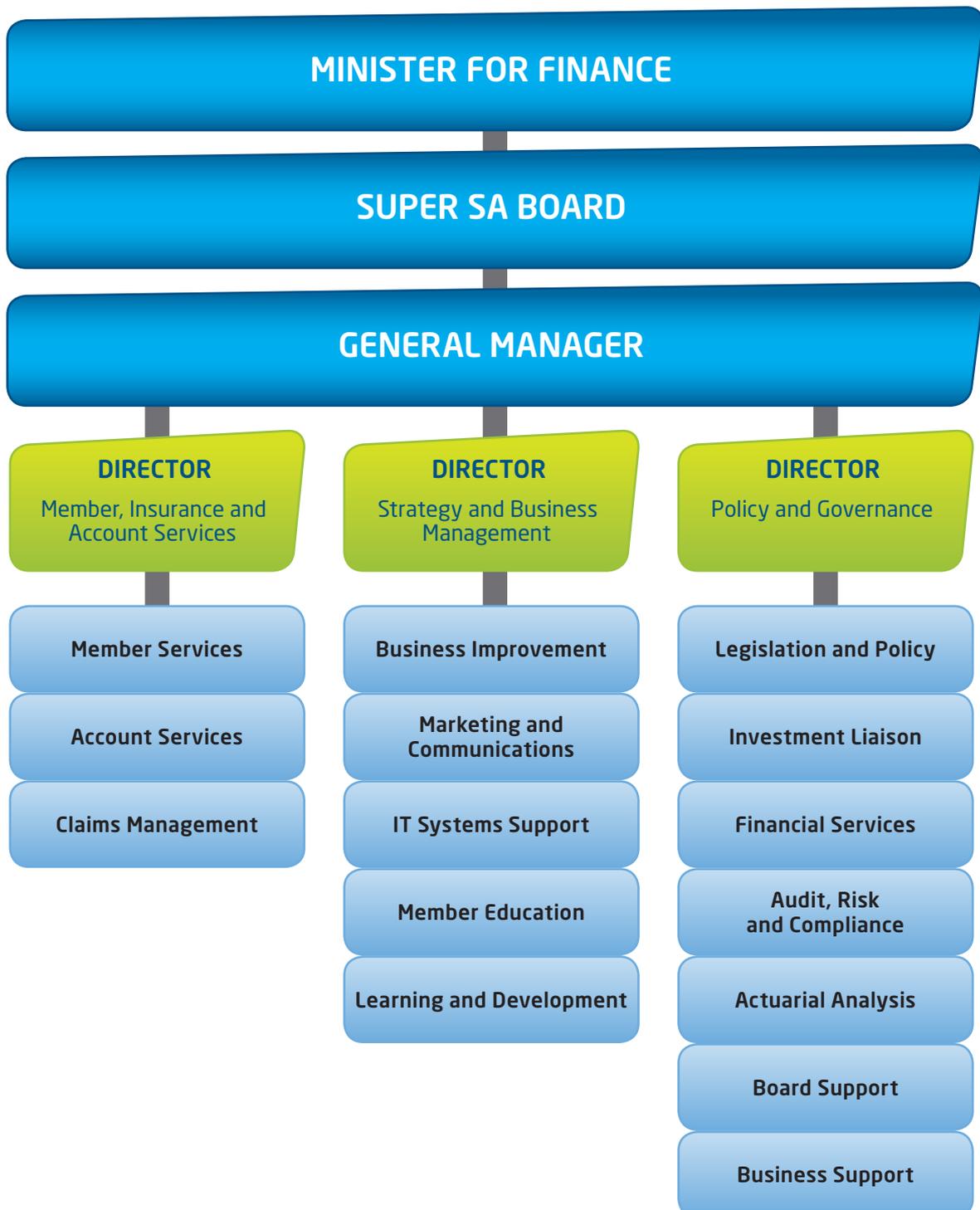
- > Examine the financial condition of the fund.
- > Assess the adequacy of the current employer contribution level.
- > Prepare a report for the purpose of the Australian Accounting Standard AAS25.
- > Satisfy the requirements of the Trust Deed.

The following recommendations made by the actuary to the funding status of the scheme were adopted by the Board:

- > The employer contribution rate be reduced from 12% to 9.5% effective from 1 July 2015.
- > The financing objective in respect of defined benefits be 105% of the liability for vested defined benefits.

The next actuarial review will be undertaken in 2017.

# Organisational Structure



# Staff Values

**SUPER SA STAFF VALUES AND ASSOCIATED BEHAVIOURS.  
WRITTEN BY STAFF, FOR STAFF.**



## respect

I will treat others in the same way that I expect to be treated.



## selflessness

I will "go the extra mile" in dealing with member and internal staff enquiries.



## transparency

I will consult with others prior to making key decisions which impact them.



## optimism

I will always look for ways to improve the way I behave and the way we operate.



## leadership

I will try and find solutions when I find a problem.



## satisfaction

I will focus on providing a high level of internal and external customer service.

# Super SA Board

AS AT 30 JUNE 2015



## Mr Philip Jackson

Presiding Member

**Appointed by the Governor until 8 September 2016.**

Mr Jackson is a lawyer, and before leaving the public service in 2005 he worked in the Crown Solicitor's Office for 25 years.

### **Disclosure of Interests**

Member of the Board of the Sexual Health Information Networking and Education South Australia (SHINE SA) Inc. until 3 November 2014.

Presiding Member, Southern Select Super Corporation



## Ms Virginia Deegan

**Appointed by the Governor on the Minister for Finance's nomination until 11 July 2015.**

Director, Infrastructure, University of Adelaide.

Fellow of CPA Australia (FCPA).

### **Disclosure of Interests**

Member, State Procurement Board

Member, Central Adelaide Local Health Network Advisory Council

Member, Southern Select Super Corporation



## Ms Deborah Black

**Appointed by the Governor on the Minister for Finance's nomination until 11 July 2015.**

Principal, Blackforrest Consulting.

### **Disclosure of Interests**

Member, State Procurement Board

Director, Adelaide Cemeteries Authority

Member, Innovation and Business Skills Australia Board

Member, Southern Select Super Corporation

Proxy Member, Training and Skills Commission



### Ms Jan McMahon

#### **Member Elected Representative until 1 October 2015.**

General Secretary of the Public Service Association of SA.

Fellow of the Australian Institute of Company Directors (FAICD), Fellow of the Australian Institute of Superannuation Trustees (FAIST).

#### ***Disclosure of Interests***

Director, Superannuation Funds Management Corporation of South Australia

Chairperson, Health Partners Ltd

Director, People's Choice Credit Union

Member, SA Unions

Member, Australian Council of Trade Unions

Director, Financial Solutions Australasia Pty Ltd

Director, Australian Central Services Pty Ltd

Secretary, SA Government Superannuation Federation

Member, Southern Select Super Corporation



### Dr Bill Griggs AM ASM

#### **Member Elected Representative until 1 October 2015.**

Director, Trauma Services – Royal Adelaide Hospital, Clinical Director, Retrieval Coordination – MedSTAR Emergency Medical Retrieval, State Controller (Health and Medical) – SA Health, Clinical Associate Professor – University of Adelaide, Clinical Associate Professor – James Cook University, Regional Ambulance Service Medical Officer – SA Ambulance Service.

#### ***Disclosure of Interests***

Director, Phoenix Society Inc

Director, Griggs EMS Pty Ltd

Director, Motor Accident Commission (Chair from 1 July 2015)

Member, SA Government Superannuation Federation

Member, Southern Select Super Corporation

Member, Return To Work Corporation of South Australia

# Super SA Board CONT'D

## Role and composition

The Board is responsible to the Minister for Finance for all aspects of the administration of the *Superannuation Act 1988* (Pension and Lump Sum Schemes), and the *Southern State Superannuation Act 2009* (Triple S Scheme), except for the management and investment of the funds.

The Board acts as the Trustee of the SA Ambulance Service Superannuation Scheme and is responsible for administering the Trust Deed and Rules.

The Board comprises five members:

- > A Presiding Member (who is not an employee) appointed by the Governor.
- > Two members who are appointed by the Governor on the Minister's nomination.
- > Two members who are elected by scheme members.

Each Board member's term is for a maximum of three years.

Each member, except the Presiding Member, has a deputy appointed by the Governor, who attends meetings in their absence. As at 30 June 2015 the deputy members were:

- > Ms Liz Hlipala, Deputy to Ms Virginia Deegan (appointed until 11 July 2015)
- > Ms Leah York, Deputy to Ms Jan McMahon (appointed until 1 October 2015)
- > Mr Aaron Chia, Deputy to Dr Bill Griggs (appointed until 1 October 2015)
- > Mr John Wright, Deputy to Ms Deborah Black (appointed until 11 July 2015)

All members and deputy members serve in a part-time capacity.

The Board meets monthly and, if the need arises, the Board seeks advice from senior Super SA staff and external advisers. In addition to its regular meetings, the Board sets aside a planning day each year to discuss issues and trends in superannuation and to provide Super SA with strategic directions for the coming year.

The Board commenced a self-assessment of its performance in June 2015 as a component of the Super SA Financial Management Compliance Program.

## Board committees



The Board is able to establish committees with committee membership extending to non-members.

The Board convenes two subcommittees to fulfil its administrative responsibilities.

### Audit and Finance Committee

The Audit and Finance Committee assists the Board through oversight of:

- > Compliance with accounting and financial management controls.
- > Financial reporting.
- > Compliance with legislation.
- > Adequacy of internal controls.
- > Adequacy of process for the prevention and detection of fraud.
- > Implementation of budgets.
- > Risk management.
- > Compliance with anti-money laundering and counter-terrorism financing legislation.

The Audit and Finance Committee completed a review of its Terms of Reference in November 2014. The revised Terms of Reference were formally approved and adopted by the Board in December 2014.

Membership of the committee for the 2014–15 year was as follows:

- > Ms Virginia Deegan, Convenor
- > Mr Philip Jackson, Committee Member
- > Mr John Wright, Committee Member.

The Director of Audits responsible for superannuation from the Auditor-General's Department is invited to attend each meeting as an observer. The General Manager; the Director, Policy and Governance; the Manager, Governance, Board and Corporate Support; the Manager, Audit and Risk; and the Manager, Financial Services act as advisers to the Committee.

Meetings are held at least quarterly and all Board members are welcome to attend.

### Member Services Committee

The Member Services Committee develops and monitors the strategic direction of:

- > marketing
- > communication
- > member services.

The Member Services Committee completed a review of its Terms of Reference in September 2014. The amended Terms of Reference were formally approved and adopted by the Board in September 2014.

Membership of the committee for the 2014-15 year was as follows:

- > Ms Jan McMahon, Convenor
- > Ms Leah York, Committee Member
- > Dr Bill Griggs, Committee Member
- > Mr John Montague, ex-officio member.

The Presiding Member attends and participates in committee meetings as an observer.

The Director, Member, Insurance and Account Services; Director, Strategy and Business Management; and the Manager, Marketing and Communications act as advisers to the Committee. Meetings are held at least three times per year and all Board members are welcome to attend.

### Board remuneration

The Governor determines the Board's remuneration. Remuneration levels are set in accordance with Government Guidelines, which have been made in consultation with the Commissioner for Public Employment.

The current remuneration fixed for appointees to the Board is:

- > **Presiding Member:** \$ 37 148 per annum
- > **Other Members:** \$24 765 per annum
- > **Deputy Members:** \$1 031 per meeting for attending Board meetings on behalf of the Board Member (up to a maximum of \$12 382 per annum).

Deputy Members serving on the Audit and Finance Committee or Member Services Committee receive \$3 714 per annum. Board Members serving on the Audit and Finance Committee or Member Services Committee do not receive any additional remuneration.

Board and Deputy Members who are SA public sector employees do not receive fees for their Board or Committee membership.

### Board education and training

Board members can attend a variety of national conferences and education seminars.

During the 2014-15 financial year Board Members attended the Association of Superannuation Funds of Australia (ASFA) Conference, November 2014 and the Conference of Major Superannuation Funds (CMSF) Conference, March 2015. The Presiding Member attended various forums for fund chairs organised by the Australian Institute of Superannuation Trustees (AIST).

### Board meeting attendance

The Board met 12 times during the year. Under section 9 (3) of the *Superannuation Act 1988*, three members constitute a quorum of the Board.

# Super SA Board CONT'D

Board and committee meeting attendance July 2014 to June 2015

Board Members	Board meetings			Audit and Finance Committee		Member Services Committee		
	Eligible to attend	Attended	Deputy attended	Eligible to attend	Attended	Eligible to attend	Attended	Deputy attended
Philip Jackson <sup>1</sup>	12	11		4	4		2 <sup>2</sup>	
Virginia Deegan	12	10	1	4	4			
Bill Griggs	12	12				3	2	1
Jan McMahon	12	11	1			3	3	
Deborah Black	12	8	2					
<b>Committee Members</b>								
John Wright				4	4			
Leah York						3	3	
John Montague						3	3	

<sup>1</sup> The Presiding Member does not have a Deputy.

<sup>2</sup> Mr Philip Jackson attended as an observer.



Photograph courtesy of the South Australian Research and Development Institute (SARDI).

# Corporate Governance

## Changes to Acts and Regulations

During 2014–15 the following amendments were made to the legislation that is administered by the Super SA Board.

### **Statutes Amendment (Superannuation) Act 2014 (No 18 of 2014)**

This Act made amendments to the *Southern State Superannuation Act 2009* to:

- > facilitate the exchange of personal information of members of Triple S and Super SA Select (the new taxed product) between the Super SA Board and the Southern Select Super Corporation (as trustee for Super SA Select); this is necessary as members of Super SA Select currently have insurance through Triple S;
- > address a technical issue with the membership provisions under section 19 of the Act, which has the unintended consequence of excluding those persons earning less than \$450 a month from being paid superannuation guarantee contributions by their Government employer, notwithstanding that it is common practice amongst agencies to make superannuation contributions in respect of those persons.

This Act also amended the *Superannuation Act 1988* to enable the Super SA Board to release a portion of a member's superannuation from the Lump Sum or Pension Scheme for the purpose of funding a Division 293 tax liability incurred by that member. Individuals with income and low tax super contributions greater than \$300,000 per annum are charged Division 293 tax of 15% on the low tax contributions above the \$300,000 threshold.

- > *Assent*: 20 November 2014
- > *Date of Operation*: 20 November 2014

### **Southern State Superannuation Variation Regulations 2014 (219 of 2014)**

These Regulations enabled the Super SA Board to release a portion of a member's superannuation from Triple S for the purpose of funding a Division 293 tax liability incurred by that member. Individuals with income and low tax super contributions greater than \$300,000 per annum are charged Division 293 tax of 15% on the low tax contributions above the \$300,000 threshold.

*Regulation made on*: 7 August 2014

*Date of Operation*: 7 August 2014

### **Southern State Superannuation Variation Regulations 2014 (No 267 of 2014)**

As part of a major review into the insurance provided through Triple S, the Super SA Board was advised that the fixed insurance option was not in accordance with industry standards, potentially locked in a premium that may not be sustainable over time and resulted in an inequitable cross-subsidisation of costs and risks in favour of those holding the fixed cover option.

As an interim measure pending the completion of the major insurance review, these Regulations remove the ability for Triple S members to make new or additional applications for fixed insurance.

*Regulation made on*: 13 November 2014

*Date of Operation*: 13 November 2014

### **Amendments to SA Ambulance Service Superannuation Scheme Trust Deed**

The SA Ambulance Service Superannuation Scheme Trust Deed was amended to specifically recognise:

- > the "Manager of Patient Services Allowance" as forming part of salary for superannuation purposes from 31 December 2009; and
- > the role of the Consultative Committee as a link between the members and the Super SA Board on an information sharing basis, in relation to superannuation issues which have a significant impact on employees of the Employer.

*Trust Deed amended on*: 29 April 2015

*Date of Operation*: 1 April 2015

## Risk Management

Deloitte has been appointed to provide Internal Audit services to Super SA as part of Super SA's focus on audit, risk and compliance.

During 2014–15 Super SA continued its integrated audit, risk and compliance function that included compliance testing, incident management, Financial Management Compliance Program, and a Risk Management Strategy and Plan.

Internal Audit projects completed during 2014–15 included Member Reporting and Information Disclosure; Compliance Benchmarking; Payments Review; Investment Governance;

Business Continuity; Unit Pricing; Insurance Underwriting and a Governance Review.

Progress and deliverables are monitored by the Audit and Finance Committee on a quarterly basis.

### Fraud

The Board is responsible for the internal control framework but also acknowledges that no cost-effective internal control system will preclude all errors and irregularities.

Regular information is provided to the Board from internal and external audit, through the Audit and Finance Committee as well as from the General Manager and the Board Secretary. To the best of the Board's knowledge there have been no instances of fraud in 2014-15.

### Anti-Money Laundering and Counter-Terrorism Financing (AML & CTF)

Under the Commonwealth *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, the Board is a reporting entity and is subject to the requirements of the Act.

An independent review of compliance with the legislation and Part A program requirements was undertaken during 2014-15.

The Board's Audit and Finance Committee maintains oversight of Super SA's progress in meeting the obligations under the AML & CTF legislation.

### Heads of Government Agreement

The South Australian and Commonwealth Governments have entered into a Heads of Government Agreement to enable certain public sector schemes to be exempt from the Commonwealth's *Superannuation Industry (Supervision) (SIS) Act 1993*. Each scheme is, however, deemed to be a complying fund in terms of the SIS Act, for superannuation guarantee purposes under the *Superannuation Guarantee (Administration) Act 1992* and for income tax purposes under the *Income Tax Assessment Act 1936*.

As a result of the agreement, the schemes established under the *Superannuation Act 1988* and the *Southern State Superannuation Act 2009* are exempt public sector schemes in terms of the Commonwealth legislation.

In terms of the agreement, the South Australian Government has made a commitment to ensure that the exempt SA public sector schemes conform to the principles of the Commonwealth's retirement income policy objectives. The Super SA Board has embraced this commitment, increasing the quality and nature of communications to keep the members of the schemes well informed. Super SA endeavours to ensure that all communications are in accordance with the *Financial Services Reform Act 2001*.

### Major Commonwealth initiatives

The Super SA Board continues to monitor the progress of Commonwealth legislation affecting superannuation. Changes to the schemes administered by the Board are considered whenever new Commonwealth legislation is enacted.

Commonwealth initiatives during 2014-15 were dominated by:

- > the deferral of the increase in the superannuation guarantee contribution such that the current rate of 9.5% will remain for seven years, increasing to 10% from July 2021, and eventually to 12% from July 2025;
- > the abolition of the low income superannuation contribution with effect from 1 July 2017.



Photograph courtesy of South Australia Police (SAPOL).

# Corporate Governance <sup>CONT'D</sup>

## Complaints, Appeals and Freedom of Information

During the 2014–15 year, Super SA responded to 112 written complaints through the formal complaints process. This represents 0.05% of Super SA's current membership.

Member complaints during the period have prompted the following changes and improvements to the services offered by Super SA:

- > Updated complaints site to advise members that the online complaint has been received by Super SA if the member receives an automated acknowledgement email.
- > Updated lump sum fact sheet references to insurance.
- > Updated fact sheets to reference untaxed plan cap and non-concessional contribution threshold.
- > Continued preparation of systems and necessary legislative changes to facilitate the ability for members to nominate their legal personal representative (i.e. estate) as the beneficiary of their entitlement on death.

There were 18 appeals considered by the Super SA Board during 2014–15. Three of the appeals related to administrative matters while the rest related to insurance claims. There were 15 appeals which were approved in favour of the member, one appeal was deferred and two appeals were denied.

Of the total appeals considered, two were requests to waive a procedural step and 13 were requests for extensions of time to allow an application for insurance pursuant to section 29 of the *Southern State Superannuation Act 2009*. The legislation requires that the use of this section of the legislation must be reported to the Minister in the Annual Report.

During 2014–15, there were four applications received requesting access to information, under the *Freedom of Information Act 1991*. All other Freedom of Information (FOI) requests received and processed originated from the Department of Treasury and Finance, and Super SA was asked to provide information.

# Corporate Governance <sup>CONT'D</sup>

## Policy review

The Super SA Board continued its policy review program during 2014–15 with the following policies being updated:

- > Police Disability Pension
- > Police Disability Pension Administration Charge
- > Complaints Process
- > Fraud and Theft
- > Income Assessing Invalidity and Retrenchment Superannuants
- > Payments and Deductions for Superannuants
- > Extension of Time to Commute Pension
- > Retirement Product Transactions
- > Triple S Administration Fees.

During 2014–15 the following new policies were approved by the Board:

- > Switch from Fixed to Standard insurance – Limitation Policy
- > Rollover of Preserved Benefits.

During 2014–15 there were no policies revoked by the Board.

The policy review program will continue into 2015–16.

## Policy documents

The policy documents as at 30 June 2015 are listed below.

## Freedom of Information

- > Release of Member Information Including Freedom of Information.

## Invalidity

- > Assessing Temporary Disability (Income Protection) Claims
- > Temporary Disability (Income Protection) Extending Benefits Beyond the Initial Prescribed Period
- > Claim for Disability Benefits – Payment Medical Expense
- > Invalid Superannuants That Are “Fit for Work”
- > Assessing Total and Permanent Disablement Claims – Triple S
- > Assessing Total and Permanent Disablement Claims – Pension and Lump Sum
- > Premium for Income Protection (Temporary Disability) Insurance – Triple S
- > Opting out of Income Protection Insurance – Triple S.

## Contributions

- > Acceptance of Rollovers
- > Leave Without Pay – Pension and Lump Sum Schemes
- > Leave Without Pay – Triple S
- > Variation to Member Contribution Rate
- > Member Contributions Underpaid and Overpaid
- > Maintaining Benefits After Salary Reduction
- > Day Contribution Rates Fixed Each Financial Year
- > Collection of Contributions from Agencies – Triple S.

## Investment

- > Exit Rates – Pension Scheme
- > Exit Rates – Lump Sum Scheme
- > Exit Rates – Triple S
- > Exit Rates – SA Ambulance Service Superannuation Scheme
- > Investment Choice
- > Retirement Product Transactions
- > Unit Price Adjustment
- > Liquidity Management.

## Enquiries / Disputes

- > Recovery of Overpayment
- > Complaints Process
- > Appeals Process.

## Benefits Payable

- > Income Assessing Invalidity and Retrenchment Superannuants
- > Payments and Deductions for Superannuants
- > Indexation of UK Pensions (Paid to Former Officers of the Agent General in London, England)
- > Extension of Time to Commute Pension
- > Indexation of Salary for Preserved Benefit
- > Identity Check for Payment of Benefits
- > Death Benefit – Benefit of \$15 000 or Less
- > Pension and Lump Sum Schemes – Removal or Variation of Conditions
- > Rollover of Preserved Benefits.

### Additional Insurance

- > Voluntary Insurance – Weight Policy
- > Voluntary Insurance – Smoking Policy
- > Voluntary Insurance – Limitation Policy
- > Opting Out of Income Protection Insurance – Triple S
- > Premium for Income Protection Insurance – Triple S
- > Switch from Fixed to Standard insurance – Limitation Policy.

### Fees

- > Triple S Administration Fees
- > Charging Proportions to Contributors' Account and the Fund
- > Dissolution of Marriage – Fees
- > Flexible Rollover Product Administration Fees
- > Income Stream Administration Fees.

### General

- > Fraud and Theft
- > Risk Management Policy
- > Members Email Address Protocol
- > Operational Risk Reserve
- > Financial Management and Compliance Framework
- > Income Recipients with no Current Address
- > General Reserve
- > Board Training
- > Insurance Reserve – Southern State Superannuation Scheme and Flexible Rollover Product
- > Insurance Reserve – SA Ambulance Service Superannuation Scheme.

Any person wishing to inspect these policies should contact Member Services on (08) 8207 2094.

Product Disclosure Statements undergo continual review to ensure the information is current at all times.

### Whistleblowers Act

There were no occasions in the 2014–15 year on which public interest information was disclosed to a responsible officer of the agency under the *Whistleblowers Protection Act 1993*.

### Unclaimed monies

The Super SA Board is required under the *Superannuation (Unclaimed Money and Lost Members) Act 1999* (Cwth Act) to report and pay unclaimed money entitlements to the ATO twice per year in accordance with their Commonwealth legislation.

Unclaimed superannuation entitlements are defined as such once the following conditions have been met:

- > the member is over the age of 65
- > the member has been categorised as 'lost' for more than five years and the provider has not been able to contact the member again after making reasonable efforts
- > the fund has not received a contribution for the member in more than two years

Payments were made to the ATO on 20 October 2014 and 23 April 2015 covering 62 members totalling \$456 026.62.

In addition, on 5 September 2014, the amount of \$3 054 million of unclaimed monies, formerly held by the Treasurer under the now repealed *Unclaimed Superannuation Benefits Act 1997*, was transferred to the ATO pursuant to the requirements of the *Statutes Amendment and Repeal (Superannuation) Act 2012*.

### Special attribution

Section 25 of the *Superannuation Act 1988* provides that the Minister for Finance may, in appropriate cases, attribute additional contribution points, or additional contribution months to a contributor.

Attributions have been used as part of the negotiations for senior appointments to the public service and statutory appointments, or to resolve inconsistencies that may occur in the administration of the entitlements.

There were no special attributions in the year ending 30 June 2015.



# Appendix 1 – Financial Statements for the Year Ended 30 June 2015

## **THE AUDITOR-GENERAL HAS AUDITED THE FOLLOWING FINANCIAL STATEMENTS AND NOTES FOR THE:**

- > Super SA Board
- > South Australian Superannuation Scheme
- > Southern State Superannuation Scheme
- > Super SA Retirement Investment Fund and
- > South Australian Ambulance Service Superannuation Scheme.

**The independent audit reports from the Auditor-General for the statements are also included.**



Photograph courtesy of the Department of Planning, Transport and Infrastructure (DPTI).

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**INDEPENDENT AUDITOR'S REPORT**

**Government of South Australia**  
Auditor-General's Department

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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the South Australian Superannuation Board for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, General Manager, State Superannuation Office and the Manager, Governance, Board and Corporate Support, State Superannuation Office.

**The members of the South Australian Superannuation Board's Responsibility for the Financial Report**

The members of the South Australian Superannuation Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the South Australian Superannuation Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the South Australian Superannuation Board, as well as the overall presentation of the financial report.

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

**Opinion**

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Superannuation Board as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson  
**Auditor-General**  
19 September 2015

### South Australian Superannuation Board

#### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Expenses</b>			
Administration expenses		18 285	16 921
Other expenses	4	20	17
<b>Total expenses</b>		<b>18 305</b>	<b>16 938</b>
<b>Income</b>			
Fees and charges	5	18 400	17 913
Interest revenues	6	307	342
<b>Total income</b>		<b>18 707</b>	<b>18 255</b>
<b>Total comprehensive result</b>	10	<b>402</b>	<b>1 317</b>

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

#### STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Current assets</b>			
Cash and cash equivalents	7	14 836	13 498
Receivables	8	43	41
<b>Non current assets</b>			
Loan Receivable	8, 16	524	512
<b>Total assets</b>		<b>15 403</b>	<b>14 051</b>
<b>Current liabilities</b>			
Payables	9	1 484	534
<b>Total liabilities</b>		<b>1 484</b>	<b>534</b>
<b>Net assets</b>		<b>13 919</b>	<b>13 517</b>
<b>Equity</b>			
Retained earnings	10	524	512
Reserves	10	13 395	13 005
<b>Total Equity</b>		<b>13 919</b>	<b>13 517</b>

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

## South Australian Superannuation Board

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Note	Retained earnings \$'000	Reserves \$'000	Total \$'000
<b>Balance at 30 June 2013</b>		-	17 380	17 380
<b>Total comprehensive result for 2013-14</b>		1 317	-	1 317
Transferred to reserves		(805)	805	-
Transferred from reserves		-	(5 180)	(5 180)
<b>Balance at 30 June 2014</b>		512	13 005	13 517
<b>Total comprehensive result for 2014-15</b>		402	-	402
Transferred to reserves	10	(390)	390	-
<b>Balance at 30 June 2015</b>		524	13 395	13 919

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

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Administration expenses paid		(17 338)	(18 395)
Other expenses		(17)	(17)
<b>Cash (used in) operations</b>		<b>(17 355)</b>	<b>(18 412)</b>
<b>Cash inflows</b>			
Interest received		296	340
Fees and charges paid		18 397	19 730
<b>Cash generated from operations</b>		<b>18 693</b>	<b>20 070</b>
<b>Net cash provided by operating activities</b>	12	<b>1 338</b>	<b>1 658</b>
<b>Cash flows from financing activities</b>			
<b>Cash outflows</b>			
Provision of Loan to the Minister for Finance	16	-	(500)
Transfers from reserves		-	(5 180)
<b>Cash (used in) financing activities</b>		<b>-</b>	<b>(5 680)</b>
<b>Net cash (used in) financing activities</b>		<b>-</b>	<b>(5 680)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1 338</b>	<b>(4 022)</b>
Cash and cash equivalents at the beginning of the period		13 498	17 520
<b>Cash and cash equivalents at the end of the period</b>	7, 12	<b>14 836</b>	<b>13 498</b>

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

## South Australian Superannuation Board

### Note 1 Objectives and funding

#### a) 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 Minister for Finance 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, 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 costs.

The Board is responsible for payment of the Service Level Agreement (SLA) Fee to the Department of Treasury and Finance 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 purposes.

### Note 2 Summary of 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*.

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 2015. Refer to Note 3.

#### b) 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; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. 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:
  - revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. A threshold of \$100,000 for separate identification of these items applies.
  - 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.

### South Australian Superannuation Board

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 2015 and comparative information is presented.

#### c) 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.

#### d) Rounding

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

#### e) Taxation

The Board is not subject to income tax.

The Board is not registered for Goods and Services Tax (GST) and no GST is recoverable or payable to the Australian Taxation Office (ATO).

#### f) Events after the reporting period

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

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.

#### g) 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:

##### 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 Minister for Finance and cash held in the Board's Deposit Account, with the Department of Treasury and Finance, which receives interest at the applicable SA Government rate. Interest is recognised when it is earned.

##### Expenses

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

### South Australian Superannuation Board

#### h) 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.

#### i) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes deposits held in the deposit account held with the Treasurer.

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.

#### j) 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 16 regarding the Loan Receivable.

#### k) 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.

#### Note 3 New and revised accounting standards and policies

The Board did not voluntarily change any of its accounting policies during 2014-15.

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 period ending 30 June 2015. The Board has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Board.

#### Note 4 Other expenses

	2015	2014
	\$'000	\$'000
Other expenses <sup>(i)</sup>	20	17
<b>Total other expenses</b>	<b>20</b>	<b>17</b>

(i) Other expenses includes amounts paid or due and payable to the Auditor-General's Department for the audit of the Board for the reporting period which were \$20,000 (2014 \$17,000). No other services have been provided by the Auditor-General's Department.

### South Australian Superannuation Board

**Note 5 Fees and charges**

	2015	2014
	\$'000	\$'000
Recovery of administration fees	18 400	17 913
<b>Total fees and charges</b>	<b>18 400</b>	<b>17 913</b>

**Note 6 Interest revenues**

	2015	2014
	\$'000	\$'000
Bank account	295	330
Loan	12	12
<b>Total interest revenues</b>	<b>307</b>	<b>342</b>

**Note 7 Cash and cash equivalents**

	2015	2014
	\$'000	\$'000
Cash at bank	14 836	13 498
<b>Total cash and cash equivalents</b>	<b>14 836</b>	<b>13 498</b>

**Interest Rate Risk**

Cash at bank, which represents deposits held with the Treasurer, earns a floating interest rate, based on the daily bank deposit rate. The carrying amount of cash and cash equivalents represents fair value.

**Note 8 Receivables**

	2015	2014
	\$'000	\$'000
<b>Current Receivables</b>		
Sundry debtors	23	24
Audit fee recovery	20	17
Total Current Receivables	43	41
<b>Non-Current Receivables</b>		
Loan Receivable <sup>(i)</sup>	524	512
Total Non-Current Receivables	524	512
<b>Total receivables</b>	<b>567</b>	<b>553</b>

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

(i) Refer note 16

**Note 9 Payables**

	2015	2014
	\$'000	\$'000
Audit fee payable	20	17
Administration fee payable	1 464	517
<b>Total payables</b>	<b>1 484</b>	<b>534</b>

All payables are normally settled within 30 days from the date of the invoice or date the invoice is first received.

### South Australian Superannuation Board

#### Note 10 Retained earnings and reserves

	Opening Balance \$'000	Total Comprehensive Result \$'000	Transfers To Reserve \$'000	2015 \$'000	2014 \$'000
<b>Retained Earnings</b>	512	402	(390)	<b>524</b>	512
<b>Reserves</b>					
	Opening Balance \$'000	Transfers To Reserve \$'000	Transfers From Reserve \$'000	2015 \$'000	2014 \$'000
General Reserve <sup>(i)</sup>	13 005	390	-	<b>13 395</b>	13 005
Total Reserves	13 005	390	-	<b>13 395</b>	13 005

i. The *General Reserve* was established in December 2013. The funding was received by transferring the 31 December 2013 balances of the *Board Election Reserve*, *Office Administration Reserve* and the *Capital and Development Reserve* into the *General Reserve*. The Transfers to Reserve amount represents interest allocated from July 2014 to June 2015 plus the refund from DTF of the under spend on the SLA fee for 2014-15.

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.

#### Note 11 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2014-15 financial year were:

##### The South Australian Superannuation Board

Philip Jackson (Presiding Member)	1 July 2014 - 30 June 2015
Bill Griggs* (Aaron Chia* - Deputy)	1 July 2014 - 30 June 2015
Virginia Deegan (Liz Hlipala - Deputy)	1 July 2014 - 30 June 2015
Jan McMahon (Leah York** - Deputy)	1 July 2014 - 30 June 2015
Deborah Black (John Wright*** - Deputy)	1 July 2014 - 30 June 2015

##### The number of members whose remuneration received or receivable falls within the following bands:

	2015	2014
\$0	1	2
\$1 - \$9 999	2	1
\$20 000 - \$29 999	3	3
\$30 000 - \$39 999	1	1
<b>Total number of members</b>	<b>7</b>	<b>7</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$119,000 (2014 \$107,000).

Amounts paid to a superannuation plan for board/committee members were \$11,000 (2014 \$10,000)

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

\* In accordance with the Department of Premier and Cabinet Circular Number 016, government employees did not receive any remuneration for board/committee duties during the financial year.

\*\* Ms L York is a deputy for Jan McMahon and was eligible for sitting fees for attending meetings during the year.

\*\*\* Mr J Wright is a deputy for Deborah Black and was eligible for sitting fees for attending meetings during the period 13 November 2014 to 30 June 2015.

### South Australian Superannuation Board

#### Note 12 Cash flow reconciliation

2015	2014
\$'000	\$'000

#### Reconciliation of cash and cash equivalents - at the end of the reporting period

Cash and cash equivalents disclosed in the Statement of Financial Position	<u>14 836</u>	13 498
Balance as per the Statement of Cash Flows	<u>14 836</u>	13 498

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

Total comprehensive result	402	1 317
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#### Movement in operational assets and liabilities

(Increase)/Decrease in receivables	(14)	1 815
Increase/(Decrease) in payables	<u>950</u>	<u>(1 474)</u>

#### Net cash provided by operating activities

	<u>1 338</u>	<u>1 658</u>
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#### Note 13 Financial instruments

The Board holds all cash in a Deposit Account with the Department of Treasury and Finance 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.

The Board does not have any assets that are past due or impaired, and there is no concentration of credit risk. The Board's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

#### Note 14 Transactions within SA Government

	2015	2014
	\$'000	\$'000
Total Expenses	18 305	16 938
Total Income	18 707	18 255
Receivables	567	553
Payables	1 484	534

#### Note 15 Events after the reporting period

There were no significant events after the reporting period.

## South Australian Superannuation Board

### Note 16 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 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 2014-15 the Fund did not have a net surplus, therefore the amount of interest capitalised into the principal amount receivable was \$11,684 (2014 \$12,083).

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 2014-15 there was no principal repayment required (refer to the Fund's Financial Report).

Analysis of the current and likely future cash requirements of the Fund has been undertaken and it has determined that a further loan of up to \$160,000 will cover the operating and cash requirements of the Fund for the next three years to 30 June 2018. This will continue to support the objective of the Fund to receive the Low Income Superannuation Contribution until at least 30 June 2017.

The Board has confirmed their commitment to support an additional loan of \$160,000 to meet the ongoing operational costs of the Fund.

**South Australian Superannuation Board****Certification of the financial statements**

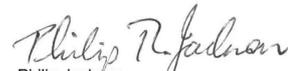
We certify that the attached general purpose financial statements for the South Australian Superannuation Board (the Board):

- comply with any relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and any relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Board; and
- present a true and fair view of the financial position of the Board as at 30 June 2015 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



John Montague  
GENERAL MANAGER  
STATE SUPERANNUATION OFFICE



Philip Jackson  
PRESIDING MEMBER  
SA SUPERANNUATION BOARD



Robert Drusetta FCPA  
MANAGER GOVERNANCE, BOARD AND CORPORATE SUPPORT  
STATE SUPERANNUATION OFFICE

Date 17 September 2015

**INDEPENDENT AUDITOR'S REPORT**

**Government of South Australia**  
Auditor-General's Department

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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 20AB(2) of the *Superannuation Act 1988*, I have audited the accompanying financial report of the South Australian Superannuation Scheme for the financial year ended 30 June 2015. The financial report comprises:

- an Operating Statement for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, General Manager, State Superannuation Office and the Manager, Governance, Board and Corporate Support, State Superannuation Office.

**The members of the South Australian Superannuation Board's Responsibility for the Financial Report**

The members of the South Australian Superannuation Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the South Australian Superannuation Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the South Australian Superannuation Board, as well as the overall presentation of the financial report.

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

**Opinion**

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Superannuation Scheme as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson  
**Auditor-General**  
19 September 2015

**South Australian Superannuation Scheme**  
**Operating Statement for the year ended 30 June 2015**

	Note	2015 \$'000	2014 \$'000
<b>INVESTMENT AND OTHER REVENUE:</b>			
Investment Revenue		513 308	692 817
Other Revenue	17	36 261	37 644
<b>CONTRIBUTION REVENUE:</b>			
Contributions for Past Service Liability	1(d),14	360 195	360 907
Contributions by Employers	15	65 365	77 205
Contributions by Members		22 297	25 472
Rollovers from Other Schemes		1 424	1 588
Government Co-Contributions	18	46	64
<b>Total Contribution Revenue</b>		<b>449 327</b>	<b>465 236</b>
<b>Total Revenue</b>		<b>998 896</b>	<b>1 195 697</b>
<b>EXPENSES:</b>			
Direct Investment Expenses	4	34 923	32 562
Co-Contributions Transferred to Other Scheme	18	46	64
Higher Education Superannuation Costs	20	8 993	9 263
Administration Expenses	5	2 780	2 543
Benefits Expense	8	689 770	787 337
<b>Total Expenses</b>		<b>736 512</b>	<b>831 769</b>
<b>OPERATING RESULT FOR THE PERIOD</b>		<b>262 384</b>	<b>363 928</b>

*The Operating Statement should be read in conjunction with the accompanying notes*

**Statement of Financial Position as at 30 June 2015**

	Note	2015 \$'000	2014 \$'000
<b>INVESTMENTS:</b>			
Inflation Linked Securities A		360 469	372 841
Property A		712 054	685 409
Australian Equities A		1 184 035	1 156 496
International Equities A		1 266 589	1 325 617
Long Term Fixed Interest		99 824	81 820
Short Term Fixed Interest		12 722	35 454
Diversified Strategies - Growth A		480 801	411 221
Diversified Strategies - Income		683 983	680 348
Cash		176 942	142 807
Socially Responsible		3 355	2 662
	10	4 980 774	4 894 675
<b>OTHER ASSETS:</b>			
Cash and Cash Equivalents	12	5 628	9 285
Contributions Receivable	3	1 922	2 010
Other Revenue Receivable	16	5 614	8 511
Receivables	19	412	426
<b>Total Assets</b>		<b>4 994 350</b>	<b>4 914 907</b>
<b>CURRENT LIABILITIES:</b>			
Benefits Payable		27 175	16 791
Payables	13	91	155
<b>Total Liabilities</b>		<b>27 266</b>	<b>16 946</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	6	<b>4 967 084</b>	<b>4 897 961</b>
Less: LIABILITY FOR ACCRUED BENEFITS	8	<b>10 298 353</b>	<b>10 491 614</b>
<b>EXCESS OF LIABILITIES OVER NET ASSETS</b>		<b>(5 331 269)</b>	<b>(5 593 653)</b>

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

## FINANCIAL STATEMENTS

## South Australian Superannuation Scheme

## Statement of Cash Flows for the year ended 30 June 2015

	Note	Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000	2014 Inflows (Outflows) \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Contributions Received:				
Contributions for Past Service Liability		360 925		359 417
Contributions by Employers		65 463		77 217
Contributions by Members		22 288		25 511
Rollovers from Other Schemes		1 424		1 592
Government Co-Contributions		46		64
			450 146	463 801
GST Recovered from the ATO			149	146
Other Income:				
Reimbursement from Other Sources:				
Public Authorities		38 137		37 010
Temporary Disability Reimbursements		84		40
Interest Received		210		232
			38 431	37 282
Benefits Paid:				
Pensions		(598 284)		(574 775)
Commutation of Pension Benefits		(28 034)		(25 810)
Lump Sums		(246 445)		(191 327)
			(872 763)	(791 912)
Administration Expenses Paid			(2 867)	(2 708)
Co-Contributions Transferred to Other Scheme			(46)	(64)
Higher Education Superannuation Costs			(8 992)	(18 520)
<b>Net Cash (used in) Operating Activities</b>	11		<b>(395 942)</b>	<b>(311 975)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Receipts from Funds SA			826 054	806 178
Payments to Funds SA			(433 769)	(491 411)
<b>Net Cash provided by Investing Activities</b>			<b>392 285</b>	<b>314 767</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>			<b>(3 657)</b>	<b>2 792</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JULY</b>			<b>9 285</b>	<b>6 493</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	12		<b>5 628</b>	<b>9 285</b>

## South Australian Superannuation Scheme

### NOTES TO AND FORMING PART OF 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 SA 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 percent. 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.

##### (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.

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

Funds SA is a SA 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 Fund and the South Australian Superannuation Scheme Contribution Account (the Account), reference should be made to 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 with DTF established for that purpose. The Treasurer may subsequently reimburse the Consolidated Account or 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 2015 no payments (2014 \$Nil) were made to the Consolidated Account.

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 percent (2014 26 percent) for old scheme contributors and 14.75 percent (2014 14.75 percent) for new scheme contributors.

Funding for the employer portion of payments met from the 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:

## South Australian Superannuation Scheme

### Funding Arrangements (Continued)

(i) *State Government Departments*

State Government Departments pay fortnightly employer contributions to the Treasurer for their emerging superannuation liabilities which are deposited by the Treasurer into the Account. During the reporting period \$48.366 million (2014 \$56.373 million) was received or receivable from State Government Departments.

Since 30 June 1994 the Government has commenced a process of funding its accrued past service superannuation liabilities. During the year ended 30 June 2015 the Government transferred a total of \$356.7 million (2014 \$357.4 million) into the Account. Current Government policy is that it will continue to pay contributions to the Account to meet the accrued past service liability so that the liability will be fully funded by 30 June 2034.

(ii) *Statutory Authorities*

Where the employer proportion 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 Minister. The three arrangements are:

- *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.

Contributions of \$2.492 million (2014 \$2.396 million) have also been received from SA Water, \$549,000 (2014 \$528,000) from WorkCoverSA and \$454,500 (2014 \$583,000) from Forestry SA to fund their accrued superannuation liabilities.

- *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.

Of the total contributions received from Statutory Authorities, \$16.692 million (2014 \$20.585 million) relates to amounts received or receivable from SA Government entities and \$307,000 (2014 \$247,000) relates to amounts received from non SA Government entities.

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.

Refer to notes 14 and 15 for tables showing breakdown of revenue.

## 2. Summary of Significant Accounting Policies

(a) *Basis of Accounting*

This financial report is a general purpose financial report. 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*, except as provided below.

AAS 25 "Financial Reporting by Superannuation Plans" is the principal standard applied in preparing this financial report. Other Accounting Standards are also applied where necessary except to the extent that they differ from AAS 25.

This financial report has been prepared on an accrual basis where this can be reliably measured. This is in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

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

### New Accounting Standard

AASB 1056 "Superannuation Entities" was recently issued and becomes mandatory for the Scheme's financial statements commencing 1 July 2016. The Scheme does not plan to adopt this standard early and the extent of the impact has not yet been determined.

## South Australian Superannuation Scheme

### Summary of Significant Accounting Policies (Continued)

#### (b) Basis of Valuations of Assets and Liabilities

The basis for the valuation of assets and liabilities is provided below. Assets of the Scheme have been measured at net market value, as provided by Funds SA.

##### (i) Inflation Linked Securities A

The Inflation Linked Securities 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 A

The Property A 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 A

The Australian Equities A 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. Investments in pooled listed Australian equities funds have been valued in accordance with the valuations supplied by the managers.

##### (iv) International Equities A

The International Equities A 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) Short Term and Long Term Fixed Interest

The Short Term and Long Term 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 A

The Diversified Strategies Growth A portfolio comprises investments in Australian and international private equity funds and Australian and international pooled 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 (December 2012). 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 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

Investments in externally managed pooled cash funds have been valued in accordance with the valuations supplied by the managers. Deposits at call have been valued on the basis of principal plus accrued interest.

##### (ix) Socially Responsible Investment

The Socially Responsible Investment portfolio comprises an externally managed pooled vehicle (unlisted unit trust). The valuation is performed and supplied by the relevant fund manager.

## South Australian Superannuation Scheme

### Summary of Significant Accounting Policies (Continued)

(c) **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.

(d) **Operation of Investment Portfolio**

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 2015, Funds SA managed eight separate investment options distinguished by differing strategic asset allocations, namely:

- High Growth;
- Growth;
- Balanced;
- Moderate;
- Conservative;
- Capital Defensive;
- Cash; and
- Socially Responsible Investment.

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 Growth option.

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.

(e) **Revenue**

Superannuation contributions and other revenue are recognised to the extent that it is probable that the flow of economic benefits to the Scheme will occur and can be reliably measured.

Investment revenue represents the change in market value due to the movement in the value of funds invested with Funds SA.

(f) **Expenses**

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Scheme will occur and can be reliably measured.

Expenses have been aggregated 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.

(g) **Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value. Cash is measured at nominal value.

(h) **Receivables and Payables**

Contributions receivable are contributions relating to the 2014-15 financial year received by the Scheme after 30 June 2015.

Other receivables are carried at nominal amounts due that approximate fair value. Other payables are recognised when the Scheme is obligated to make future payments for services received and are carried at the amount payable on demand.

Benefits payable relate to members who have ceased employment and provided the Scheme with appropriate notification prior to 30 June 2015 but who had not been paid until after 30 June 2015.

(i) **Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of the Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

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 Australian Taxation Office is classified as part of operating cash flows.

Regulation 70.5.03 of *A New Tax System (Goods and Services Tax) Regulations 1999* specifies the rate at which GST can be recovered through reduced input tax credits.

(j) **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 have 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 unless impracticable.

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

### South Australian Superannuation Scheme

#### 3. Contributions Receivable

	2015	2014
	\$'000	\$'000
Contributions Receivable from Members	433	424
Contributions Receivable from Employers	1 489	1 586
	<u>1 922</u>	<u>2 010</u>

#### 4. Direct Investment Expenses

Direct investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's investment. In 2014-15 the increase in direct investment expenses was largely attributable to an increase in performance based fees paid to managers in the Diversified Strategies Growth and Diversified Strategies Income asset classes.

#### 5. Administration Expenses

	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2015 \$'000	2014 \$'000
Administration Expenses (i)	1 437	1 176	2 613	2 416
Bank Fees	8	-	8	8
Other Expenses (ii)	100	37	137	75
Consultancy Expenses (iii)	19	3	22	44
<b>Total Administration Expenses</b>	<u>1 564</u>	<u>1 216</u>	<u>2 780</u>	<u>2 543</u>

(i) 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. The cost is recovered in two components:

- Subsection 17(7) of the Act requires that the Fund meet a prescribed portion of these costs, currently 30 percent.
- 70 percent of costs were deducted from the employer contributions received during the year.

(ii) Other Expenses include Auditor's remuneration. Amounts paid or due and payable to the Auditor-General's Department (a SA Government Entity) for the audit of the Scheme for the reporting period totalled \$76,700 (2014 \$74,800). No other services were provided by the Auditor-General's Department.

(iii) Consultancy Expenses are in relation to actuarial services provided by PricewaterhouseCoopers regarding the valuation of accrued benefits liability in accordance with AAS25.

## FINANCIAL STATEMENTS

## South Australian Superannuation Scheme

## 6. Net Assets available to Pay Benefits

Net assets available to pay benefits consist of the combined balances of the South Australian Superannuation Fund and the South Australian Superannuation Scheme Contribution Account. Movements in the balances of these accounts are detailed below:

	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2015 \$'000	2014 \$'000
<b>(a) SA Superannuation Fund Account (Employee Component)</b>				
Funds held at 1 July	1 411 409	665 566	2 076 975	1 932 775
Add: Contributions	3 636	18 661	22 297	25 472
Rollovers from Other Schemes	1	1 423	1 424	1 588
Investment Revenue	146 395	65 812	212 207	283 640
Government Co-contributions	3	43	46	64
Other Revenue	34	28	62	68
	<u>150 069</u>	<u>85 967</u>	<u>236 036</u>	<u>310 832</u>
Less: Benefits Paid/Payable	91 120	88 232	179 352	152 598
Direct Investment Expenses	10 108	4 463	14 571	13 215
Co-Contributions Transferred to Other Scheme	3	43	46	64
Administration Expenses	453	364	817	755
	<u>101 684</u>	<u>93 102</u>	<u>194 786</u>	<u>166 632</u>
<b>Funds held at 30 June</b>	<b>1 459 794</b>	<b>658 431</b>	<b>2 118 225</b>	<b>2 076 975</b>
<b>(b) SA Superannuation Scheme Contribution Account (Employer Component)</b>				
			2015 \$'000	2014 \$'000
Funds held at 1 July			2 820 986	2 612 358
Add: Employer Contributions:				
State Government Departments	48 366			56 373
Statutory Authorities	16 999			20 832
Contribution for Past Service Liability	360 195			360 907
			<u>425 560</u>	<u>438 112</u>
Investment Revenue			301 101	409 177
Other Revenue - Public Authorities			35 972	37 324
Other Revenue - Interest Received			145	156
Other Revenue - Temporary Disability			82	96
			<u>762 860</u>	<u>884 865</u>
Less: Benefits Paid/Payable:				
Old Scheme Contributors	545 856			520 759
New Scheme Contributors	157 823			125 080
			<u>703 679</u>	<u>645 839</u>
Direct Investment Expenses			20 352	19 347
Higher Education Superannuation Costs			8 993	9 263
Administration Expenses			1 963	1 788
			<u>734 987</u>	<u>676 237</u>
<b>Funds held at 30 June</b>			<b>2 848 859</b>	<b>2 820 986</b>
<b>Total Net Assets Available to Pay Benefits</b>			<b>4 967 084</b>	<b>4 897 961</b>

### South Australian Superannuation Scheme

#### 7. Benefits Paid/Payable

	Old Scheme Division	New Scheme Division	Total 2015	Old Scheme Division	New Scheme Division	Total 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Pensions:</b>						
Funded from: SA Superannuation Fund	84 342	94	84 436	80 511	96	80 607
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	27 315	-	27 315	26 519	-	26 519
Public Authorities	34 484	1	34 485	33 360	2	33 362
SA Government Employer Account	453 204	676	453 880	435 190	738	435 928
<b>Gross Scheme Costs</b>	<b>599 345</b>	<b>771</b>	<b>600 116</b>	<b>575 580</b>	<b>836</b>	<b>576 416</b>
<b>Commutations:</b>						
Funded from: SA Superannuation Fund	3 925	-	3 925	3 613	-	3 613
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	3 779	-	3 779	5 159	-	5 159
Public Authorities	105	-	105	595	-	595
SA Government Employer Account	20 225	-	20 225	16 443	-	16 443
<b>Gross Scheme Costs</b>	<b>28 034</b>	<b>-</b>	<b>28 034</b>	<b>25 810</b>	<b>-</b>	<b>25 810</b>
<b>Lump Sums:</b>						
Funded from: SA Superannuation Fund	2 561	87 564	90 125	1 834	64 566	66 390
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	2 130	41 701	43 831	761	29 204	29 965
Public Authorities	-	1 488	1 488	57	3 404	3 461
SA Government Employer Account	3 724	112 891	116 715	2 675	88 933	91 608
<b>Gross Scheme Costs</b>	<b>8 415</b>	<b>243 744</b>	<b>252 159</b>	<b>5 327</b>	<b>186 097</b>	<b>191 424</b>
<b>Retrenchments:</b>						
Funded from: SA Superannuation Fund	9	-	9	-	79	79
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	-	-	-	-	195	195
Public Authorities	-	-	-	-	-	-
SA Government Employer Account	206	-	206	-	-	-
<b>Gross Scheme Costs</b>	<b>215</b>	<b>-</b>	<b>215</b>	<b>-</b>	<b>274</b>	<b>274</b>
<b>Targeted Separation Packages:</b>						
Funded from: SA Superannuation Fund	283	574	857	72	1 837	1 909
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	-	-	-	-	494	494
Public Authorities	-	-	-	-	-	-
SA Government Employer Account	684	966	1 650	-	2 110	2 110
<b>Gross Scheme Costs</b>	<b>967</b>	<b>1 540</b>	<b>2 507</b>	<b>72</b>	<b>4 441</b>	<b>4 513</b>
<b>Total Benefits Paid/Payable</b>	<b>636 976</b>	<b>246 055</b>	<b>883 031</b>	<b>606 789</b>	<b>191 648</b>	<b>798 437</b>
<b>Total Benefit Payments:</b>						
Funded from: SA Superannuation Fund	91 120	88 232	179 352	86 030	66 568	152 598
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	33 224	41 701	74 925	32 439	29 893	62 332
Public Authorities	34 589	1 489	36 078	34 012	3 406	37 418
SA Government Employer Account	478 043	114 633	592 676	454 308	91 781	546 089
<b>Gross Scheme Costs</b>	<b>636 976</b>	<b>246 055</b>	<b>883 031</b>	<b>606 789</b>	<b>191 648</b>	<b>798 437</b>

#### 8. Liability for Accrued Benefits

The accrued liabilities of the Scheme as determined by Ms Catherine Nance, Fellow of the Institute of Actuaries of Australia from PricewaterhouseCoopers are shown below.

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 2015.

For the employee funded, defined contribution component for new scheme contributors, the accrued liability is the balance of the employees' contribution accounts as at 30 June 2015.

The expected future benefit payments have been determined using the 2013 triennial review assumptions relating to mortality, disability, withdrawal, preservation and retirement. The review's salary promotion scale and economic assumptions have also been used, while general salary increases of 1.5 percent per annum above the Adelaide Consumer Price Index (CPI) have been allowed for. In accordance with Australian Accounting Standard AAS 25 "Financial Reporting by Superannuation Plans", the expected future benefit payments have then been discounted to present values by a market-based, risk-adjusted discount rate of 4.5 percent per annum above the CPI of 2.5 percent.

## FINANCIAL STATEMENTS

## South Australian Superannuation Scheme

## Liability for Accrued Benefits (continued)

	Old Scheme Division	New Scheme Division	Total 2015	Old Scheme Division	New Scheme Division	Total 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Changes in the Liability for Accrued Benefits:						
Liability for Accrued Benefits at 1 July	8 648 367	1 843 247	10 491 614	8 669 602	1 833 112	10 502 714
Add: Benefits Expense (i)	512 205	177 565	689 770	585 554	201 783	787 337
Less: Benefits Paid/Payable (ii)	636 976	246 055	883 031	606 789	191 648	798 437
<b>Liability for Accrued Benefits at 30 June</b>	<b>8 523 596</b>	<b>1 774 757</b>	<b>10 298 353</b>	<b>8 648 367</b>	<b>1 843 247</b>	<b>10 491 614</b>
Represented by:						
SA Superannuation Fund	1 199 676	671 176	1 870 852	1 217 167	672 788	1 889 955
SA Superannuation Scheme Contribution A/C:						
Employer Contribution Accounts	1 247 402	375 595	1 622 997	1 256 136	381 034	1 637 170
SA Government Employer Account	5 755 144	717 218	6 472 362	5 855 786	777 772	6 633 558
Public Authorities	321 374	10 768	332 142	319 278	11 653	330 931
<b>Total</b>	<b>8 523 596</b>	<b>1 774 757</b>	<b>10 298 353</b>	<b>8 648 367</b>	<b>1 843 247</b>	<b>10 491 614</b>

- (i) This figure represents the change in Liability for Accrued Benefits plus Benefits Paid for the year.  
(ii) Refer to Note 7.

Although the total liability for accrued benefits shown above is \$10.298 billion, the SA Government is only responsible for funding the SA Government Employer Account of \$6.472 billion and part of the Employer Contribution Accounts. The remaining liability includes the members fund, commercial entities and the Commonwealth share of the universities.

Pursuant to the Act, actuarial reviews of the Scheme must be conducted on a three yearly basis to address the cost of the Scheme to the Government and the proportion of future benefits that can be met from the Fund. The last review was carried out as at 30 June 2013 by Ms Catherine Nance, Fellow of the Institute of Actuaries of Australia from PricewaterhouseCoopers. Her report to the Minister dated June 2014, was tabled in Parliament on 3 July 2014. These reviews take account of assets held, future contributions to be received from members and future benefits to be paid by the Fund. In contrast, the purpose of the accrued liability calculations, which are made annually, is to estimate the value of future payments that can be attributed to service up to the date of the calculation.

## 9. Vested Benefits

Vested benefits are benefits which are not conditional upon continued membership of the Scheme (or any factor other than resignation from the Scheme) and include benefits which contributors would be entitled to receive on termination of their Scheme membership.

Resigning contributors have two options in the Old Scheme Division (Pension Scheme) and a third option in the New Scheme Division (Lump Sum Scheme). Firstly, they can elect to take a cash refund of their own contributions, accumulated with interest, with their employer Superannuation Guarantee entitlement preserved in the Scheme. Secondly, they can elect to take a fully vested, preserved benefit which will be based on their full accrued entitlement as at the date of resignation and will be increased during preservation in line with increases in investment earnings and the CPI. Alternatively, Lump Sum Scheme members can transfer their benefit to another scheme where the employer benefit is equal to twice the member balance (at standard rates) plus a productivity component.

The vested benefits shown below assume that all resignation benefits will be taken in the form of preserved or transferred benefits. The value of vested benefits has been calculated using the same actuarial and economic assumptions as for the calculation of accrued benefits.

As for accrued benefits, vested benefits have been calculated as at 30 June 2015.

	Old Scheme Division	New Scheme Division	Total 2015	Old Scheme Division	New Scheme Division	Total 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SA Superannuation Fund	1 194 674	671 176	1 865 850	1 205 968	672 788	1 878 756
SA Superannuation Scheme Contribution A/C:						
Employer Contribution Accounts	1 244 785	416 893	1 661 678	1 245 852	414 718	1 660 570
SA Government Employer Account	5 726 116	810 374	6 536 490	5 796 654	858 523	6 655 177
Public Authorities	321 494	11 693	333 187	318 968	12 557	331 525
<b>Total</b>	<b>8 487 069</b>	<b>1 910 136</b>	<b>10 397 205</b>	<b>8 567 442</b>	<b>1 958 586</b>	<b>10 526 028</b>

### South Australian Superannuation Scheme

#### 10. Summary of Investments

The Interests of the Fund and the South Australian Superannuation Scheme Contribution Account in the Unitised Investment Portfolio of Funds SA are as follows:	Fund-Old Scheme Division \$'000	Fund-New Scheme Division \$'000	Scheme Cont'n Accounts \$'000	Total 2015 \$'000	2014 \$'000
Inflation Linked Securities A	103 424	51 597	205 448	360 469	372 841
Property A	207 945	91 035	413 074	712 054	685 409
Australian Equities A	345 994	150 738	687 303	1 184 035	1 156 496
International Equities A	370 013	161 559	735 017	1 266 589	1 325 617
Long Term Fixed Interest	28 335	15 201	56 288	99 824	81 820
Short Term Fixed Interest	-	12 722	-	12 722	35 454
Diversified Strategies - Growth A	140 523	57 991	282 287	480 801	411 221
Diversified Strategies - Income	198 685	90 617	394 681	683 983	680 348
Cash	47 646	34 648	94 648	176 942	142 807
Socially Responsible	-	3 355	-	3 355	2 662
<b>Total</b>	<b>1 442 565</b>	<b>669 463</b>	<b>2 868 746</b>	<b>4 980 774</b>	<b>4 894 675</b>

#### 11. Reconciliation of Operating Result to Net Cash (used in) Operating Activities

	2015 \$'000	2014 \$'000
Operating Result	262 384	363 928
Investment Revenue	(513 308)	(692 817)
Direct Investment Expenses	34 923	32 562
Decrease in Contributions Receivable	88	23
Decrease/(Increase) in Other Revenue Receivable	2 897	(1 859)
Decrease/(Increase) in Receivables	15	(122)
Increase in Benefits Payable	10 384	6 650
(Decrease) in Payables	(64)	(9 240)
(Decrease) in Liability for Accrued Benefits	(193 261)	(11 100)
<b>Net Cash (used in) Operating Activities</b>	<b>(395 942)</b>	<b>(311 975)</b>

#### 12. Reconciliation of Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits with the Department of Treasury and Finance. 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:

	2015 \$'000	2014 \$'000
Cash and Cash Equivalents per Statement of Financial Position	5 628	9 285
Cash and Cash Equivalents per Statement of Cash Flows	5 628	9 285

#### 13. Payables

	2015 \$'000	2014 \$'000
Audit Fees	87	80
Contributions Refundable	-	27
Overseas Pensions	-	15
Returned Benefit Payments	4	28
Other Payables	-	5
	<b>91</b>	<b>155</b>

### South Australian Superannuation Scheme

#### 14. Contributions for Past Service Liability

	2015 \$'000	2014 \$'000
SA Government	356 700	357 400
SA Water	2 492	2 396
Workcover	549	528
Forestry SA	454	583
	<u>360 195</u>	<u>360 907</u>

#### 15. Contributions by Employers

	2015 \$'000	2014 \$'000
State Government Departments	48 366	56 373
Statutory Authorities - State Government Entities	16 692	20 585
Statutory Authorities - Non State Government Entities	307	247
	<u>65 365</u>	<u>77 205</u>

#### 16. Other Revenue Receivable

	2015 \$'000	2014 \$'000
Public Authorities	5 517	8 411
Temporary Disability	97	100
	<u>5 614</u>	<u>8 511</u>

#### 17. Other Revenue

	2015 \$'000	2014 \$'000
Interest	207	224
Public Authorities (i)	35 972	37 324
Temporary Disability	82	96
	<u>36 261</u>	<u>37 644</u>

(i) Refer to Note 1(d)

#### 18. Government Co-Contributions

During the 2014-15 financial year, the Scheme received Co-contributions from the ATO amounting to \$46,000 (2014 \$64,000). Whilst members of the Scheme are eligible to receive the Co-contribution, the contributions are not retained in the Scheme and are immediately transferred to the Southern State Superannuation Scheme upon receipt for crediting to members' existing or newly created accounts.

#### 19. Receivables

	2015 \$'000	2014 \$'000
Interest	13	16
Benefit Repayments	355	369
GST Recovered from the ATO	16	28
Overpaid Pensions	28	13
	<u>412</u>	<u>426</u>

#### 20. Higher Education Superannuation Costs

An amount of \$8.993 million (2014 \$9.263 million) was paid to the Commonwealth Government which related to the South Australian share of the 2014-15 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.

## South Australian Superannuation Scheme

### 21. Financial Instruments

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 Board receives regular reports from Funds SA concerning compliance with the Scheme'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 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.

##### 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 which has invested in 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 diversified strategies (growth), diversified strategies (income) and fixed interest asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the international equities asset sector are 50 percent 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.

Funds SA manages interest rate risk through:

- Ensuring asset allocations of different investment products are consistent with the time horizon of each.
- The use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.
- The Scheme's receivables and payables are non-interest bearing. The carrying amounts of these assets approximate to fair value.

##### 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 Scheme's financial instruments are valued at net market value (fair value) with changes in net market value recognised in the Operating Statement, all changes in market conditions will directly affect investment revenue.

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.
- Ensuring asset allocations for different investment products are consistent with the time horizon of each.

## FINANCIAL STATEMENTS

## South Australian Superannuation Scheme

*Financial Instruments (Continued)*IV. Sensitivity analysis

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

**2015**

Investment Option	Sensitivity variable	Expected Nominal Return	Standard Deviation
High Growth	Nominal standard deviation	8.2%	11.9%
Growth	Nominal standard deviation	7.5%	10.0%
Balanced	Nominal standard deviation	7.0%	8.8%
Moderate	Nominal standard deviation	6.1%	6.8%
Conservative	Nominal standard deviation	5.4%	5.1%
Capital defensive	Nominal standard deviation	4.5%	3.2%
Cash	Nominal standard deviation	2.9%	1.3%
Socially Responsible	Nominal standard deviation	6.2%	10.4%

**2014**

Investment Option	Sensitivity variable	Expected Nominal Return	Standard Deviation
High Growth	Nominal standard deviation	9.1%	12.1%
Growth	Nominal standard deviation	8.3%	9.9%
Balanced	Nominal standard deviation	7.8%	8.6%
Moderate	Nominal standard deviation	7.0%	6.6%
Conservative	Nominal standard deviation	6.3%	4.8%
Capital defensive	Nominal standard deviation	5.5%	3.0%
Cash	Nominal standard deviation	3.9%	1.5%
Socially Responsible	Nominal standard deviation	7.2%	10.6%

Standard deviation is a useful historical measure of the variability of returns earned by an investment portfolio. The standard deviations shown above represent the range at which actual future returns are expected to occur either side of the nominal return approximately two thirds of the time.

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 counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

The net market 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 counter party 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.

The Scheme's 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.

### South Australian Superannuation Scheme

#### Financial Instruments (Continued)

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.

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.

30 June 2015	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits payable	27 175	27 175	27 175
Payables (i)	4	4	4
Vested benefits (ii)	10 397 205	10 397 205	10 397 205
<b>Total</b>	<b>10 424 384</b>	<b>10 424 384</b>	<b>10 424 384</b>

30 June 2014	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits Payable	16 791	16 791	16 791
Payables (i)	75	75	75
Vested benefits (ii)	10 526 028	10 526 028	10 526 028
<b>Total</b>	<b>10 542 894</b>	<b>10 542 894</b>	<b>10 542 894</b>

- (i) Payable amounts disclosed here exclude amounts relating to 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) Fair Value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Financial assets at fair value through profit or loss Level 1 and level 3 are not relevant to the Scheme

Level 2  
\$'000

#### 30 June 2015

Unlisted managed investment schemes

Funds SA

4 980 774

4 980 774

#### 30 June 2014

Unlisted managed investment schemes

Funds SA

4 894 675

4 894 675

**South Australian Superannuation Scheme*****Financial Instruments (Continued)*****e) Derivative Financial Instruments**

Derivatives can be defined as financial contracts whose value depend on, or are 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.

**22. Related Parties**

Details of the members of the Board and their remuneration for the 2014-15 financial year are disclosed in the notes to the Board's Financial Report.

**23. Events after the reporting period**

There were no significant events after the reporting period.

**South Australian Superannuation Scheme  
Certification of the Financial Report**

We certify that the attached general purpose financial report for the South Australian Superannuation Scheme:

- complies with any relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- is in accordance with the accounts and records of the Scheme; and
- presents a true and fair view of the financial position of the Scheme as at 30 June 2015 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Scheme for the financial year over its financial reporting and its preparation of the general purpose financial report have been effective throughout the reporting period.



John Montague  
GENERAL MANAGER  
STATE SUPERANNUATION OFFICE



Philip Jackson  
PRESIDING MEMBER  
SA SUPERANNUATION BOARD



Robert Drusetta FCPA  
MANAGER GOVERNANCE, BOARD AND CORPORATE SUPPORT  
STATE SUPERANNUATION OFFICE

Date: 17 September 2015

**INDEPENDENT AUDITOR'S REPORT**

**Government of South Australia**  
Auditor-General's Department

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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 15(3) of the *Southern State Superannuation Act 2009*, I have audited the accompanying financial report of the Southern State Superannuation Scheme for the financial year ended 30 June 2015. The financial report comprises:

- an Operating Statement for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, General Manager, State Superannuation Office and the Manager, Governance, Board and Corporate Support, State Superannuation Office.

**The members of the South Australian Superannuation Board's Responsibility for the Financial Report**

The members of the South Australian Superannuation Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the South Australian Superannuation Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the South Australian Superannuation Board, as well as the overall presentation of the financial report.

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

**Opinion**

In my opinion, the financial report gives a true and fair view of the financial position of the Southern State Superannuation Scheme as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson  
**Auditor-General**  
19 September 2015

## FINANCIAL STATEMENTS

**Southern State Superannuation Scheme**  
**Operating Statement for the year ended 30 June 2015**

	Note	2015 \$'000	2014 \$'000
<b>INVESTMENT AND OTHER REVENUE:</b>			
Investment Revenue		1 156 572	1 421 898
Other Revenue		391	390
<b>CONTRIBUTION REVENUE:</b>			
Contributions by Members	1(a)	145 069	137 539
Contributions by Employers	1(a)	961 165	895 038
Rollovers from Other Schemes		231 176	199 338
Government Co-Contributions		1 750	1 840
<b>Total Contribution Revenue</b>		<b>1 339 160</b>	<b>1 233 755</b>
<b>Total Revenue</b>		<b>2 496 123</b>	<b>2 656 043</b>
<b>EXPENSES:</b>			
Direct Investment Expenses	3	76 750	64 368
Insurance Administration Expenses	13	2 116	2 103
Administration Expenses	4	10 579	10 424
<b>Total Expenses</b>		<b>89 445</b>	<b>76 895</b>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS</b>		<b>2 406 678</b>	<b>2 579 148</b>

*The Operating Statement should be read in conjunction with the accompanying notes*

**Statement of Financial Position as at 30 June 2015**

	Note	2015 \$'000	2014 \$'000
<b>INVESTMENTS:</b>			
Inflation Linked Securities A		1 230 964	1 140 748
Property A		1 583 719	1 397 878
Australian Equities A		2 719 066	2 409 998
International Equities A		2 926 726	2 779 367
Long Term Fixed Interest		670 044	547 161
Short Term Fixed Interest		382 880	417 998
Diversified Strategies - Growth A		956 222	732 671
Diversified Strategies - Income		1 718 376	1 566 346
Cash		635 410	588 171
Socially Responsible		44 338	43 372
		<b>12 867 745</b>	<b>11 623 710</b>
<b>OTHER ASSETS:</b>			
Cash and Cash Equivalents	5	15 800	20 278
Contributions Receivable	6	22 848	18 422
Receivables	7	90	151
		<b>38 738</b>	<b>38 851</b>
<b>Total Assets</b>		<b>12 906 483</b>	<b>11 662 561</b>
<b>CURRENT LIABILITIES:</b>			
Benefits Payable	8	47 713	30 444
Payables	9	826	184
<b>Total Liabilities</b>		<b>48 539</b>	<b>30 628</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	10	<b>12 857 944</b>	<b>11 631 933</b>
<b>REPRESENTED BY:</b>			
<b>LIABILITY FOR ACCRUED BENEFITS:</b>			
Allocated to Members' Accounts	11,17	12 681 781	11 470 116
Not Allocated to Members' Accounts	12	3 130	(13 006)
		<b>12 684 911</b>	<b>11 457 110</b>
<b>RESERVES:</b>			
Death, Invalidity and Income Protection Insurance Reserve	13	142 620	147 329
Administration Fee Reserve	14	3 985	2 833
Operational Risk Reserve	15	26 428	24 661
		<b>173 033</b>	<b>174 823</b>
		<b>12 857 944</b>	<b>11 631 933</b>

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

**Southern State Superannuation Scheme**  
**Statement of Cash Flows for the year ended 30 June 2015**

	Note	2015 Inflows (Outflows) \$'000	2014 Inflows (Outflows) \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Contributions Received:			
Contributions by Members		145 061	137 361
Contributions by Employers		957 064	893 110
Rollovers from Other Schemes		231 372	199 387
Government Co-Contributions		<u>1 766</u>	<u>1 840</u>
		1 335 263	1 231 698
GST Recovered from the ATO		728	639
Interest Received		399	401
Benefits Paid:			
Retirement		(521 353)	(424 770)
Resignation		(587 605)	(401 471)
Retrenchment		(82)	-
Invalidity		(22 152)	(23 161)
Death		(15 682)	(19 060)
Payments to Unclaimed Monies		(205)	(656)
Transfers to Select Fund		(41)	(475)
Temporary Disability		<u>(15 171)</u>	<u>(12 344)</u>
		(1 162 291)	(881 937)
Insurance Administration Expenses Paid		(2 228)	(2 248)
Administration Expenses Paid		<u>(11 131)</u>	<u>(10 940)</u>
<b>Net Cash provided by Operating Activities</b>	18	<u>160 740</u>	<u>337 613</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Transfers to Operational Risk Reserve		-	5 180
Payments from Operational Risk Reserve		(5)	(120)
Transfers from Death, Invalidity and Income Protection Insurance Reserve		<u>(1 000)</u>	<u>(1 500)</u>
<b>Net Cash provided by Financing Activities</b>		<u>(1 005)</u>	<u>3 560</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Receipts from Funds SA		409 329	293 876
Payments to Funds SA		<u>(573 542)</u>	<u>(627 635)</u>
<b>Net Cash (used in) Investing Activities</b>		<u>(164 213)</u>	<u>(333 759)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>		(4 478)	7 414
<b>CASH AND CASH EQUIVALENTS AT 1 JULY</b>		<u>20 278</u>	<u>12 864</u>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	5	<u>15 800</u>	<u>20 278</u>

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

## Southern State Superannuation Scheme

### NOTES TO AND FORMING PART OF 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 *Southern State Superannuation Act 2009*. The *Southern State Superannuation Regulations 2009* provide the majority of the Scheme rules that, until 31 July 2009, were set out under the *Southern State Superannuation Act 1994*.

Members can elect to make contributions to the Scheme based on a percentage of their salary commencing from 1 percent, under Regulation 17. A member of the police force, an operations employee of the SA 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 percent 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 which 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 9.50 (2014 – 9.25) percent of salary where the member has elected to contribute less than 4.5 percent of salary. Where the member has elected to contribute 4.5 percent or more of salary, the employer must contribute at a rate of 10 percent.

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

(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 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 Southern State Superannuation Fund (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.

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

Funds SA is a SA 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.

Section 10(3) of the Act provides that the Fund is to be invested and managed by Funds SA.

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**

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 with the Department of Treasury and Finance established for that purpose. During the current reporting period contributions were made to a Special Deposit Account. All employer contributions are received from SA 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 a Special Deposit Account established for that purpose. During the current reporting period payments were made from the Special Deposit Account.

#### 2. Summary of Significant Accounting Policies

(a) **Basis of Accounting**

This financial report is a general purpose financial report. 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*, except as provided below.

AAS 25 "Financial Reporting by Superannuation Plans" is the principal standard applied in preparing this financial report. Other Accounting Standards are also applied where necessary except to the extent that they differ from AAS 25.

## Southern State Superannuation Scheme

### Summary of Significant Accounting Policies (Continued)

This financial report has been prepared on an accrual basis where this can be reliably measured. This is in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

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

#### New Accounting Standard

AASB 1056 "Superannuation Entities" was recently issued and becomes mandatory for the Scheme's financial statements commencing 1 July 2016. The Scheme does not plan to adopt this standard early and the extent of the impact has not yet been determined.

#### (b) **Basis of Valuations of Assets and Liabilities**

The basis for the valuation of assets and liabilities is provided below. Assets of the Scheme have been measured at net market value as provided by Funds SA.

##### (i) Inflation Linked Securities A

The Inflation Linked Securities 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 A

The Property A 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 A

The Australian Equities A 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. Investments in pooled listed Australian equities funds have been valued in accordance with the valuations supplied by the managers.

##### (iv) International Equities A

The International Equities A 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 the 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) Short Term and Long Term Fixed Interest

The Short Term and Long Term 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 A

The Diversified Strategies Growth A portfolio comprises investments in Australian and international private equity funds and Australian and international pooled 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 cashflows 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 (December 2012). 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

### Summary of Significant Accounting Policies (Continued)

(vii) Diversified Strategies Income

The Diversified Strategies Income 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 is externally managed. The investments are held in a cash management fund. Cash balances are supplied by the relevant financial institution and have been valued on the basis of principal plus accrued interest.

(ix) Socially Responsible Investment

The Socially Responsible Investment portfolio comprises an externally managed pooled vehicle (unlisted unit trust). The valuation is performed and supplied by the relevant fund manager.

(c) **Operation of Investment Portfolio**

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 2015, Funds SA managed eight separate investment options distinguished by differing strategic asset allocations, namely:

- High Growth;
- Growth;
- Balanced;
- Moderate;
- Conservative;
- Capital Defensive;
- Cash; and
- Socially Responsible Investment.

During the financial year all of the above investment options were available to members of the Southern State Superannuation Scheme.

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.

(d) **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.

(e) **Revenue**

Superannuation contributions and other revenue are recognised to the extent that it is probable that the flow of economic benefits to the Scheme will occur and can be reliably measured.

Investment revenue represents the change in market value due to the movement in the value of funds invested with Funds SA.

(f) **Expenses**

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the department will occur and can be reliably measured.

Expenses have been aggregated 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.

(g) **Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

Cash is measured at nominal value.

(h) **Receivables and Payables**

Contributions receivable are contributions relating to the 2014-15 financial year received by the Scheme after 30 June 2015.

Other receivables are carried at nominal amounts due that approximate fair value.

Other payables are recognised when the Scheme is obligated to make future payments for services received and are carried at the amount payable on demand.

Benefits payable comprises the entitlements of members who ceased employment and had provided the Scheme with appropriate notification, but where the benefits had not been paid prior to year end.

## Southern State Superannuation Scheme

### Summary of Significant Accounting Policies (Continued)

- (i) **Goods and Services Tax**  
Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of the expense.

Regulation 70.5.03 of *A New Tax System (Goods and Services Tax) Regulations 1999* specifies the rate at which GST can be recovered through reduced input tax credits.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

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 Australian Taxation Office is classified as part of operating cash flows.

- (j) **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 have 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 unless impracticable.

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

### 3. Direct Investment Expenses

Direct investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's investment. In 2014-2015 the increase in direct investment expenses was largely attributable to:

- Increased funds under management driven by strong share market performance (costs are applied on a percentage basis of funds under management); and
- An increase in performance based fees paid to managers in the Diversified Strategies Growth and Diversified Strategies Income asset classes.

### 4. Administration Expenses

	2015	2014
	\$'000	\$'000
Administration Expenses (i)	10 482	10 302
Other Expenses (ii)	97	89
Consultancy Expenses (iii)	-	33
	10 579	10 424

- (i) Regulation 16 provides for an administrative charge to be debited each year to members' employer contribution accounts and section 10 of the Act requires the amount to be paid from the Southern State Superannuation Fund. The purpose of this 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 2015, the charge was \$1.35 per week per member for all members, active and non-active. 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 interest credited to the member's employer contribution account with a minimum of \$10. This charge is included on member annual statements. For the year ended 30 June 2015 the amount charged to members' employer contribution accounts was \$11.288 million (2014 \$11.953 million).

Administration expenses incurred by the Board in administering the Scheme are met in the first instance from the Department of Treasury and Finance Operating Account. The Department of Treasury and Finance seeks reimbursement from the Board monthly. The charge for the year ended 30 June 2015, based on actual costs of administering the Scheme, amounted to \$10.482 million (2014 \$10.302 million).

- (ii) Other expenses include Auditor's remuneration. Amounts paid or due and payable to the Auditor-General's Department (a SA Government Entity) for the audit of the Scheme for the reporting period totalled \$76,700 (2014 \$74,800). No other services were provided by the Auditor-General's Department.
- (iii) Consultancy Expenses are in relation to actuarial services provided by Mercer Consulting (Australia) Pty Ltd for the provision of updated Certificates for the Scheme, and PricewaterhouseCoopers for the triennial review of the self-insurance arrangements. Consultancy Expenses incurred during 2014-15 amounted to Nil (2014 \$33,200).

### 5. Reconciliation of Cash

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits with the Department of Treasury and Finance. 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:

	2015	2014
	\$'000	\$'000
Cash and Cash Equivalents per Statement of Financial Position	15 800	20 278
Cash and Cash Equivalents per Statement of Cash Flows	15 800	20 278

## FINANCIAL STATEMENTS

## Southern State Superannuation Scheme

		2015	2014
		\$'000	\$'000
<b>6. Contributions Receivable</b>			
		1 387	1 378
	Contributions from Members		
	Contributions from Employers	<u>21 461</u>	<u>17 044</u>
		<u>22 848</u>	<u>18 422</u>
<b>7. Receivables</b>			
		61	117
	GST to be Recovered from the ATO		
	Interest	<u>29</u>	<u>34</u>
		<u>90</u>	<u>151</u>
<b>8. Benefits Payable</b>			
		47 713	30 444
	Benefits Payable	<u>47 713</u>	<u>30 444</u>
<b>9. Payables</b>			
		80	78
	Audit Fees		
	Other Payables	<u>441</u>	<u>87</u>
	Contributions Refundable	<u>305</u>	<u>19</u>
		<u>826</u>	<u>184</u>
<b>10. Net Assets Available to Pay Benefits</b>			
		\$'000	2015 \$'000
		2014 \$'000	\$'000
	Funds held at 1 July	11 631 933	9 934 340
	<i>Add:</i> Contributions by Members	142 774	136 576
	Spouse Contributions	2 295	963
	Employer Contributions	961 165	895 038
	Rollovers from Other Schemes	231 176	199 338
	Government Co-Contributions	1 750	1 840
	Investment Revenue	1 156 572	1 421 898
	Other Revenue	391	390
	Transfer to Operational Risk Reserve	-	5 180
		<u>2 496 123</u>	<u>2 661 223</u>
	<i>Less:</i> Benefits Paid and Payable	1 179 663	886 614
	Direct Investment Expense	76 750	64 368
	Administration Expenses	10 579	10 424
	Payments from Operational Risk Reserve	4	121
	Insurance Administration Expenses	2 116	2 103
	Transfers to Other Schemes (i)	<u>1 000</u>	<u>-</u>
		<u>1 270 112</u>	<u>963 630</u>
	<b>Total Net Assets Available to Pay Benefits as at 30 June 2015</b>	<u>12 857 944</u>	<u>11 631 933</u>

(i) In accordance with the Super SA Board's Unit Price Adjustment Policy (SUP 67) the Board at its 26 November 2014 meeting approved the transfer of \$1 million from the Southern State Superannuation Scheme's Death, Invalidity and Income Protection Insurance Reserve to partly offset against the Flexible Rollover Product's current investment fluctuation deficit.

- 11. Allocated to Members' Accounts**  
The value of funds which have been formally allocated to member accounts equals the Vested Benefits as per Note 17. The formal allocation of earnings to members' accounts has been determined for the 2015 year.
- 12. Not Allocated to Members' Accounts**  
All accumulation schemes 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 investors on a cash basis.

### Southern State Superannuation Scheme

#### 13. Death, Invalidation and Income Protection Insurance Reserve

The Scheme provides an insurance benefit based on units of cover, subject to certain limitations, in the event of death or invalidity before age 65. An Income Protection Insurance benefit, subject to eligibility criteria, is also available in the event of a member becoming temporarily disabled before age 60.

The *Standard Insurance* benefit of two units of cover costs \$1.50 per week and is compulsory for most members of the scheme except casual employees who elect to opt out of insurance and those who opted out of an additional unit of cover under Item 1 Schedule 3 of the repealed *Southern State Superannuation Regulations 1995*, and those who are special category members in terms of Regulation 28. Police Officers and operations employees of the SA Ambulance Service, who commenced employment after 1 July 2008 or former standard contributory member of the SA Ambulance Service Superannuation Scheme who elected to transfer to the Triple S Scheme, are required to have at least 6 units of Standard Insurance cover. 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. Fixed Insurance closed to new applications in November 2014.

As required by Section 17 of the repealed Act, a report was obtained on the costs and liabilities of the insurance arrangements in existence as at 30 June 2013. The actuary concluded that the cost of standard cover exceeds the standard cover premium by \$0.25 per unit per week; an expected premium subsidy of \$3.3 million per annum results. There are sufficient reserves to maintain the current premium subsidy for at least the next three years. In accordance with section 17 of the Act, a report will be obtained on the costs and liabilities of the insurance arrangements in existence as at 30 June 2016.

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 the benefit can apply and be accepted for cover subject to medical evidence. Income Protection payments can continue for 24 months for members employed full or part time. Casual employees can be paid for up to 12 months.

	2015 \$'000	2014 \$'000
<b>Opening balance of the Death, Invalidation and Income Protection Insurance Reserve</b>	<b>147 329</b>	<b>132 197</b>
Add: Investment Earnings on Insurance Reserve @ 9.38% (i)	13 831	18 255
Premiums and Charges	25 218	24 765
	<b>39 049</b>	<b>43 020</b>
Less: Benefit Payments		
Invalidity	6 562	7 091
Death	4 396	4 780
Disability Pensions	15 209	12 381
Administration Fees (ii)	2 116	2 103
Actuarial Review of Insurance Pool	-	33
Transfer from Reserve (iii)	16 000	-
Transfer (from)/to Triple S Operational Risk Reserve	(525)	1 500
	<b>43 758</b>	<b>27 888</b>
Net Transfer Value (from)/to the Death, Invalidation and Income Protection Insurance Reserve	<b>(4 709)</b>	<b>15 132</b>
<b>Closing balance of Reserve</b>	<b>142 620</b>	<b>147 329</b>

(i) The Insurance Reserve is notionally invested in the Balanced Option.

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

(iii) In accordance with the Super SA Board's Unit Price Adjustment Policy (SUP 67), the Board at its 26 November 2014 meeting approved the transfer of \$16 million from the Death, Invalidation and Income Protection Insurance Reserve to partly offset against the investment fluctuation deficit for the Southern State Superannuation Scheme (\$15 million) and the Flexible Rollover Product (\$1 million).

#### 14. 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.

	2015 \$'000	2014 \$'000
<b>Opening balance of Administration Fee Reserve</b>	<b>2 833</b>	<b>10 994</b>
Add: Investment earnings on Administration Fee Reserve @ 9.38% (i)	340	1 177
Premiums and Charges		
- Member Fees	11 288	11 952
- Switching Fees	6	6
	<b>11 634</b>	<b>13 135</b>
Less: Payments		
Administration Fees (ii)	10 482	10 302
Transfer to Operational Risk Reserve (iii)	-	10 994
	<b>10 482</b>	<b>21 296</b>
Net Transfer Value to/(from) the Administration Fee Reserve	<b>1 152</b>	<b>(8 161)</b>
<b>Closing balance of Reserve</b>	<b>3 985</b>	<b>2 833</b>

(i) The Administration Fee Reserve is notionally invested in the Balanced Option.

(ii) The amount relates to the annual service level agreement paid for administering the Scheme (refer Note 4).

(iii) The opening balance of the reserve was transferred to contribute to the establishment of the Scheme's Operational Risk Reserve (refer Note 15).

## FINANCIAL STATEMENTS

## Southern State Superannuation Scheme

## 15. Operational Risk Reserve

The Operational Risk Reserve was established in the Scheme in December 2013 using existing reserves. In accordance with Prudential Standard SPS114 it is to be accumulated to 0.25% of Funds Under Management. It is currently 0.21% of Funds Under Management.

	2015 \$'000	2014 \$'000
Opening balance of Operational Risk Reserve	24 661	-
Add: Investment earnings on Operational Risk Reserve @ 9.38% (i)	2 295	1 010
Transfer to Reserve (ii)	-	23 771
	<u>2 295</u>	<u>24 781</u>
Less: Payments from Reserve	528	120
	<u>528</u>	<u>120</u>
Net Transfer Value to the Reserve	1 767	24 661
Closing balance of Reserve	<u>26 428</u>	<u>24 661</u>

(i) The Operational Risk Reserve is notionally invested in the Balanced Option

(ii) The 2013-14 amount is made up of \$5.180 million transferred from the existing Triple S Operational Risk Reserve invested with the Board, \$10.994 million transferred from the Scheme's Administration Fee Reserve (refer Note 14), \$1.5 million transferred from the Scheme's Insurance Reserve (refer Note 13) and \$6.097 million recognised from the Scheme's Sundry Revenue and Fee surplus.

## 16. Liability for Accrued Benefits

The liability for accrued benefits is the obligation to pay benefits to members and beneficiaries, calculated as the balance of member accounts plus the value of reserves and amounts not allocated to member accounts.

	2015 \$'000	2014 \$'000
Liability for Accrued Benefits at 1 July	11 631 933	9 934 340
Add: Increase in Accrued Benefits	2 405 674	2 584 207
Less: Benefits Paid and Payable	1 179 663	886 614
Liability for Accrued Benefits at 30 June	<u>12 857 944</u>	<u>11 631 933</u>

## 17. Vested Benefits

Vested Benefits are benefits which are not conditional upon continued membership of the Scheme, or any other 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.

	2015 \$'000	2014 \$'000
Vested Benefits	<u>12 681 781</u>	<u>11 470 116</u>

## 18. Reconciliation of Benefits Accrued as a result of Operations to Net Cash provided by Operating Activities

	2015 \$'000	2014 \$'000
Benefits Accrued as a Result of Operations	2 406 678	2 579 148
Benefits Paid and Payable	(1 179 663)	(886 614)
Investment Revenue	(1 156 572)	(1 421 898)
Direct Investment Expense	76 750	64 368
(Increase) in Contributions Receivable	(4 426)	(2 123)
Decrease/(Increase) in Receivables	62	(10)
Increase in Payables	642	91
Increase in Benefits Payable	17 269	4 651
Net Cash provided by Operating Activities	<u>160 740</u>	<u>337 613</u>



## Southern State Superannuation Scheme

### 19. Financial Instruments

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 Board receives regular reports from Funds SA concerning compliance with the Scheme'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 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.

##### I. Currency risk

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

The Scheme's currency risk is managed by Funds SA who has invested in 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 diversified strategies (growth), diversified strategies (income) and fixed interest asset sectors are fully hedged to Australian dollars
- Foreign currency exposures over the developed markets component of the international equities asset sector are 50 percent 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.

Funds SA manages interest rate risk through:

- Ensuring asset allocations of different investment products are consistent with the time horizon of each
- The use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.
- The Scheme's receivables and payables are non-interest bearing. The carrying amounts of these assets approximate to fair value.

##### III. Other market price risk

Other market price risk is the risk that the value of the financial 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 Scheme's financial instruments are valued at net market value (fair value) with changes in net market value recognised in the Operating Statement, all changes in market conditions will directly affect investment revenue.

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
- Ensuring asset allocations for different investment products are consistent with the time horizon of each.

## FINANCIAL STATEMENTS

## Southern State Superannuation Scheme

**Financial Instruments (Continued)**IV. Sensitivity analysis

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

2015

Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	8.2%	11.9%
Growth	Nominal standard deviation	7.5%	10.0%
Balanced	Nominal standard deviation	7.0%	8.8%
Moderate	Nominal standard deviation	6.1%	6.8%
Conservative	Nominal standard deviation	5.4%	5.1%
Capital defensive	Nominal standard deviation	4.5%	3.2%
Cash	Nominal standard deviation	2.9%	1.3%
Socially Responsible	Nominal standard deviation	6.2%	10.4%

2014

Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	9.1%	12.1%
Growth	Nominal standard deviation	8.3%	9.9%
Balanced	Nominal standard deviation	7.8%	8.6%
Moderate	Nominal standard deviation	7.0%	6.6%
Conservative	Nominal standard deviation	6.3%	4.8%
Capital defensive	Nominal standard deviation	5.5%	3.0%
Cash	Nominal standard deviation	3.9%	1.5%
Socially Responsible	Nominal standard deviation	7.2%	10.6%

Standard deviation is a useful historical measure of the variability of returns earned by an investment portfolio. The standard deviations shown above represent the range at which actual future returns are expected to occur either side of the nominal return approximately two thirds of the time.

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 counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

The net market 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 counter party 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.

### Southern State Superannuation Scheme

#### Financial Instruments (Continued)

The Scheme's 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.

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.

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.

30 June 2015	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits payable	47 713	47 713	47 713
Payables (i)	728	728	728
Vested benefits (ii)	12 681 781	12 681 781	12 681 781
<b>Total</b>	<b>12 730 222</b>	<b>12 730 222</b>	<b>12 730 222</b>

30 June 2014	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits payable	30 444	30 444	30 444
Payables (i)	94	94	94
Vested benefits (ii)	11 470 116	11 470 116	11 470 116
<b>Total</b>	<b>11 500 654</b>	<b>11 500 654</b>	<b>11 500 654</b>

- (i) Payable amounts disclosed here exclude amounts relating to 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) Fair Value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets at fair value through profit or loss <i>Level 1 and level 3 are not relevant to the Scheme</i>	Level 2 \$'000
<b>30 June 2015</b>	
Unlisted managed investment schemes	12 867 745
Funds SA	12 867 745
<b>30 June 2014</b>	
Unlisted managed investment schemes	11 623 710
Funds SA	11 623 710

**Southern State Superannuation Scheme*****Financial Instruments (Continued)*****e) Derivative Financial Instruments**

Derivatives can be defined as financial contracts whose value depend on, or are 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.

**20. Related Parties**

Details of the members of the Board and their remuneration for the 2014-15 financial year are disclosed in the notes to the Board's Financial Report.

**21. Events after the reporting period**

There were no significant events after the reporting period.

**Southern State Superannuation Scheme****Certification of the Financial Report**

We certify that the attached general purpose financial report for the Southern State Superannuation Scheme:

- complies with any relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- is in accordance with the accounts and records of the Scheme; and
- presents a true and fair view of the financial position of the Scheme as at 30 June 2015 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Scheme for the financial year over its financial reporting and its preparation of the general purpose financial report have been effective throughout the reporting period.



John Montague  
GENERAL MANAGER  
STATE SUPERANNUATION OFFICE



Philip Jackson  
PRESIDING MEMBER  
SA SUPERANNUATION BOARD



Robert Drusetta FCPA  
MANAGER GOVERNANCE, BOARD AND CORPORATE SUPPORT  
STATE SUPERANNUATION OFFICE

Date 17 September 2015

**INDEPENDENT AUDITOR'S REPORT**

**Government of South Australia**  
Auditor-General's Department

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State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
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**To the Presiding Member  
South Australian Superannuation Board  
Super SA Retirement Investment Fund**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 15(3) of the *Southern State Superannuation Act 2009*, I have audited the accompanying financial report of the Super SA Retirement Investment Fund for the financial year ended 30 June 2015. The financial report comprises:

- an Operating Statement for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, General Manager, State Superannuation Office and the Manager, Governance, Board and Corporate Support, State Superannuation Office.

**The members of the South Australian Superannuation Board's Responsibility for the Financial Report**

The members of the South Australian Superannuation Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the South Australian Superannuation Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the South Australian Superannuation Board, as well as the overall presentation of the financial report.

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

**Opinion**

In my opinion, the financial report gives a true and fair view of the financial position of the Super SA Retirement Investment Fund as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson  
**Auditor-General**  
19 September 2015

## FINANCIAL STATEMENTS

**Super SA Retirement Investment Fund**  
**Operating Statement for the year ended 30 June 2015**

	Note	2015 \$'000	2014 \$'000
<b>INVESTMENT AND OTHER REVENUE:</b>			
Investment Revenue		178 456	172 704
Other Revenue		5 086	3 243
<b>CONTRIBUTION REVENUE:</b>			
Contributions by Investors	1(a)	81 506	70 831
Government Co-Contributions		69	84
Rollovers from Other Schemes		845 617	645 179
<b>Total Contribution Revenue</b>		<b>927 192</b>	<b>716 094</b>
<b>Total Revenue</b>		<b>1 110 734</b>	<b>892 041</b>
<b>EXPENSES:</b>			
Direct Investment Expenses	3	12 023	8 183
Administration Expenses	4	1 965	1 916
<b>Total Expenses</b>		<b>13 988</b>	<b>10 099</b>
<b>INCOME TAX EXPENSE</b>	18 (a), (b)	<b>81 258</b>	<b>59 173</b>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS</b>		<b>1 015 488</b>	<b>822 769</b>

*The Operating Statement should be read in conjunction with the accompanying notes*

**Statement of Financial Position as at 30 June 2015**

	Note	2015 \$'000	2014 \$'000
<b>INVESTMENTS:</b>			
Inflation Linked Securities B		282 610	220 260
Property B		201 273	183 851
Australian Equities B		481 191	331 574
International Equities B		444 735	320 435
Long Term Fixed Interest		159 976	99 311
Short Term Fixed Interest		181 043	116 547
Diversified Strategies - Growth B		118 526	75 637
Diversified Strategies - Income		383 329	257 757
Cash		356 573	386 279
Socially Responsible		47 911	35 041
		<b>2 657 167</b>	<b>2 026 692</b>
<b>OTHER ASSETS:</b>			
Cash and Cash Equivalents	5	22 206	21 888
Receivables	13	884	114
		<b>23 090</b>	<b>22 002</b>
<b>Total Assets</b>		<b>2 680 257</b>	<b>2 048 694</b>
<b>CURRENT LIABILITIES:</b>			
Benefits Payable	6	4 469	3 193
Payables	14	36	46
PAYG Withholding Tax		92	77
Current Tax Liabilities	18 (c)	18 455	16 071
		<b>23 052</b>	<b>19 387</b>
<b>NON-CURRENT LIABILITIES:</b>			
Deferred Tax Liabilities	18 (d)	5 600	2 189
		<b>5 600</b>	<b>2 189</b>
<b>Total Liabilities</b>		<b>28 652</b>	<b>21 576</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS REPRESENTED BY:</b>	7	<b>2 651 605</b>	<b>2 027 118</b>
<b>LIABILITY FOR ACCRUED BENEFITS:</b>			
Allocated to Investors' Accounts	8,16	2 650 051	2 023 049
Not Allocated to Investors' Accounts	9	(6 439)	(1 526)
		<b>2 643 612</b>	<b>2 021 523</b>
<b>RESERVES:</b>			
Administration Fee Reserve	10	3 573	1 793
Insurance Reserve	11	1 186	836
Operational Risk Reserve	12	3 234	2 966
		<b>7 993</b>	<b>5 595</b>
	15	<b>2 651 605</b>	<b>2 027 118</b>

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

**Super SA Retirement Investment Fund**  
**Statement of Cash Flows for the year ended 30 June 2015**

	Note	Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000	2014 Inflows (Outflows) \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Contributions Received:				
Contributions by Investors		81 505		70 833
Government Co-Contributions		69		84
Rollovers from Other Schemes		<u>844 794</u>		<u>645 164</u>
			926 368	716 081
GST Recovered from the ATO			103	83
Interest Received			711	643
Transfer from SSS Insurance Reserve			1 000	-
Benefits Paid:				
Full Withdrawal		(57 872)		(36 996)
Death		(860)		(1 919)
Partial Withdrawal		(72 430)		(59 773)
Income Stream Pension Payments		(117 161)		(83 771)
Income Stream Commutations		<u>(141 357)</u>		<u>(98 004)</u>
			(389 680)	(280 463)
Administration Expenses Paid			(2 067)	(1 992)
Income Tax Expenses			<u>(75 464)</u>	<u>(56 190)</u>
<b>Net Cash provided by Operating Activities</b>	17		<u>460 971</u>	<u>378 162</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Receipts from Funds SA			352 351	240 286
Payments to Funds SA			<u>(813 004)</u>	<u>(618 899)</u>
<b>Net Cash (used in) Investing Activities</b>			<u>(460 653)</u>	<u>(378 613)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>			318	(451)
<b>CASH AND CASH EQUIVALENTS AT 1 JULY</b>			<u>21 888</u>	<u>22 339</u>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	5		<u>22 206</u>	<u>21 888</u>

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

## Super SA Retirement Investment Fund

### NOTES TO AND FORMING PART OF 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 Fund continues in existence under Section 30(9) of the *Southern State Superannuation Act 2009* ("the Act") which provides that the Governor may make regulations enabling the South Australian Superannuation Board ("the Board") to 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.

Part 3 Division 4 of the *Southern State Superannuation Regulations 2009* ("the Regulations") 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.

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).

(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.

(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 (a SA Government Entity).

(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. Summary of Significant Accounting Policies

(a) **Basis of Accounting**

This financial report is a general purpose financial report. 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*, except as provided below.

AAS 25 "Financial Reporting by Superannuation Plans" is the principal standard applied in preparing this financial report. Other Accounting Standards are also applied where necessary except to the extent that they differ from AAS 25.

This financial report has been prepared on an accrual basis where this can be reliably measured. This is in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

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

New Accounting Standard

AASB 1056 "Superannuation Entities" was recently issued and becomes mandatory for the Fund's financial statements commencing 1 July 2016. The Fund does not plan to adopt this standard early and the extent of the impact has not yet been determined.

## Super SA Retirement Investment Fund

### Summary of Significant Accounting Policies (Continued)

(b) **Basis of Valuations of Assets and Liabilities**

The basis for the valuation of assets and liabilities is provided below. Assets of the Fund have been measured at net market value as provided by Funds SA.

(i) Inflation Linked Securities B

The Inflation Linked Securities 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 B

Property B 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 B

The Australian Equities B 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. Investments in pooled listed Australian equities funds have been valued in accordance with the valuations supplied by the managers.

(iv) International Equities B

The International Equities B 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 the 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) Short Term and Long Term Fixed Interest

The Short Term and Long Term 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 B

The Diversified Strategies Growth B portfolio comprises investments in Australian and international private equity funds and Australian and international pooled 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 cashflows 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 (December 2012). 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 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 is externally managed. The investments are held in a cash management fund. Cash balances are supplied by the relevant financial institution and have been valued on the basis of principal plus accrued interest.

(ix) Socially Responsible Investment

The Socially Responsible Investment portfolio comprises an externally managed pooled vehicle (unlisted unit trust). The valuation is performed and supplied by the relevant fund manager.

## Super SA Retirement Investment Fund

### Summary of Significant Accounting Policies (Continued)

(c) **Income Tax**

The Board is a body corporate established under the *Superannuation Act 1988* (SA) and is responsible for the administration of a number of schemes that are constitutionally protected superannuation funds in terms of Section 295-15 of the *Income Tax Assessment Act 1997*, Regulation 995-1.04 (Schedule 4) of the Regulations to that Act. The constitutionally protected superannuation funds are exempt from income tax. The Fund, which comprises the Flexible Rollover Product and Income Stream, is subject to income tax.

The Flexible Rollover Product and the Income Stream commenced on 1 April 2005 and are entitled to concessional tax treatment at the rate of 15 percent.

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.

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.

(d) **Operation of Investment Portfolio**

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 2015, Funds SA managed eight separate investment options distinguished by differing strategic asset allocations, namely:

- High Growth;
- Growth;
- Balanced;
- Moderate;
- Conservative;
- Capital Defensive;
- Cash; and
- Socially Responsible Investment.

During the financial year all of the above investment options were available to investors in the Flexible Rollover Product and the Income Stream.

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.

(e) **Revenue**

Superannuation contributions and other revenue are recognised to the extent that it is probable that the flow of economic benefits to the Scheme will occur and can be reliably measured.

Investment revenue represents the change in market value due to the movement in the value of funds invested with Funds SA.

(f) **Receivables and Payables**

Receivables are carried at nominal amounts due which approximate fair value.

Payables are recognised when the Fund is obligated to make future payments for services received and are carried at the amount payable on demand.

Benefits payable comprises the entitlements of investors who requested payment and had provided the Fund with appropriate notification, but where the benefits had not been paid prior to year end.

## Super SA Retirement Investment Fund

### Summary of Significant Accounting Policies (Continued)

(g) **Expenses**

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the department will occur and can be reliably measured.

Expenses have been aggregated 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.

(h) **Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

(i) **Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of the expense.

Regulation 70.5.03 of *A New Tax System (Goods and Services Tax) Regulations 1999* specifies the rate at which GST can be recovered through reduced input tax credits.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

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 Australian Taxation Office is classified as part of operating cash flows.

(j) **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 have 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 unless impracticable.

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

### 3. Direct Investment Expenses

Direct investment expenses comprise of fees paid to Funds SA. Funds SA advises the amount based on the Fund's proportionate investment.

In 2014-15 the increase in investment management expenses were largely attributable to:

- Increased funds under management driven by positive investor cash flows and strong share market performance (costs are applied on a percentage basis of funds under management); and
- An increase in performance based fees paid to managers in the Diversified Strategies Growth and Diversified Strategies Income asset classes.

### 4. Administration Expenses

	2015 \$'000	2014 \$'000
Administration Expenses (i)	1 927	1 882
Other Expenses (ii)	38	34
	<u>1 965</u>	<u>1 916</u>

(i) Administration expenses incurred by the Board in administering the Fund are met in the first instance from the Department of Treasury and Finance Operating Account. The Department of Treasury and Finance seeks reimbursement from the Board monthly. The charge for the year ended 30 June 2015, based on actual costs of administering the Fund, amounted to \$1.927 million (2014 \$1.882 million).

(ii) Other expenses include Auditor's remuneration. Amounts paid or due and payable to the Auditor-General's Department (a SA Government Entity) for the audit of the Fund for the reporting period totalled \$30,700 (2014 \$29,900). No other services were provided by the Auditor-General's Department.

## FINANCIAL STATEMENTS

## Super SA Retirement Investment Fund

## 5. Reconciliation of Cash

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits with the Department of Treasury and Finance. 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:

	2015 \$'000	2014 \$'000
Cash and cash equivalents - Flexible Rollover Product	6 012	6 573
Cash and cash equivalents - Income Stream	16 194	15 315
Cash and cash equivalents per Statement of Financial Position	<u>22 206</u>	<u>21 888</u>
Cash and cash equivalents per Statement of Cash flows	<u>22 206</u>	<u>21 888</u>

## 6. Benefits Payable

	2015 \$'000	2014 \$'000
Benefits Payable - Flexible Rollover Product	1 717	1 804
Benefits Payable - Income Stream	2 752	1 389
	<u>4 469</u>	<u>3 193</u>

## 7. Net Assets Available to Pay Benefits

	2015 \$'000	2014 \$'000
<b>(a) Income Stream</b>		
Funds held at 1 July	1 427 004	1 014 728
Add: Rollovers from Other Schemes	546 086	375 266
Internal Transfers (i)	216 255	166 006
Investment Revenue	128 576	119 978
Other Revenue	3 578	2 785
	<u>894 495</u>	<u>664 035</u>
Less: Benefits Paid and Payable	259 934	177 739
Direct Investment Expense	8 700	5 724
Administration Expense	1 033	990
Internal Transfers (i)	52 702	37 863
Income Tax	47 484	29 443
	<u>369 853</u>	<u>251 759</u>
<b>Funds held at 30 June</b>	<u>1 951 646</u>	<u>1 427 004</u>
<b>(b) Flexible Rollover Product</b>		
Funds held at 1 July	600 114	465 988
Add: Contributions by Investors	80 778	70 251
Government Co-Contributions	69	84
Rollovers from Other Schemes	299 531	269 913
Internal Transfers (i)	42 530	33 099
Spouse Contributions	728	580
Investment Revenue	49 880	52 726
Other Revenue (ii)	1 508	458
	<u>475 024</u>	<u>427 111</u>
Less: Benefits Paid and Payable	131 067	98 628
Direct Investment Expense	3 323	2 459
Administration Expense	932	926
Internal Transfers (i)	206 083	161 242
Income Tax	33 774	29 730
	<u>375 179</u>	<u>292 985</u>
<b>Funds held at 30 June</b>	<u>699 959</u>	<u>600 114</u>
<b>Total Net Assets Available to Pay Benefits</b>	<u>2 651 605</u>	<u>2 027 118</u>

(i) Internal transfers are transfers between the Income Stream and the Flexible Rollover Product that do not appear in the Operating Statement as they occur within the Products. Difference in Internal Transfers between IS and FRP are due to transfers within the individual schemes, usually relating to family law splits.

(ii) In accordance with the Super SA Board's Unit Price Adjustment Policy (SUP 67) the Board at its 26 November 2014 meeting approved the transfer of \$1 million from the Southern State Superannuation Scheme's Death, Invalidity and Income Protection Insurance Reserve to partly offset against the Flexible Rollover Product's current investment fluctuation deficit.

### Super SA Retirement Investment Fund

8. **Allocated to Investors' Accounts**  
The value of funds which have been formally allocated to investor accounts equals the Vested Benefits as per Note 16. The formal allocation of earnings to investors' accounts has been determined for the 2015 year.
9. **Not Allocated to Investors' Accounts**  
All accumulation schemes 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 investors on a cash basis.
10. **Administration Fee Reserve**  
The surplus attributable to administration fees for both Income Stream and Flexible Rollover Product included in Funds Under Management was initially recognised in March 2014 as an Administration Reserve. The reserve is credited with administration fees deducted from member accounts and debited with the costs incurred in administering the funds. The reserve is invested in the Balanced option and earnings are applied based on the unit price for that option.

	2015 \$'000	2014 \$'000
<b>Opening Balance of the Administration Fee Reserve</b>	<u>1 793</u>	-
Add: Transfer to/(from) Reserve	-	1 498
Investment Earnings on Administration Fee Reserve @ 8.13% FRP; 9.45% IS	320	65
Premiums and Charges	<u>3 387</u>	<u>704</u>
	<u>3 707</u>	<u>2 267</u>
Less: Administration Fees (i)	<u>1 927</u>	<u>474</u>
<b>Closing Balance of Reserve</b>	<u>3 573</u>	<u>1 793</u>

(i) The amount relates to the annual service level agreement paid for administering the Scheme (refer to Note 4)

11. **Insurance Reserve**  
The surplus attributable to the insurance pool for the Flexible Rollover Product was initially recognised in March 2014 as an Insurance Reserve. This reserve is credited with insurance deductions from member accounts and debited with the value of benefits paid to members. The reserve is invested in the Balanced option and earnings are applied based on the unit price for that option.

	2015 \$'000	2014 \$'000
<b>Opening Balance of the Insurance Reserve</b>	<u>836</u>	-
Add: Transfer to Reserve	-	844
Investment Earnings on Insurance Reserve @ 8.13%	76	18
Premiums and Charges	<u>286</u>	<u>59</u>
	<u>362</u>	<u>921</u>
Less: Benefit Payments	<u>12</u>	<u>85</u>
<b>Closing Balance of Reserve</b>	<u>1 186</u>	<u>836</u>

12. **Operational Risk Reserve**  
The Operational Risk Reserve for Income Stream and Flexible Rollover Product were established at 31 December 2012 of 0.20 percent of Funds Under Management. The reserves are invested in the Balanced option and earnings are applied based on the unit price for that option.

	2015 \$'000	2014 \$'000
<b>Opening Balance of the Operational Risk Reserve</b>	<u>2966</u>	<u>2 657</u>
Add: Investment Earnings on Operational Risk Reserve @ 8.13% FRP; 9.45% IS	268	310
Less: Transfer from Reserve	-	1
<b>Closing Balance of Reserve</b>	<u>3 234</u>	<u>2 966</u>

## Super SA Retirement Investment Fund

## 13. Receivables

	2015	2014
	\$'000	\$'000
Refund from ATO for GST	27	25
Bank Interest Receivable	46	60
Overpaid Commutation Receivable	-	29
Rollovers Receivable	811	-
	<u>884</u>	<u>114</u>

## 14. Payables

	2015	2014
	\$'000	\$'000
Rollovers Refundable to Other Schemes	-	12
BPAY Contributions Payable	-	1
Audit Fees Payable	36	33
	<u>36</u>	<u>46</u>

## 15. Liability for Accrued Benefits

The liability for accrued benefits is the obligation to pay benefits to beneficiaries, calculated as the balance of investors' accounts plus the value of reserves and amounts not allocated to accounts.

	2015	2014
	\$'000	\$'000
Liability for accrued benefits at 1 July	2 027 118	1 480 716
Add: Increase in Accrued Benefits	1 015 488	822 769
Less: Benefits Paid and Payable	391 001	276 367
<b>Liability for Accrued Benefits at 30 June</b>	<u>2 651 605</u>	<u>2 027 118</u>

## 16. Vested Benefits

Vested Benefits are benefits which are not conditional upon continued membership of the Fund, or any other factor. Vested Benefits include benefits which investors are entitled to receive had they terminated their membership as at the reporting date.

	2015	2014
	\$'000	\$'000
Vested Benefits - Income Stream	1 951 710	1 423 980
Vested Benefits - Flexible Rollover Product	698 341	599 069
	<u>2 650 051</u>	<u>2 023 049</u>

## 17. Reconciliation of Benefits Accrued as a result of Operations to Net Cash provided by Operating Activities

	2015	2014
	\$'000	\$'000
<b>Benefits Accrued as a Result of Operations</b>	<b>1 015 488</b>	<b>822 769</b>
Benefits Paid and Payable	(391 001)	(276 367)
Investment Revenue	(178 456)	(172 704)
Direct Investment Expense	12 023	8 183
Investors Admin Fee Received	(3 389)	(2 594)
(Increase) in Receivables	(770)	(51)
Increase/(Decrease) in Benefits Payable	1 276	(4 094)
(Decrease)/Increase in Payables	(10)	10
Increase in PAYG Withholding Tax	15	28
Increase/(Decrease) in Current Tax Liabilities	2 384	(416)
Decrease in Deferred Tax Asset	-	1 209
Increase in Deferred Tax Liabilities	3 411	2 189
<b>Net Cash provided by Operating Activities</b>	<u><b>460 971</b></u>	<u><b>378 162</b></u>

**Super SA Retirement Investment Fund**

**18. Income Tax**

	2015 \$'000	2014 \$'000
<b>(a) Major Components of Tax Expense</b>		
Current income tax		
Current tax charge	77 173	55 679
Adjustment to current tax for prior periods	674	152
Deferred income tax		
Relating to the originating and reversal of temporary differences	3 245	3 342
Adjustment to deferred tax for prior periods	166	-
<b>Income Tax Expense</b>	<b>81 258</b>	<b>59 173</b>
<b>(b) Income Tax Expense</b>		
Benefits accrued before tax	1 096 746	881 954
Tax applicable at the rate of 15% (2014:15%)	164 512	132 293
Tax effect of expenses that are not deductible in determining taxable income		
Non deductible expenses	113	121
Tax effect of income/(losses) that is not assessable/deductible in determining taxable income		
Investment revenue	(1 926)	(1 788)
Member Contributions and Transfer in	(59 717)	(48 612)
Exempt pension income	(18 543)	(18 106)
Tax effect of other adjustments		
Imputation and foreign tax credits	(3 905)	(4 887)
Over provision prior period	841	152
Self-Insurance Deduction	(49)	-
Anti-Detriment Deductions	(68)	-
<b>Income Tax Expense</b>	<b>81 258</b>	<b>59 173</b>
<b>(c) Current Tax Liabilities</b>		
Balance at beginning of year	16 071	16 487
Income tax paid - current period	(58 718)	(39 608)
Income tax paid - prior periods	(16 745)	(16 583)
Current years income tax provision	77 173	55 679
Over provision prior period	674	96
	<b>18 455</b>	<b>16 071</b>
<b>(d) Deferred Tax Liabilities</b>		
The amount of deferred tax liabilities recognised in the Statement of Financial Position at reporting date is made up as follows:		
Accrued Expenses	( 2)	(2)
Realised capital losses carried forward (discounted)	(2 084)	(3 086)
Unrealised capital gains carried forward (discounted)	7 686	5 277
	<b>5 600</b>	<b>2 189</b>

### Super SA Retirement Investment Fund

#### 19. Financial Instruments

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.

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.

##### i. Currency risk

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

The Fund's currency risk is managed by Funds SA who has invested in 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 diversified strategies (growth), diversified strategies (income) and fixed interest asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the international equities asset sector are 50 percent 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.

Funds SA manages interest rate risk through:

- Ensuring asset allocations of different investment products are consistent with the time horizon of each.
- The use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.
- The Scheme's receivables and payables are non-interest bearing. The carrying amounts of these assets approximate to fair value.

##### iii. Other market price risk

Other market price risk is the risk that the value of the financial 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 net market value (fair value) with changes in net market value recognised in the Operating Statement, all changes in market conditions will directly affect investment revenue.

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.
- Ensuring asset allocations for different investment products are consistent with the time horizon of each.

### Super SA Retirement Investment Fund

#### Financial Instruments (Continued)

#### IV. Sensitivity analysis

The Funds SA Board has determined that their forecast risk/return profile provides a reasonable measure of the sensitivity of the expected returns in each investment option in the year ahead. The following tables show the standard deviation around expected nominal returns for each investment option for each scheme.

#### Income Stream

2015

Income Stream Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	8.5%	11.9%
Growth	Nominal standard deviation	7.8%	10.0%
Balanced	Nominal standard deviation	7.2%	8.8%
Moderate	Nominal standard deviation	6.3%	6.8%
Conservative	Nominal standard deviation	5.5%	5.1%
Capital Defensive	Nominal standard deviation	4.6%	3.3%
Cash	Nominal standard deviation	2.9%	1.3%
Socially Responsible	Nominal standard deviation	6.6%	10.3%

2014

Income Stream Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	9.4%	12.2%
Growth	Nominal standard deviation	8.6%	9.9%
Balanced	Nominal standard deviation	8.0%	8.6%
Moderate	Nominal standard deviation	7.2%	6.6%
Conservative	Nominal standard deviation	6.4%	4.8%
Capital Defensive	Nominal standard deviation	5.5%	3.1%
Cash	Nominal standard deviation	3.9%	1.5%
Socially Responsible	Nominal standard deviation	7.6%	10.5%

#### Flexible Rollover Product

2015

FRP Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	7.5%	10.7%
Growth	Nominal standard deviation	6.8%	9.0%
Balanced	Nominal standard deviation	6.3%	7.9%
Moderate	Nominal standard deviation	5.5%	6.1%
Conservative	Nominal standard deviation	4.8%	4.5%
Capital Defensive	Nominal standard deviation	4.0%	2.9%
Cash	Nominal standard deviation	2.5%	1.1%
Socially Responsible	Nominal standard deviation	9.3%	5.8%

### Super SA Retirement Investment Fund

#### Financial Instruments (Continued)

2014

FRP Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	8.2%	11.0%
Growth	Nominal standard deviation	7.5%	8.9%
Balanced	Nominal standard deviation	7.0%	7.7%
Moderate	Nominal standard deviation	6.2%	5.9%
Conservative	Nominal standard deviation	5.5%	4.3%
Capital Defensive	Nominal standard deviation	4.8%	2.7%
Cash	Nominal standard deviation	3.3%	1.3%
Socially Responsible	Nominal standard deviation	6.6%	9.5%

Standard deviation is a useful historical measure of the variability of returns earned by an investment portfolio. The standard deviations shown above represent the range at which actual future returns are expected to occur either side of the nominal return approximately two thirds of the time.

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 counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The net market 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. The Fund does not have any significant exposure to any individual counter party 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.

#### 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.

The Fund's 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.

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.

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.

30 June 2015	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits Payable	4 469	4 469	4 469
Vested Benefits (ii)	2 650 051	2 650 051	2 650 051
<b>Total</b>	<b>2 654 520</b>	<b>2 654 520</b>	<b>2 654 520</b>

### Super SA Retirement Investment Fund

#### Liquidity Risk (Continued)

30 June 2014	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits Payable	3 193	3 193	3 193
Payables (i)	13	13	13
Vested Benefits (ii)	2 023 049	2 023 049	2 023 049
<b>Total</b>	<b>2 026 255</b>	<b>2 026 255</b>	<b>2 026 255</b>

- (i) Payable amounts disclosed here exclude amounts relating to 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 Fund can be required to pay members vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

#### d) Fair Value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets at fair value through profit or loss <i>Level 1 and level 3 are not relevant to the Fund</i>	Level 2 \$'000
<b>30 June 2015</b>	
Unlisted managed investment schemes Funds SA	2 657 167
	<hr/>
	2 657 167
<b>30 June 2014</b>	
Unlisted managed investment schemes Funds SA	2 026 692
	<hr/>
	2 026 692

#### e) Derivative Financial Instruments

Derivatives can be defined as financial contracts whose value depend on, or are 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.

#### 20. Related Parties

Details of the members of the Board and their remuneration for the 2014-15 financial year are disclosed in the notes to the Super SA Board's financial statements.

#### 21. Events after the reporting period

There were no significant events after the reporting period.

**Super SA Retirement Investment Fund****Certification of the Financial Report**

We certify that the attached general purpose financial report for the Super SA Retirement Investment Fund:

- complies with any relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- is in accordance with the accounts and records of the Fund; and
- presents a true and fair view of the financial position of the Fund as at 30 June 2015 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Fund for the financial year over its financial reporting and its preparation of the general purpose financial report have been effective throughout the reporting period.



John Montague  
GENERAL MANAGER  
STATE SUPERANNUATION OFFICE



Philip Jackson  
PRESIDING MEMBER  
SA SUPERANNUATION BOARD



Robert Druetta FCPA  
MANAGER GOVERNANCE, BOARD AND CORPORATE SUPPORT  
STATE SUPERANNUATION OFFICE

Date: 17 September 2015

**INDEPENDENT AUDITOR'S REPORT**

**Government of South Australia**  
Auditor-General's Department

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**To the Presiding Member  
South Australian Superannuation Board  
South Australian Ambulance Service Superannuation Scheme**

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 accompanying financial report of the South Australian Ambulance Service Superannuation Scheme for the financial year ended 30 June 2015. The financial report comprises:

- a Statement of Changes in Net Assets for the year ended 30 June 2015
- a Statement of Net Assets as at 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, General Manager, State Superannuation Office and the Manager, Governance, Board and Corporate Support, State Superannuation Office.

**The members of the South Australian Superannuation Board's  
Responsibility for the Financial Report**

The members of the South Australian Superannuation Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the South Australian Superannuation Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

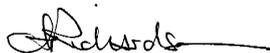
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the South Australian Superannuation Board, as well as the overall presentation of the financial report.

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

**Opinion**

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Ambulance Service Superannuation Scheme as at 30 June 2015 and its financial performance for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson  
**Auditor-General**  
19 September 2015

## SA Ambulance Service Superannuation Scheme

## Statement of Changes in Net Assets for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>NET ASSETS AVAILABLE TO PAY BENEFITS at the beginning of the period</b>		197 523	176 871
<b>INVESTMENT AND OTHER REVENUE:</b>			
Investment Revenue		19 321	23 611
Other Revenue		16	16
<b>Contribution Revenue:</b>			
Contributions by Employers	3	10 864	10 800
Contributions by Members		1 378	1 320
Rollovers from Other Schemes		245	185
Spouse Contributions		4	4
Government Co-Contributions		13	12
<b>Total Contribution Revenue</b>		<b>12 504</b>	<b>12 321</b>
<b>Total Revenue</b>		<b>31 841</b>	<b>35 948</b>
<b>EXPENSES:</b>			
Direct Investment Expenses	5	1 252	1 086
Administration Expenses	4	410	383
Benefit Expenses	6	7 830	10 444
<b>Total Expenses</b>		<b>9 492</b>	<b>11 913</b>
<b>INCOME TAX EXPENSE</b>	11(a),(b)	<b>3 061</b>	<b>3 383</b>
<b>NET INCREASE IN FUNDS</b>		<b>19 288</b>	<b>20 652</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS at the end of the period</b>	10	<b>216 811</b>	<b>197 523</b>

The Statement of Changes in Net Assets should be read in conjunction with the accompanying notes

## Statement of Net Assets as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>INVESTMENTS:</b>			
Inflation Linked Securities B		22 552	21 961
Property B		19 810	22 398
Australian Equities B		49 805	43 375
International Equities B		45 239	40 878
Long Term Fixed Interest		16 906	10 433
Short Term Fixed Interest		5 007	7 246
Diversified Strategies Growth B		14 411	11 858
Diversified Strategies Income		33 548	27 413
Cash		11 481	13 147
		<b>218 759</b>	<b>198 709</b>
<b>OTHER ASSETS:</b>			
Cash and Cash Equivalents		512	486
Contributions Receivable		2	-
Receivables		9	8
		<b>523</b>	<b>494</b>
<b>Total Assets</b>		<b>219 282</b>	<b>199 203</b>
<b>CURRENT LIABILITIES:</b>			
Benefits Payable		167	1
Payables		60	30
Unearned Revenue		136	182
Current Tax Liability	11(c)	-	801
			<b>363</b>
<b>NON-CURRENT LIABILITIES:</b>			
Deferred Tax Liability	11(d)	2 108	666
		<b>2 108</b>	<b>666</b>
<b>Total Liabilities</b>		<b>2 471</b>	<b>1 680</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	10	<b>216 811</b>	<b>197 523</b>

The Statement of Net Assets should be read in conjunction with the accompanying notes

## SA Ambulance Service Superannuation Scheme

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1. Objectives and Funding

##### (a) SA 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. A member, other than a spouse member, has the option of transferring between the category of being a contributory and non-contributory member. 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). The Scheme was closed to further new members with effect from 1 July 2008.

##### (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)

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 Fund, reference should be made to the annual report of Funds SA.

##### (d) Funding Arrangements

For the year ended 30 June 2015, contributory members contributed 5 percent of post tax salary or 5.9 percent 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 percent 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 percent of salaries (3.72 percent for Elective Services employees and Emergency Services staff).

The 12 percent employer contribution comprises: 10.16 percent for the defined benefit employer contribution; 0.63 percent represents administration expenses; and 1.21 percent represents insurance premiums. The components, which comprise contributions by employers, are provided in Note 3.

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 9.5 percent (2014 9.25 percent) of salary in order to satisfy the Superannuation Guarantee requirements under Commonwealth law.

The recent triennial actuarial review as at 30 June 2014 has recommended that the current employer contribution for the defined benefit scheme members be reduced from 12 percent to 9.5 percent, effective from 1 July 2015. This contribution rate should maintain the value of the Scheme's assets at least equal to 105 percent of vested defined benefits. The 9.5 percent employer contribution will comprise: 7.84 percent for the defined benefit employer contribution; 0.83 percent represents administration expenses; and 0.83 percent represents insurance premiums.

The insurance cover for Death, Total and Permanent Disablement and Income Protection was provided as a self-insurance arrangement within the fund from 1 July 2006. The actuarial review as at 30 June 2014 has recommended that the insurance contribution be reduced from 1.21 percent to 0.83 percent, and of this; 0.59 percent represents insurance premiums for Death, Total and Permanent Disablement and Serious Ill-Health cover; and 0.24 percent represents premiums for Income Protection cover.

#### 2. Summary of Significant Accounting Policies

##### (a) Basis of Accounting

This financial report is a general purpose financial report. 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*, except as provided below.

AAS 25 "Financial Reporting by Superannuation Plans" is the principal standard applied in preparing this financial report. Other Accounting Standards are also applied where necessary except to the extent that they differ from AAS 25.

## SA Ambulance Service Superannuation Scheme

### Summary of Significant Accounting Policies (Continued)

This financial report has been prepared on an accrual basis where this can be reliably measured. This is in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

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

#### New Accounting Standard

AASB 1056 "Superannuation Entities" was recently issued and becomes mandatory for the Scheme's financial statements commencing 1 July 2016. The Scheme does not plan to adopt this standard early and the extent of the impact has not yet been determined.

#### (b) Basis of Valuations of Assets and Liabilities

The basis for the valuation of assets and liabilities is provided below. Assets of the Scheme have been measured at net market value as provided by Funds SA.

##### (i) Inflation Linked Securities B

The Inflation Linked Securities 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 B

The Property B 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 B

The Australian Equities B 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. Investments in pooled listed Australian equities funds have been valued in accordance with the valuations supplied by the managers.

##### (iv) International Equities B

The International Equities B 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 the 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) Short Term and Long Term Fixed Interest

The Short Term and Long Term 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 B

The Diversified Strategies Growth B portfolio comprises investments in Australian and international private equity funds and Australian and international pooled 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 cashflows 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 (December 2012). 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 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.

## SA Ambulance Service Superannuation Scheme

### Summary of Significant Accounting Policies (Continued)

(viii) **Cash**

The Cash portfolio is externally managed. The investments are held in a cash management fund. Cash balances are supplied by the relevant financial institution and have been valued on the basis of principal plus accrued interest.

(c) **Income Tax**

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% 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected 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 Fund intends to settle its current tax assets and liabilities on a net basis.

(d) **Operation of Investment Portfolio**

Funds SA operates a multi-layered notional utilisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2015, Funds SA managed eight separate investment options distinguished by differing strategic asset allocations, namely:

- High Growth;
- Growth;
- Balanced;
- Moderate;
- Conservative;
- Capital Defensive;
- Cash; and
- Socially Responsible Investment.

Reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to each of the investment options. The SA Ambulance Service Superannuation Scheme is fully invested in the Balanced option.

(e) **Revenue**

Superannuation contributions and other revenue are recognised to the extent that it is probable that the flow of economic benefits to the Scheme will occur and can be reliably measured.

Investment revenue represents the change in market value due to the movement in the value of funds invested with Funds SA.

(f) **Expenses**

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the department will occur and can be reliably measured.

Expenses have been aggregated 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.

(g) **Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

## SA Ambulance Service Superannuation Scheme

### Summary of Significant Accounting Policies (Continued)

#### (h) Receivables and Payables

Contributions receivable are contributions relating to the 2014-15 financial year received by the Scheme after 30 June 2015.

Receivables are carried at nominal amounts due which approximate fair value.

Benefits payable comprises the entitlements of members who ceased employment and provided the Scheme with appropriate notification prior to 30 June 2015 but had not been paid until after 30 June 2015.

Unearned revenue are contributions relating to the 2015-16 financial year received by the Scheme prior to 30 June 2015.

#### (i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Regulation 70.5.03 of A New Tax System (Goods and Services Tax) Regulations 1999 specifies the rate at which GST can be recovered through reduced input tax credits.

Receivables and payables in the Statement of Net Assets are shown inclusive of GST.

#### (j) 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 have 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 unless impracticable.

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

### 3. Contributions by Employers

	2015	2014
	\$'000	\$'000
Employer Contributions	9 897	9 828
Insurance Premiums	636	639
Administration Charges	331	333
	10 864	10 800

### 4. Administration Expenses

	2015	2014
	\$'000	\$'000
Administration Fees <sup>(i)</sup>	349	346
Other Expenses <sup>(ii)</sup>	25	24
Consultancy Expenses <sup>(iii)</sup>	36	13
	410	383

(i) Administration expenses incurred by the Board in administering the Scheme are met in the first instance from the Department of Treasury and Finance Operating Account. The Department of Treasury and Finance seeks reimbursement from the Board monthly.

(ii) Other Expenses include Auditor's remuneration. Amounts paid or due and payable to the Auditor-General's Department (a SA Government Entity) for the audit of the Scheme for the reporting period totalled \$23,100 (2014 \$22,500). No other services were provided by the Auditor-General's Department.

(iii) Consultancy Expenses comprise of actuarial services provided by Mercer Consulting (Australia) Pty Ltd relating to self-insurance arrangements and advice pertaining to cost of Manager Patient Services allowance for the Scheme.

### 5. Direct Investment Expenses

Direct Investment expenses comprise fees paid to Funds SA. Funds SA advises the amount based on the Scheme's proportionate investment. In 2014-15 the increase in investment management expenses were largely attributable to:

- Increased funds under management driven by strong share market performance (costs are applied on a percentage basis of funds under management); and
- An increase in performance based fees paid to managers in the Diversified Strategies Growth and Diversified Strategies Income asset classes.

### SA Ambulance Service Superannuation Scheme

#### 6. Benefit Expenses

	2015 \$'000	2014 \$'000
Retirement	6 711	7 766
Resignation	936	1 236
Total and Permanent Disablement	111	1 341
Salary Continuance	72	101
	<u>7 830</u>	<u>10 444</u>

#### 7. Liability for Accrued Benefits

Actuarial valuations to determine the liability for accrued benefits are conducted at least every three years. The most recent actuarial valuation was undertaken as at 30 June 2014 and the next review to be undertaken as at 30 June 2017. The liability was determined on the basis of the present value of the expected future payments that will arise from membership of the Scheme up to 30 June 2014. The figure reported has been determined by reference to the expected future salary level increases (4 percent) and by application of the market-based, risk-adjusted discount rate after tax (6 percent).

	2014 \$'000	2011 \$'000
Liability for Accrued Benefits	<u>191 917</u>	<u>141 768</u>

#### 8. 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.

	2015 \$'000	2014 \$'000
Vested Benefits	<u>205 979</u>	<u>186 044</u>

#### 9. Guaranteed Benefits

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

## SA Ambulance Service Superannuation Scheme

<b>10. Net Assets Available To Pay Benefits</b>			
<b>(a) Assets Available To Pay Benefits</b>	<b>2015</b>	<b>2014</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Funds held at 1 July	<u>195 967</u>	<u>172 658</u>	
Less:-			
Prior Year Adjustment on Insurance Reserve	<u>469</u>	<u>-</u>	
Add:-			
Contributions by Members	1 378	1 320	
Contributions by Employers	10 228	10 161	
Investment Revenue	19 139	23 365	
Transfers from Insurance Reserve	-	3 000	
Rollovers from Other Schemes	245	185	
Spouse Contributions	4	4	
Government Co-Contributions	13	12	
Other Revenue	16	16	
	<u>31 023</u>	<u>38 063</u>	
Less:-			
Benefit Expenses	7 702	9 908	
Direct Investment Expense	1 252	1 086	
Administration Expenses	404	377	
Income Tax Expense	3 061	3 383	
	<u>12 419</u>	<u>14 754</u>	
Assets Available To Pay Benefits	<u>214 102</u>	<u>195 967</u>	
<b>(b) Insurance Reserve</b>	<b>2015</b>	<b>2014</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Opening Balance of Insurance Reserve	<u>1 063</u>	<u>4 213</u>	
Add:			
Prior Year Adjustment	<u>469</u>	<u>-</u>	
Add:			
Premiums and Charges	636	639	
Investment Revenue on Insurance Reserve @ 8.13%	142	229	
	<u>778</u>	<u>868</u>	
Less:			
Total and Permanent Disablement	56	435	
Temporary Disablement	72	101	
	<u>128</u>	<u>536</u>	
Less:			
Transfer to the Scheme	-	3 000	
Transfer to Operational Risk Reserve	-	476	
Consultancy Expenses	6	6	
	<u>6</u>	<u>3 482</u>	
Closing Balance of Insurance Reserve	<u>2 176</u>	<u>1 063</u>	
<b>(c) Operational Risk Reserve</b>	<b>2015</b>	<b>2014</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Opening Balance of Operational Risk Reserve	<u>493</u>	<u>-</u>	
Add:			
Transfer from Insurance Reserve	-	476	
Investment Revenue on Operational Risk Reserve @ 8.13%	40	17	
	<u>40</u>	<u>493</u>	
Closing Balance of Operational Risk Reserve	<u>533</u>	<u>493</u>	
<b>Net Assets Available To Pay Benefits</b>	<b>216 811</b>	<b>197 523</b>	

### SA Ambulance Service Superannuation Scheme

#### 11. Taxation

	2015	2014
	\$'000	\$'000
<b>(a) Major components of Tax Expense</b>		
Current income tax		
Current tax charge	1 652	1 725
Adjustment to current tax for prior periods	(32)	(54)
Deferred income tax		
Relating to the originating and reversal of temporary differences	1 392	1 712
Adjustment to deferred tax for prior periods	49	-
<b>Income Tax Expense</b>	<b>3 061</b>	<b>3 383</b>
<b>(b) Income Tax Expense</b>		
Changes in net assets before tax	<u>22 349</u>	<u>24 217</u>
Tax applicable at the rate of 15% (2014: 15%)	3 352	3 633
Tax effect of income and losses that are not assessable/or deductible in determining taxable income		
Investment revenue	(753)	(792)
Member contributions	(209)	(204)
Transfers in	(37)	(28)
Tax effect of expenses that are not deductible in determining taxable income		
Benefit Expenses	1 175	1 567
Tax effect of other adjustments		
Imputation and foreign tax credits	(399)	(739)
Self-insurance deduction	(85)	-
Over provision prior period	17	(54)
<b>Income Tax Expense</b>	<b>3 061</b>	<b>3 383</b>
<b>(c) Current Tax Liabilities</b>		
Balance at beginning of year	801	1 172
Income tax paid - prior periods	(854)	(1 087)
Income tax paid - current period	(1 567)	(924)
Current years income tax provision	1 652	1 725
(Over) provision prior period	(32)	(85)
<b>Current Tax Liability</b>	<b>-</b>	<b>801</b>
<b>(d) Deferred Tax Liability</b>		
The amount of deferred tax liability recognised in the Statement of Net Assets at reporting date is made up as follows:		
Accrued expenses	( 4)	( 4)
Prepaid contributions/Contributions Receivable	( 18)	-
Realised capital losses carried forward (discounted)	(1 423)	(1 759)
Unrealised capital gains carried forward (discounted)	3 553	2 429
	<u>2 108</u>	<u>666</u>

#### 12. Related Parties

The Board acts as Trustee for the SA Ambulance Service Superannuation Scheme. For details of Board membership and remuneration refer to the Super SA Board's financial statements.

#### 13. Financial Instruments

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.

## SA Ambulance Service Superannuation Scheme

### Financial Instruments (Continued)

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 Board receives regular reports from Funds SA concerning compliance with the Scheme'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 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.

##### i. Currency risk

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

The Scheme's currency risk is managed by Funds SA who has invested in 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 diversified strategies (growth), diversified strategies (income) and fixed interest asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the international equities asset sector are 50 percent 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.

Funds SA manages interest rate risk through:

- Ensuring asset allocations of different investment products are consistent with the time horizon of each.
- The use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.
- The Scheme's receivables and payables are non-interest bearing. The carrying amounts of these assets approximate to fair value.

##### 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 Scheme's financial instruments are valued at net market value (fair value) with changes in net market value recognised in the Statement of Changes in Net Assets, all changes in market conditions will directly affect investment revenue.

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.
- Ensuring asset allocations for different investment products are consistent with the time horizon of each.

##### iv. Sensitivity analysis

The Funds SA Board has determined that their forecast risk/return profile provides a reasonable measure of the sensitivity of the expected returns in each investment option in the year ahead. The following tables show the standard deviation around expected nominal returns for each investment option for each scheme.

2015

Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
Balanced	Nominal standard deviation	6.3%	7.9%

### SA Ambulance Service Superannuation Scheme

#### Financial Instruments (Continued)

2014

Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
Balanced	Nominal standard deviation	7.0%	7.7%

Standard deviation is a useful historical measure of the variability of returns earned by an investment portfolio. The standard deviations shown above represent the range at which actual future returns are expected to occur either side of the nominal return approximately two thirds of the time.

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 counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

The net market value of financial assets, included in the Statement of Net Assets 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 counter party 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.

The Scheme's 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.

Funds SA manages liquidity risk as follows:

- By giving careful consideration to the expected net cash redemptions 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.

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 tables are the contractual undiscounted cash flows.

30 June 2015	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits Payable	167	167	167
Payables (i)	34	34	34
Unearned Revenue	136	136	136
Vested benefits (ii)	205 979	205 979	205 979
<b>Total</b>	<b>206 316</b>	<b>206 316</b>	<b>206 316</b>

### SA Ambulance Service Superannuation Scheme

#### Financial Instruments (Continued)

30 June 2014	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits Payable	1	1	1
Unearned Revenue	182	182	182
Vested benefits (ii)	186 044	186 044	186 044
<b>Total</b>	<b>186 227</b>	<b>186 227</b>	<b>186 227</b>

- (i) Payable amounts disclosed here exclude amounts relating to 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) Fair Value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Financial assets at fair value through profit or loss Level 1 and level 3 are not relevant to the Scheme

Level 2  
\$'000

#### 30 June 2015

Unlisted managed investment schemes  
Funds SA

218 759

218 759

#### 30 June 2014

Unlisted managed investment schemes  
Funds SA

198 709

198 709

#### e) Derivative Financial Instruments

Derivatives can be defined as financial contracts whose value depend on, or are 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.

#### 14. Events after the reporting period

There were no significant events after the reporting period.

**SA Ambulance Service Superannuation Scheme****Certification of the Financial Report**

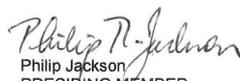
We certify that the attached general purpose financial report for the SA Ambulance Service Superannuation Scheme:

- complies with any relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- is in accordance with the accounts and records of the Scheme; and
- presents a true and fair view of the financial position of the Scheme as at 30 June 2015 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Scheme for the financial year over its financial reporting and its preparation of the general purpose financial report have been effective throughout the reporting period.



John Montague  
GENERAL MANAGER  
STATE SUPERANNUATION OFFICE



Philip Jackson  
PRESIDING MEMBER  
SA SUPERANNUATION BOARD



Robert Drusetta FCPA  
MANAGER GOVERNANCE, BOARD AND CORPORATE SUPPORT  
STATE SUPERANNUATION OFFICE

Date: 17 September 2015

# Appendix 2 – Glossary

## Accumulation Scheme

A superannuation scheme in which member entitlements are made up of a combination of: employer contributions (includes salary sacrifice); member contributions; rollovers received; Co-Contributions; less fees and charges; plus investment returns.

Triple S and the Flexible Rollover Product are accumulation schemes.

## Administration fee

Is the annual fee deducted from each member's/investor's superannuation account to cover the cost of administering the scheme/product.

## Administration system

The software programs used to administer superannuation accounts.

## Accrued super

A term used when a member of Triple S has chosen to split their investment options (see Investment choice). The accrued super is invested in the first option, and includes the balance of the employer, member, rollover and Co-Contribution accounts, with investment earnings at the effective date of the decision to split investment options.

The second investment option is where all future contributions i.e. employer, member, rollover and Co-Contributions will be invested in. See *Future contributions*.

## Active member

A Triple S active member is defined as a member who is either:

- > contributing from their after-tax or before-tax salary (salary sacrifice); and/or
- > receiving Superannuation Guarantee (SG) contributions; and/or
- > on Leave Without Pay (LWOP) and has notified Super SA of this; and/or
- > employed on a casual basis and has received Superannuation Guarantee contributions in the past 12 months.

## After-tax contributions

Contributions made into a member's account from their net, or after-tax, salary.

## APRA

The Australian Prudential Regulation Authority (APRA) oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, private health insurance, friendly societies and most members of the superannuation industry. APRA is funded largely by the industries that it supervises. It was established on 1 July 1998.

[www.supersa.sa.gov.au](http://www.supersa.sa.gov.au)

## Benefits

See *Entitlements*.

## Co-Contributions

Amounts a member has received from the Commonwealth Government as part of the Co-Contributions scheme.

## Contribution points

Contribution points accumulated under the Pension and Lump Sum schemes are allocated in line with the rate of after-tax member contribution and hours of employment.

As a general rule, working full-time and making after-tax contributions at the standard rate will accumulate one point for each complete month that after-tax contributions are made.

## Contributory

Triple S members who elect to contribute to their super by making after-tax or before-tax (salary sacrifice) contributions to their account.

Pension and Lump Sum scheme members who elect to contribute to their super by making after-tax contributions to their account.

See *After-tax contributions* and *Salary sacrificing*.

## Defined benefit scheme

A superannuation fund in which the benefits to be paid to the member are defined in advance of the member's retirement.

Super SA administers three closed, defined benefit schemes: the Pension Scheme, the Lump Sum Scheme and the SA Ambulance Service Superannuation Scheme.

- > *Pension Scheme*: Benefit payable, is a fortnightly pension calculated as a percentage (maximum 75%) of final salary at retirement.
- > *Lump Sum Scheme*: Is part defined benefit scheme, and part accumulation scheme. The employer component is a multiple (maximum 4.5) of final salary. A lump sum benefit is paid.
- > *SA Ambulance Scheme*: Is part defined benefit scheme, and part accumulation scheme. The defined benefit is a multiple of final average salary. A lump sum benefit is paid.

## Employer account

The employer account funds the defined benefit component of the Pension and Lump Sum schemes.

## Employer contribution

The employer contribution level is a percentage of member's salary deemed by the actuary as necessary to meet the defined benefit entitlement payable by a scheme.

## Entitlements

The amount of money in the superannuation scheme to which the member is entitled. This includes superannuation and insurance payments where eligible.

### Future contributions

Employer and member contributions, Co-Contributions and rollovers that may be made after the date an investment option split is effective in the future, as well as investment earnings on the contributions.

### Income Protection Insurance

Provides a fortnightly income of up to 75% of a member's full-time salary while they are off work due to illness or temporary disablement, for a maximum period of up to 24 months or to age 60, whichever occurs first. If the member works part-time the salary is based on an average of hours over the past three years.

### Invalidity

Where the Board is satisfied that a member's incapacity for all kinds of work is at least 60% and is likely to be permanent.

### Investment choice

Members/investors are able to choose an investment option that suits their investment profile. There are eight investment options to choose from.

*Triple S and Flexible Rollover Product:* Members and spouse members of Triple S and Flexible Rollover Product investors who don't choose an investment option will be invested in the default "Balanced" option.

Members and spouse members of Triple S may choose to invest all of their accounts in a single investment option, or switch the balance of their accounts to another investment option or to switch all future transactions, contributions, rollovers in and fees or insurance premiums deducted into a second investment option from the date of the next determined unit price. Each Triple S member may have no more than two investment options at any one time.

*Income Stream:* Investors of the Super SA Income Stream who do not choose an investment option will be invested in the "Balanced" option.

Investors may choose to invest in one or two investment options. Where an investor chooses two investment options, they may elect from which investment option their regular income payments and/or any withdrawals will be made. Fees are deducted in proportion across both investment options.

Investors may elect to switch between investment options or change the investment option from which regular income payments will be made. No more than two investment options in total per investor can be maintained at any one time.

*Lump Sum Scheme:* Members of the Lump Sum Scheme who do not choose an investment option will have their Member Account and Rollover Account (if any) invested in the "Growth" option.

Members may elect to switch between investment options; however, the Member Account and Rollover Account (if any) must be invested in a single investment option.

### Non-contributory

The member does not make after-tax or before-tax (salary sacrifice) contributions; contributions are received only from the employer (super guarantee).

### Preserved

An account becomes preserved if the member ceases employment with the SA public sector.

Preserved entitlements cannot be paid until the member meets one of the following conditions:

- > reaches age 55
- > becomes totally and permanently disabled
- > entered Australia on a temporary resident visa which has expired or been cancelled and has permanently left Australia
- > dies.

### Salary sacrificing

Personal before-tax salary contributions made from a member's salary before Pay As You Go (PAYG) tax is deducted. These amounts are classified by the Tax Office as employer payments and therefore reduce annual salary for taxation purposes. Salary sacrifice contributions are credited to the Employer Account in Triple S.

### Superannuation Guarantee (SG)

The Superannuation Guarantee (SG) is the minimum level of super contribution that must be provided to members by their employer and was 9.5% for 2014-15.

### Superannuants

A member of the Pension Scheme who is currently receiving their benefits paid as a fortnightly pension.

### Trust Deed

A document that sets out the rules for the establishment and operation of a scheme, including: the appointment and operation of Trustees; who can be admitted to the scheme; receiving and investing contributions; and how benefits are paid to members.

### Unit price

Units represent a share of the underlying investments in an investment option. An account balance is calculated by the number of units held by the prevailing unit price. A change in the unit price reflects changes in the value of the underlying investments.

### Unfunded liability

Unfunded liability is the amount the State Government needs to pay to fund both its accruing and accrued past service superannuation liabilities for the defined benefit schemes.

See *Defined benefit scheme*.

# Appendix 3 – Service Providers

**DURING THE 2014–15 FINANCIAL YEAR THE FOLLOWING ORGANISATIONS PROVIDED SERVICES TO THE SUPER SA BOARD.**

## Administration

### **Super SA**

Level 3, 151 Pirie Street  
Adelaide SA 5000

## Investment manager

### **Funds SA**

Level 3, 63 Pirie Street  
Adelaide SA 5000

## Financial advice to members

### **Industry Fund Services**

Suite 1, Level 5  
26 Flinders Street  
Adelaide SA 5000

## Legal and contractual guidance

### **Crown Solicitor**

Level 9, 45 Pirie Street  
Adelaide SA 5000

## Auditor

### **Auditor-General**

Level 9, State Administration Centre  
200 Victoria Square  
Adelaide SA 5000

## Strategic planning

### **KPMG**

10 Shelley Street  
Sydney NSW 2000

### **BDO**

Level 7  
429 King William Street  
Adelaide SA 5000

### **Ernst & Young**

121 King William Street  
Adelaide SA 5000

## Actuarial

### **Mercer Human Resources Consulting Pty Ltd.**

Level 5, 108 North Terrace  
Adelaide SA 5000

### **Brett & Watson Pty Ltd.**

157 Grenfell Street  
Adelaide SA 5000

### **PricewaterhouseCoopers**

Freshwater Place  
Level 19, 2 Southbank Boulevard  
Southbank VIC 3006

## Taxation and accounting

### **Ernst & Young**

121 King William Street  
Adelaide SA 5000

## Internal audit and compliance

### **Deloitte**

11 Waymouth Street  
Adelaide SA 5000

### **PricewaterhouseCoopers**

Freshwater Place  
Level 19, 2 Southbank Boulevard  
Southbank VIC 3006

## Insurance claims

### **MLCOA**

Level 2, 18 North Terrace  
Adelaide SA 5000

## Then...

THE SOUTH AUSTRALIAN SUPERANNUATION FUND WAS ESTABLISHED 88 YEARS AGO ON 1 MARCH 1927, AS A RESULT OF THE AMALGAMATION OF THE EARLIER ESTABLISHED PUBLIC SERVICE SUPERANNUATION FUND AND TEACHERS' FUND.

## Now...

SUPER SA HAS BUILT ON THE SOLID FOUNDATIONS SET IN THOSE EARLY DAYS.

TODAY OUR VISION IS TO BE THE LEADING PROVIDER OF QUALITY SUPERANNUATION AND RELATED SERVICES IN SOUTH AUSTRALIA.

Accountant Ambulance Officer Analyst Programmer Art Teacher Auditor Building Inspector  
Manager Civil Engineer Manager Company Secretary Conference and Event Organiser Research  
Therapist Office Manager Park Ranger Policy Analyst Primary School Teacher Prisoner

# Contact Us...



## SOUTH AUSTRALIAN SUPERANNUATION BOARD

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Adelaide SA 5001

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**Fax** +61 8 8115 1296  
**Web** [www.supersa.sa.gov.au](http://www.supersa.sa.gov.au)  
**Email** [supersa@sa.gov.au](mailto:supersa@sa.gov.au)

Research Analyst Manager  
Office Manager Park Ranger  
Quality Assurance Inspector  
School Principal Telecommunication  
Youth Worker Zookeeper  
Inspector Careers Counsellor  
Engineer Company Secretary  
General Manager Customer Service  
Officer Early Childhood

Multimedia Designer  
Ranger Policy Analyst  
Manager Radiation  
Principal Software Engineer  
Translator  
Accountant Ambulance  
Counsellor Cartographer  
Secretary Conference  
Customer Service Data  
Food Teacher Education



Nurse Practitioner  
Officer Prison Officer  
Public Health Nurse  
Rehabilitation Statistician  
Student Counsellor  
Human Resource Planner  
Video Programmer  
Art Teacher  
Officer Child Care  
Conservation Officer  
Developer Programmer  
Engineer Emergent

Copywriter Corporate  
Adviser Electrical Engineer  
Health and Welfare  
Management Consultant  
Park Ranger Policy Analyst  
Counsellor Safety Inspector  
Transport Engineer  
Technician Health and Welfare  
Planner Management  
Manager Park Ranger



Customer Service Data  
Service Worker Environmental  
Human Resource Adviser  
Market Research Analyst  
Teacher Prison Officer  
Principal Software Engineer  
Producer Welfare Worker  
Human Resource Adviser  
Biologist Market Research  
Primary School Teacher

Database Administrator  
Environmental Consultant  
Fashion Illustrator  
Insurance Analyst  
Multimedia Designer  
Public Relations Manager  
Speech Pathologist  
Youth Worker Zookeeper  
Human Resource Adviser  
Illustrator Inspector  
Research Analyst  
Multimedia Designer  
Prison Officer Public Relations

Disabilities Services  
Finance Manager  
Features Trader Geologist  
Auditor Laboratory  
Administrator Nurse  
Quality Assurance  
Statistician Student  
Research Analyst  
Manager Teacher  
Prison Officer  
Principal Software Engineer  
Producer Welfare Worker

Officer Early Childhood  
Features Trader Geologist  
Manager Magistrate  
Practitioner Occupational  
Manager Radiation  
Counsellor Surveyor  
Teacher Multimedia Designer  
Public Relations Manager  
Engineer Speech Pathologist  
Youth Worker Zookeeper

Child Teacher Education  
Hardware Technician  
Maintenance Planner  
Occupational Therapist  
Office Manager  
Cancerologist Registered  
Telecommunications Engineer  
Network Administrator  
Manager Quality Assurance  
Statistician Student  
Zookeeper Accountant

Adviser Electrical Engineer  
Health and Welfare  
Management Consultant  
Manager Park Ranger  
Nurse Rehabilitation  
Engineer Translator  
Translator  
Nurse Practitioner  
Quality Assurance  
Manager Radiation  
Student Counsellor  
Surveyor Telecommunication  
Ambulance Officer

Speech Pathologist  
Youth Worker Zookeeper

Statistician Student  
Counsellor Surveyor  
Teacher Ambulance  
Officer Analyst  
Programmer Art Teacher

Counsellor Surveyor  
Teacher Ambulance  
Officer Analyst  
Programmer Art Teacher

Telecommunications Engineer  
Programmer Art Teacher