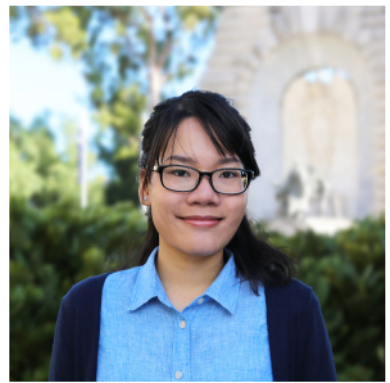


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**SUPER SA**  
contributing to your future

# Super SA Board

## 90TH ANNUAL REPORT

### 2015-16

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FIRST ANNUAL REPORT OF THE  
SUPERANNUATION FUND BOARD.  
TO His Excellency Sir George Ruthven  
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# 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

26 September 2016

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 2016.

Yours faithfully

  
Annette Hurley  
**PRESIDING MEMBER**  
**SUPER SA BOARD**

**In person**  
Ground floor, 151 Pirie Street  
(Enter from Pulteney Street)  
Adelaide SA 5000

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GPO Box 48  
Adelaide SA 5001  
DX 56205

**Telephone**  
(08) 8207 2094  
1300 369 315 (for regional callers)  
**Fax** (08) 8115 1296

**Email**  
supersa@sa.gov.au  
**Website**  
www.supersa.sa.gov.au



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Photograph of Super SA Board minute book, January 1918 to August 1924.

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South Australian Treasury building circa 1969, later Medina Grand Adelaide Treasury building. Photograph courtesy of National Trust of South Australia Photographic Collection ID: 1217.

#### FIRST ANNUAL REPORT OF THE PUBLIC SERVICE SUPERANNUATION FUND BOARD.

TO HIS EXCELLENCY THE GOVERNOR RUTHVEN LAUREN, GOVERNOR IN AND OVER THE STATE OF SOUTH AUSTRALIA AND HIS DEPENDENCIES IN THE COMMONWEALTH OF AUSTRALIA.

SHE IN PRESENCE OF HERSELF ON 26 OF THE 27 PUBLIC SERVICE SUPERANNUATION FUND ACT, 1902, AND HAVE THE HONOR VERY RESPECTFULLY TO ACKNOWLEDGE YOUR EXCELLENCY'S INTEREST AND THIS FIRST ANNUAL REPORT OF THE PUBLIC SERVICE SUPERANNUATION FUND BOARD TO DECEMBER 31ST, 1903.—

The Board was first constituted on November 15th, 1902, the board held its first meeting on the following day, when Alexander Buchanan was elected chairman. On November 6th, 1903, he was re-elected chairman for the remainder of the year 1903.

All the members of the board having been in office for the same period without re-appointment or re-election, it was decided by lot, pursuant to section 5 of the Act, that Alexander Buchanan was the member of the board to retire on December 31st, 1903.

#### Thanks for Foundation Subscribers.

The Government, with the cordial concurrence of the then Minister of Education (the Hon. J. H. Gordon) and the Inspector-General of Schools (L. W. Bennett, Esq.), generously placed the services of Mr. M. N. Maughan, Inspector of Schools, at the disposal of the board from March 1st to the close of the year, he being the fund under the notice of public account, and the board is indebted to the Commissioner of Railways (A. G. Donohoe, Esq.) for assisting the work by granting to Mr. Maughan a ticket over the South Australian Railways for the same period.

Mr. Maughan's experience as a former member of the board of management of the Public School Teachers' Superannuation Fund peculiarly qualified him for the task, to which he brought to addition a zeal, enthusiasm, and tact which the board cannot too highly appreciate.

The time up to which foundation subscribers would be admitted was fixed at December 31st, 1903.

The result of Mr. Maughan's labors is shown in the figures which appear in a subsequent paragraph of this report.

#### Population.

# ANNUAL REPORT 2015-16

**1902** The Public Service Superannuation Fund holds its first board meeting.

The first Annual Report of the Public Service Superannuation Fund was submitted to the Governor of South Australia on 31 December 1903 and published on 21 March 1904.

**1903 to 1904**

Did you know at the time of the first annual report, the Public Service Superannuation Fund had a total of 545 members?



Originally the Board's meeting minutes were published in The Register, South Australia's first newspaper.



**1927** The South Australian Superannuation Fund (Pension Scheme) founded.

The Public Service Superannuation Fund amalgamates with the Teachers' Fund and forms the South Australian Superannuation Fund.

**1927**



Did you know Super SA previously occupied part of the National Treasury building before it became the Medina Hotel? (pictured left)

**1988** The Lump Sum Scheme founded.

1992



Superannuation guarantee sits at 3%.

The Triple S Scheme founded.

**1995**



Superannuation guarantee rises to 9%.

**2005** The Flexible Rollover Product and Income Stream founded.

The South Australian Superannuation Board becomes trustee of SA Ambulance Superannuation Scheme

**2006**

**Now**  
210,158 members  
and  
\$21.7 billion in assets



## Did You Know...?

Super SA is older than the Popeye.  
Older than the Big Rocking Horse.  
Even older than Fruchocs!

## 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 **\$21.7 billion** in assets at 30 June 2016 and the stewardship of some or all of the retirement savings of over **210,158 members**.



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

## About our annual report

This 90th Annual Report of the Board for the year ending 30 June 2016 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.



## ANNUAL REPORT 2015-16



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

Black and white Photograph courtesy of the State Library of South Australia, Locomotive 1870, SLSA B 24. Detail of one of the first locomotives used to pull trains on South Australian railways from 1856

# Our future...

# Presiding Member's Message

I am pleased to present the 90th Annual Report of the South Australian Superannuation Board for the year ending 30 June 2016.

For the sixth consecutive year Super SA was ranked in the top 300 superannuation funds in the world. It is placed at 245, amongst funds from North America, Europe, the UK and Japan, according to the latest Pension & Investments/ Willis Towers Watson Global 300 research.

Super SA is one of only 16 Australian funds to be included in this listing with sovereign and public sector funds, like Super SA, accounting for 67% of the total assets of the top 300 funds. This highlights the importance of our close relationship with Funds SA and their strong investment capabilities. It also emphasises other significant milestones that Super SA has achieved in the past year as membership reached over 210,000; funds under management increased by \$1 billion to \$21.7 billion; and investment in post-retirement products exceeded \$3 billion. This last point is particularly pleasing as an increasing number of members chose to keep their benefits with Super SA when they retired.

2015-16 also proved to be another significant year for the superannuation industry as a whole, with renewed focus from the Commonwealth. In the Federal Budget significant changes were proposed to the contribution and taxation of superannuation. While the details of these changes are yet to be released we will ensure that the various schemes administered by Super SA are appropriately represented to the Commonwealth.



Philip Jackson, Presiding Member, Super SA Board.

## Member services and communications

One of the Board's key aims is to ensure that Super SA strives to provide as many avenues as possible for members to learn about their superannuation and engage with Super SA staff and other financial professionals.

Requests for services, information and assistance continued to grow. Super SA experienced a 13% increase in access to information online via mobile and tablet devices, a small decrease in direct phone calls and front counter visits, while correspondence remained steady compared to last year. In addition, there was a rise in member interviews during 2015-16. This was assisted by a restructure in the interview process, allowing more one on one interviews to be conducted.

## Investments

The Super SA Board continues to have a strong partnership with the Funds SA Board. Each year the Boards meet to exchange information and keep each other abreast of the ongoing work within their respective offices, and we also support and encourage information exchange throughout the year between Super SA and Funds SA. Funds SA has been Super SA's investment manager for over 20 years and has helped steer us through periods of volatility over that time.

Returns in 2015-16 are, for the seventh consecutive year, positive, although markedly lower than in recent years. The Balanced (default for Triple S) investment option returned 3.9% and Growth (default for Lump Sum and Pension schemes) achieved a return of 3.8%. As stated last year, we do not expect strong investment returns over the short to medium term, and members should review their investment options accordingly to maintain their desired retirement outcome.



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

Both Boards have seen membership changes over the past 12 months, with valued members leaving and new members joining, bringing with them technical knowledge and enthusiasm to continue to strengthen the connection between Super SA and Funds SA.

### Awards

The Board is again proud to see two of the industry's leading independent researchers awarding Super SA's products the highest ratings.

These ratings are assessed against industry best practice in areas such as organisational strengths, investments, fees, insurance, administration and member services, and recognise Super SA as a high quality super fund provider.

SuperRatings awarded the Triple S Scheme, Income Stream, and Flexible Rollover Product a Platinum rating, given only to the best value for money funds. This was the seventh consecutive year that Triple S has received this rating.

Triple S and the Income Stream also received the highest rating of 5 Apples from specialist superannuation research and consultancy firm Chant West.

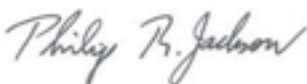
### With thanks

This 90th anniversary is quite an achievement and I note that dedicated staff have worked hard over those years to provide exceptional service to our members. On behalf of the Board, I thank all current and past Super SA staff and the executive team led by John Montague for their efforts.

I would like to take this opportunity to acknowledge the contribution to the Super SA Board of former Board members Deb Black and Don Farrell. Deb's appointment expired in July 2015 and Don resigned in late May 2016. As Board members both brought considerable experience and expertise to the Board and made valuable contributions to Board decision making.

I also take this opportunity to thank the current members of the Board: Virginia Deegan; Jan McMahon; Bill Griggs and deputy members Liz Hlipala, Leah York, Aaron Chia and John Wright for their support and assistance.

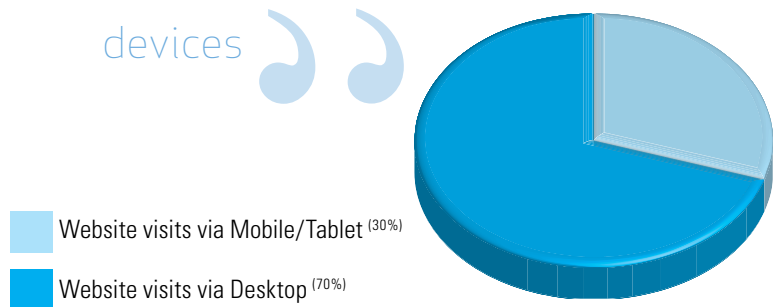
I look forward to another year of growth and development for Super SA in 2016-17.



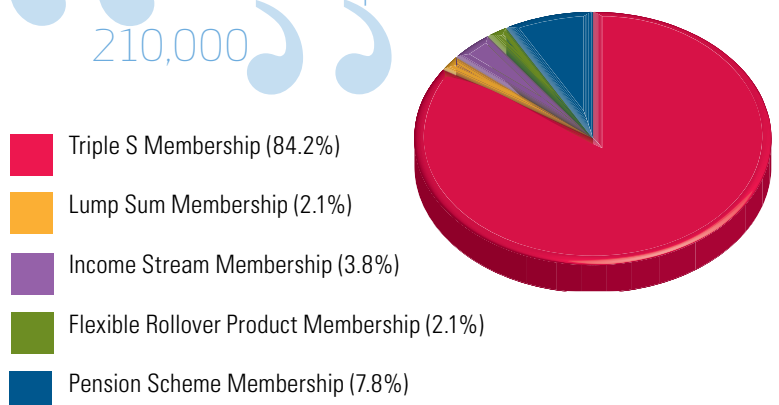
Philip Jackson

**Presiding Member, Super SA Board**

“ There was a 13% increase in access to information online via mobile and tablet devices ”



“ Membership reached over 210,000 ”



# General Manager's Message

As we farewell another financial year, it is timely to reflect on our achievements over the last twelve months, and further reinforce our commitment to our members and investors.

We also celebrate a milestone in Super SA's history. It has been 90 years since the Public Service Superannuation Fund was established. It is notable that Super SA is older than a number of South Australian icons, including the Big Rocking Horse, Menz Fruchocs and the Popeye.

Super SA initially represented only a few hundred members, we now have over 210,000 members with over \$21 billion in funds under management and many award winning products available. We have achieved a lot in those 90 years, and we look forward to many more years as the superannuation provider for South Australian public sector employees.

Over the past 12 months there have been a number of changes, including new Board appointees and a new reporting line into the Department of Treasury and Finance through the newly created position of Chief Operating Officer. At a national level the 2016 Federal Budget saw the announcement of several significant changes to the treatment of superannuation concessions.

## Federal Budget

Superannuation was a key part of this year's Budget, with proposed changes to the thresholds and taxation of superannuation contributions. The aim of these changes is to reduce the cost of super concessions upon government and ensure that they are more fairly targeted to achieve a sustainable outcome over the long term, and provide women, low income workers and people between 65 and 75 with more opportunity to save for their retirement.

Effective from Budget night (3 May 2016) a lifetime limit of \$500,000 was announced on how much you can contribute to super from your after-tax pay (non-concessional contributions). This limit is proposed to include all after-tax contributions made since 1 July 2007.

Effective from 1 July 2017 some other key changes proposed include:

- A reduction in the annual concessional cap (employee and salary sacrifice contributions) that applies to most super funds to \$25,000. Also, if members have less than \$500,000 in super, any unused amount of the \$25,000 concessional cap could be carried forward on a rolling five year basis, enabling catch up payments.



John Montague, General Manager, Super SA.

- Introduction of a tax of up to 15% on investment earnings on assets used to support a transition to retirement (including Early Access to Super - EATS) income stream.
- A reduction in the threshold for Division 293 tax from \$300,000 to \$250,000.
- The introduction of a cap of \$1.6 million on the total amount of super you can transfer into a retirement income account, such as an income stream, over a lifetime.
- The replacement of the Low Income Superannuation Contribution (LISC) by a Low Income Superannuation Tax Offset (LISTO).

These proposals have raised many questions, and we will work with the Federal Treasury to further explain our situation and assist them in understanding the impacts for our members. The above are proposals only and legislation will need to be passed for them to become law.

Over the past year we have been working on operational initiatives aimed at improving the efficiency of transactions and enhancing the member experience, namely:

- Information and Communication Technology. A new administration system is currently being implemented to manage the continued growth of the member accounts administered by Super SA. This is a major investment for the organisation and will allow us to process transactions more efficiently.

It will also see us move away from paper based transactions and improve digital services and online capabilities for our members.

We look forward to sharing our progress as work continues. Other important developments include:

- Nomination of Beneficiaries: the introduction of the Legal Personal Representative legislation will give members more control over who their superannuation benefit goes to when they die. The schemes impacted by this are Triple S, Flexible Rollover Product and Income Stream.

## ANNUAL REPORT 2015-16

- Insurance: continued work on an improved insurance offering that will provide more cover and flexibility for members and bring Super SA in line with the super industry.
- Recognition for member satisfaction: Triple S ranked third out of a field of 25 superannuation funds from across Australia in the national Net Promoter Score survey. The survey measured members' level of satisfaction with their fund's services and expertise.
- Income Stream Calculator: improvements to our online Income Stream calculator, which allows members to see how their Super can be converted into a regular income when they reach Commonwealth Government preservation age. The calculator now allows members to add a Centrelink Age Pension, providing a more comprehensive review of their retirement goals.

### Funds SA Investment update

You will notice that this year's returns are lower than the last few years'. This follows a period of strong investment performance and reflects economic events occurring both in Australia and overseas. This is an environment that is expected to continue in the medium term.

If investment returns are lower for longer it is important that this does not come as a surprise. If you are nearing retirement it is important that you take this into account in your retirement plans and take action, where necessary, to reduce any adverse consequences.

We offer online calculators that assist members to determine what their risk tolerance is and in addition, we encourage members to seek professional financial advice on their financial planning needs. One cost effective way of doing this is to utilise the services of a qualified financial planner from Industry Fund Services (IFS).

### Community involvement

In 2016 Super SA was once again a proud sponsor of the Women in Super Mother's Day Classic walk/ run in the Adelaide parklands. Growing from 3,000 participants in 1998, the Mother's Day Classic is now a national event celebrated by over 135,000 Australians across Australia. We continue to provide member education services across the State. Seminars are free and each one targets members at a different stage on their super journey. Our Member Education Team visited 983 workplaces over the financial year, with 193 in regional locations, engaging with over 22,458 individual members.

Super SA previously developed its own values for staff with underpinning behaviours. Since its inception the business has promoted these values through the delivery of regular training programs, social events, and staff recognition. A review of these values and their behaviours was conducted during the year, refining them to five succinct behaviours for each value to accurately reflect the office culture.



Super SA staff took part in the Mother's Day Classic event, May 2016.

### In conclusion

In the coming year we will continue to focus on delivering improved services and products to support members during their working life and into retirement.

I look forward to working with all of our stakeholders and would like to thank the members of Super SA for demonstrating confidence in our products, the Board for their consideration and guidance and my colleagues at Super SA for their commitment and effort throughout the last financial year.

John Montague

**General Manager, Super SA**

# Year in Review

## ASSETS UNDER MANAGEMENT INCREASED TO OVER \$21.7 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 October and November. Over 74,000 members received communications promoting salary sacrifice and after-tax contributions as well as encouraging them to try out the Personal Super Contributions Calculator. The result was an extra \$51 million in salary sacrifice contributions over the 2015–16 year. More members continued to choose to contribute via salary sacrifice than after-tax. It also saw nearly 6,000 website visits during the campaign period for the Personal Super Contributions Calculator, as members wanted to see for themselves the effect on their take home pay of making additional contributions and the potential extra in their super at age 65. This is nearly a sixfold increase in calculator visits for the same period the prior year.
- > 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 2015–16 year continued to build on last year's result and rose a further 12% for the average amount contributed per member.

- > Super SA members continue to roll funds in and choose to stay with the Board's schemes and products.
- > 87% of Triple S members have rolled over non-government super accounts to Super SA.
- > 60% of rollovers greater than \$100,000 by Super SA members are going into Super SA's post-retirement products. This is reflected in a 19% increase in Income Stream members and has contributed to the funds under management of the post-retirement products increasing to over \$3.1 billion at 30 June 2016.

#### Serving our members

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

- > Request for services continues. While Super SA experienced a small decrease in calls and front counter visits, correspondence remained steady compared to last year. However, there was a rise in member interviews during 2015-16 due to a restructure of the interview process allowing more one on one interviews to be conducted.
- > The Super SA website is an integral part of member contact and is available to members 24/7. As a result, Super SA is constantly improving the site. Each year more members are enjoying the ease of using the Super SA website via a tablet or mobile. Visits using these devices now make up almost a third of the overall visits to the Super SA website. The most popular areas of the website continue to include investment performance, secure member area, forms and publications and the online calculators.
- > Many members have indicated a preference to receive their statement online, so over the past 12 months Super SA has continued to run a campaign 'Going Green' and over 21,000 Triple S members chose to receive their 2015–16 statements electronically.
- > The Super SA Member Education team visited 983 workplaces over the financial year, with 193 in regional locations, engaging with over 22,450 individual members. Regional locations included Whyalla, Port Lincoln, Port Augusta, Victor Harbor, Kangaroo Island, Waikerie, Berri, Loxton, Mannum, Tailem Bend, Bute, Balaklava, Port Broughton, Port Pirie, Snowtown, Wallaroo, Kadina, Blyth, Minlaton, Maitland, Mount Gambier and Naracoorte.

## ANNUAL REPORT 2015-16

This included the popular Mount Gambier Open Day which included visits to various towns in the South East (18 separate towns). The team continues to receive excellent member feedback.

- > The insurance claims team continued to introduce enhancements r.e. the introduction of Case Management services that has enhanced member experience. Recent Board policy changes are expected to further reduce turnaround times for insurance underwriting and income protection.

### Sustainability

A number of projects were progressed or delivered in the 2015-16 year to ensure that Super SA remains a sustainable operation. These were:

- > Insurance project – 65% complete; due to be launched in the second half of 2017.
- > ICT Solution – This long-term project will enable the Office to have up-to-date systems to support ongoing member demands. The process has begun with the DST Bluedoor platform being implemented into Super SA over two stages.
- > Nomination of Legal Personal Representative – Legislative changes were made to enable members of Triple S, Flexible Rollover Product and the Super SA Income Stream to nominate a Legal Personal Representative.

### 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 Chief Executive of the Department of Treasury and Finance 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.

Various sections of the SLA were amended in March 2016.

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.

### Membership

The total number of accounts increased to 210,158 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.



Colour photograph courtesy of the South Australian Police(SAPOL).  
Black and white Photograph courtesy of the State Library of South Australia, S.A. Police Traffic Division, 1959, SLSA BRG 347\_1267 S.A. Police Traffic Division Courtesy Patrol



# Year in Review CONTINUED

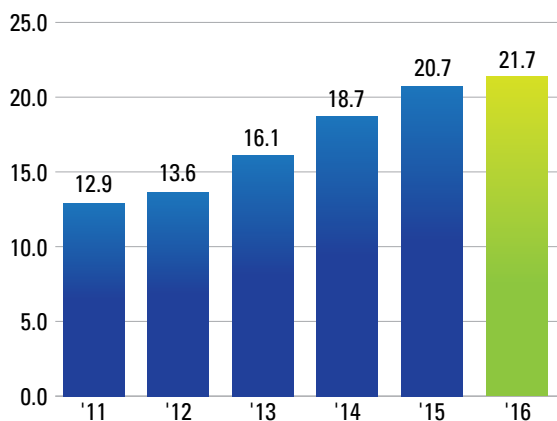
## Total scheme membership

Schemes	2014-15	2015-16
Pension Scheme	1 423	1 083
Superannuants	15 326	15 244
Lump Sum Scheme	4 839	4 375
Triple S	176 038	176 311
SA Ambulance	849	829
Income Stream	6 678	7 965
Flexible Rollover Product	4 043	4 351
<b>TOTAL</b>	<b>209 196</b>	<b>210 158</b>

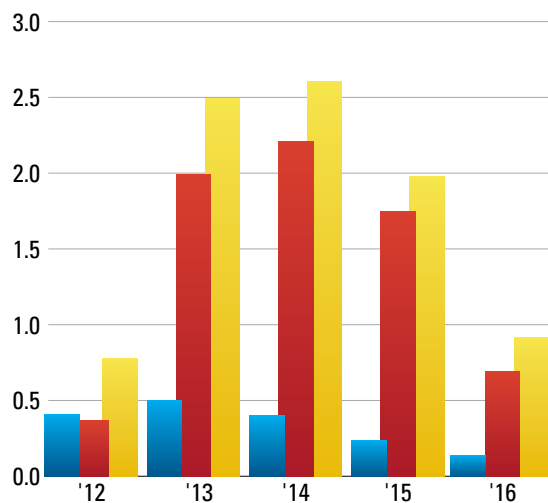
## Assets Under Management

The value of total assets under management by Funds SA increased 5% to \$21.7 billion as at 30 June 2016, compared with \$20.7 billion as at 30 June 2015.

Assets Under Management as at 30 June from 2011 to 2016 (\$ billion)



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



	2012 (\$b)	2013 (\$b)	2014 (\$b)	2015 (\$b)	2016 (\$b)
Net Cashflows	0.406	0.501	0.398	0.235	0.201
Investment Earnings	0.368	1.992	2.207	1.746	0.765
Total Movement	0.774	2.493	2.605	1.981	0.967

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

## A YEAR OF LOWER, YET MODERATELY POSITIVE INVESTMENT RETURNS FOR SUPER SA MEMBERS

### Investment option returns 2015-16

The returns from Cash continued to be low over the year as central banks globally maintained official cash rates at historically low levels. For the other options, the strong performance of fixed interest and unlisted assets (such as property, private equity and infrastructure) provided diversity and made a positive contribution to returns, while the returns from international shares detracted from performance.

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

Investment options	1yr %	3yrs % p.a.	5yrs % p.a.	7yrs % p.a.	10yrs % p.a.
High Growth	3.54	10.07	9.67	10.53	5.42
Socially Responsible <sup>2</sup>	0.26	7.79	8.22	8.39	n.a. <sup>2</sup>
Growth	3.80	9.48	9.28	10.00	5.49
Balanced	3.86	8.94	8.87	9.69	5.62
Moderate	3.73	7.94	8.08	8.88	5.65
Conservative	3.24	6.77	7.37	8.24	5.73
Capital Defensive	3.37	5.62	6.35	7.16	5.78
Cash	2.26	2.60	3.20	3.56	4.32

<sup>1</sup> Pension Scheme is invested in the Growth option.

<sup>2</sup> The investment option was introduced 1 March 2009. Investment earnings for 10 years are not yet available.

Investment returns for the Lump Sum Scheme<sup>3</sup> (%)

Investment options	1yr %	3yrs % p.a.	5yrs % p.a.	7yrs % p.a.	10yrs % p.a.
High Growth	3.53	10.06	9.67	10.52	5.42
Socially Responsible <sup>4</sup>	0.24	7.79	8.21	8.38	n.a. <sup>4</sup>
Growth	3.78	9.47	9.27	10.00	5.49
Balanced	3.85	8.94	8.87	9.69	5.62
Moderate	3.72	7.93	8.07	8.88	5.65
Conservative	3.23	6.77	7.37	8.24	5.72
Capital Defensive	3.36	5.62	6.34	7.16	5.78
Cash	2.24	2.59	3.20	3.56	4.31

<sup>3</sup> Lump Sum Scheme Employer component is invested in the Growth option.

<sup>4</sup> The investment option was introduced 1 March 2009. Investment earnings for 10 years are not yet available.

## ANNUAL REPORT 2015-16

## Investment returns for Super SA Income Stream (%)

Investment options	1yr %	3yrs % p.a.	5yrs % p.a.	7yrs % p.a.	10yrs % p.a.
High Growth	3.76	10.26	9.81	10.86	5.62
Socially Responsible <sup>5</sup>	0.70	8.29	8.73	8.81	n.a. <sup>5</sup>
Growth	4.01	9.38	9.10	9.92	5.51
Balanced	3.99	8.83	8.71	9.58	5.55
Moderate	3.83	7.76	7.85	8.70	5.62
Conservative	3.36	6.54	7.10	8.14	5.63
Capital Defensive	3.34	5.26	5.93	6.90	5.54
Cash	2.24	2.60	3.20	3.56	4.31

<sup>5</sup>The investment option was introduced 1 March 2009. Investment earnings for 10 years are not yet available.

## Investment returns for Flexible Rollover Product (%)

Investment options	1yr %	3yrs % p.a.	5yrs % p.a.	7yrs % p.a.	10yrs % p.a.
High Growth	3.05	9.02	8.51	9.19	4.77
Socially Responsible <sup>6</sup>	0.26	7.03	7.43	7.54	n.a. <sup>6</sup>
Growth	3.34	8.24	7.94	8.73	4.71
Balanced	3.30	7.58	7.42	8.23	4.67
Moderate	3.22	6.71	6.75	7.53	4.81
Conservative	2.81	5.62	6.10	7.03	4.83
Capital Defensive	2.82	4.47	5.04	5.91	4.73
Cash	1.91	2.20	2.72	3.02	3.66

<sup>6</sup>The investment option was introduced 1 March 2009. Investment earnings for 10 years are not yet available.

## Investment returns for SA Ambulance (%)

Investment options	1yr %	3yrs % p.a.	5yrs % p.a.	7yrs % p.a.	10yrs % p.a.
Balanced	3.31	7.59	7.42	8.23	4.74

# Investment Review CONTINUED

## Investment markets 2015-16

**Following three years of above average returns, asset markets delivered more modest returns this year, amid a period of higher volatility.**

Markets were unsettled through the second half of 2015 and into the New Year by falling oil prices and a decision to increase interest rates in the US from 0.25% to 0.50%. Concerns about the health of the Chinese economy and its potential to impact global economic growth also weighed heavily on investment sentiment.

This environment was negative for riskier assets, with global share markets moving sharply lower over the first seven months of the financial year. Non-government debt sectors also traded lower during this time, with companies in the energy and materials sectors being the hardest hit. Emerging market assets also fared poorly during this time, as weaker commodity prices, balance of payment pressures and a number of geopolitical issues weighed on these economies. The Chinese economy was at the epicentre of emerging market volatility, not least because of its size and significance to the global economy.

Falling property prices placed significant strain on the local banking sector and concerns mounted as to the ability of policymakers to continue to reorientate the economy toward services and consumption and away from manufacturing. Government bond markets were a standout performer in this environment, with the broad-based sell-off in riskier assets coinciding with a renewed demand for these safe-haven assets.

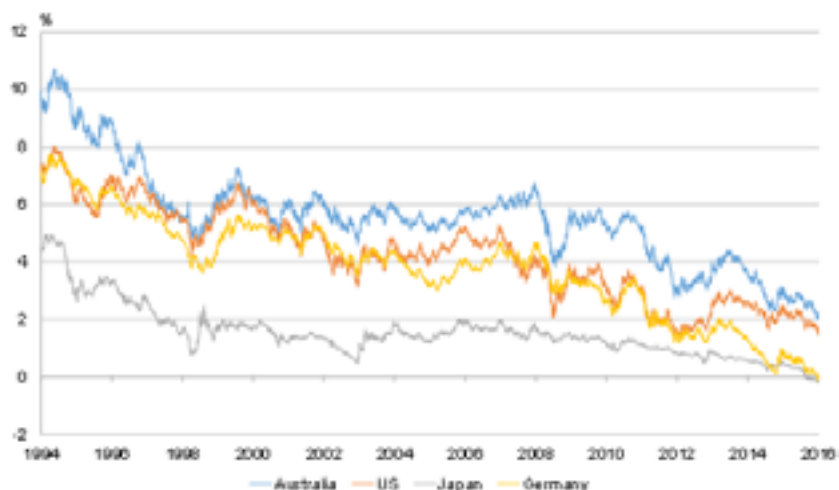
A further decline in inflation expectations, driven in large part by sharp falls in oil prices, placed additional downward pressure on bond yields (and upward pressure on prices). These themes persisted until mid-February, at which point the lacklustre global economic growth outlook and deterioration in investor sentiment triggered a significant response from the major central banks.

Notably, the US Federal Reserve softened its tone and lowered its forecasted pace of future interest rate increases, while additional stimulus measures were announced in China, and negative interest rates were adopted in Europe and Japan. The Reserve Bank of Australia also responded to the slower growth and lower inflation environment, cutting interest rates from 2% to 1.75%.

This easing of financial conditions provided a boost to investor sentiment, and produced a strong rebound in global risk assets and commodity prices. Those markets that were hardest hit earlier in the period, such as global share markets and higher risk non-government debt sectors, experienced the strongest recovery, such that by the end of the financial year, many asset markets had fully recovered earlier losses.

Government bonds also benefited from this environment, as accommodative policy from global central banks maintained the downward pressure on bond yields. These moves were so pronounced that the yield on long-term government bonds in some regions is now trading below zero, as shown in the chart below. The surprise referendum result on 23 June 2016, in which Britain voted to leave the European Union, only amplified these moves amid a spike in financial market volatility and geopolitical uncertainty.

10 Year Government bond yields



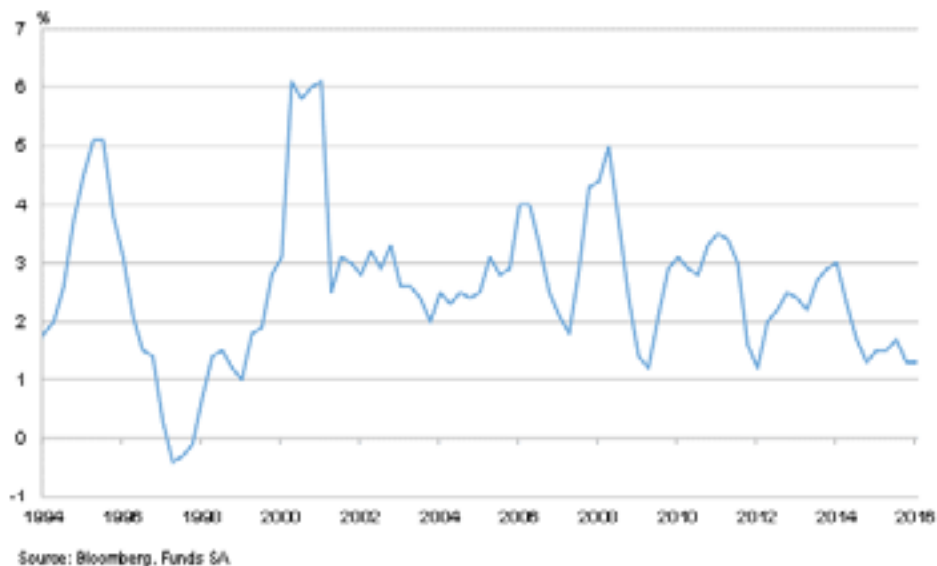
Source: Bloomberg, Funds SA

## ANNUAL REPORT 2015-16

In an environment where a large portion of the world's government bond markets are trading at low or negative yields, investor capital continued to seek out higher yielding securities. Property and other unlisted asset markets were significant beneficiaries of this, helping to drive another year of strong returns from these markets.

Weak inflation remains a global theme and the chart below highlights the disinflationary pressures in the domestic economy. Asset class returns continue to be supported by low interest rates but this does raise the prospect that future returns are likely to be modest in an environment where nominal global growth and inflation remains relatively low.

## Australian inflation



## As a result of the above themes:

- > Global equity market performance was mixed for the year. The US and Australian markets produced modest positive returns, while other developed markets and emerging markets finished the year lower.
- > Commodity markets rebounded strongly from mid-February lows, but remained an underperformer over the year, with energy and other economically-sensitive commodities being the hardest hit.
- > Most non-government debt markets delivered positive returns, with those perceived to be lower risk and those less exposed to commodity markets, performing the best.
- > Government bonds delivered strong returns, with bond yields falling in all major markets. Nominal bonds outperformed inflation-linked bonds, as falling inflation expectations weighed on the latter.
- > Australian property delivered strong returns, amid sustained investor demand for both listed and unlisted property investments.
- > Most currencies fell against the US dollar, with currencies of energy-producing countries falling the most. The Australian dollar fell marginally against the US dollar but broadly kept pace with the Euro, British pound and Japanese yen.

# Investment Review CONTINUED

## Investment Market Returns 2015–16

### Cash and Fixed Income

- Australian Cash	2.2%
- Australian Government	7.9%
- Australian Inflation-Linked	4.6%
- Global Treasuries	10.8%
Australian listed property	24.6%

### Equities

- Australian Equities	0.9%
- Global Equities	-2.7%
- Japanese Equities	22.6%
- Emerging Markets	7.3%

## Investment strategy

This time last year we highlighted the likelihood of an extended period of lower returns. Indeed the returns for the 2015-16 financial year illustrate this point.

Super SA is working with its investment manager, Funds SA, to determine how to effectively manage the investment portfolio in the current economic environment.

For many years it has been a strategic objective to build portfolios using asset classes that can be expected to perform in different yet complementary ways in various economic and financial market environments.

This has resulted in highly diversified investment portfolios, thereby providing a more stable return profile for members.

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

Funds SA's tax-exempt funds	2011–12	2012–13	2013–14	2014–15	2015–16
	%	%	%	%	%
Cash	0.06	0.06	0.06	0.05	0.05
Capital Defensive	0.28	0.26	0.33	0.34	0.28
Conservative	0.34	0.33	0.38	0.39	0.32
Moderate	0.36	0.44	0.51	0.52	0.50
Balanced	0.49	0.52	0.60	0.63	0.62
Growth	0.52	0.58	0.67	0.70	0.70
Socially Responsible	0.81	0.82	0.82	0.75	0.71
High Growth	0.58	0.61	0.68	0.71	0.72

<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 2015–16 financial year, ICRs have generally decreased. 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 21.

## ANNUAL REPORT 2015-16

## Total Investment and Administration Fees

Type of Fee	2012		2013		2014		2015		2016	
	Fees \$000's	ICR <sup>1</sup> %	Fees \$000's	ICR <sup>1</sup> %	Fees \$000's	ICR <sup>1</sup> %	Fees \$000's	ICR <sup>1</sup> %	Fees \$000's	ICR <sup>1</sup> %
<b>Investment Fees <sup>2</sup></b>										
Investment Management Expenses	59 523	0.45	73 002	0.48	101 638	0.57	119 894	0.60	122 894	0.58
Funds SA Administration Fee	4 005	0.03	4 398	0.03	4 560	0.03	5 054	0.03	5 991	0.03
<b>Total Investment Fees</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>128 358</b>	<b>0.61</b>
<b>Super SA Fees</b>										
Member Administration Fee <sup>3</sup>	11 042	0.12	11 866	0.11	14 443	0.12	14 660	0.10	14 642	0.09
Defined Benefit Administration Cost <sup>4</sup>	4 955	0.12	4 985	0.11	2 926	0.06	3 190	0.06	2 625	0.05
<b>Total Super SA Fees</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>17 267</b>	<b>0.08</b>
<b>Total Fees</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>	<b>145 625</b>	<b>0.69</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.

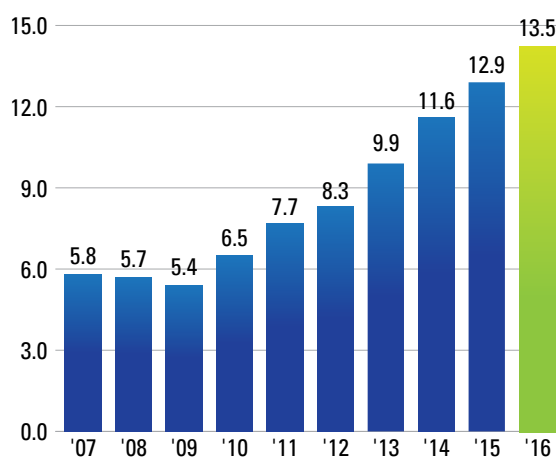
<sup>4</sup>Represents the total administration costs of the Lump Sum, Pension and SA Ambulance schemes.

# Triple S

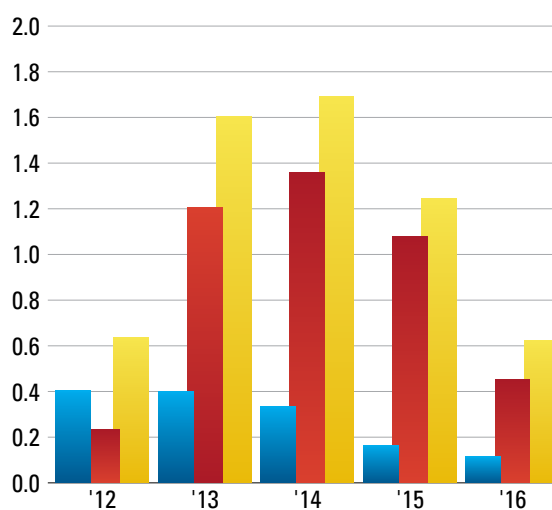
## INVESTMENT RETURNS WERE MODESTLY POSITIVE FOR THE YEAR

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 (\$ 13.5 billion)



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



	2012 (\$b)	2013 (\$b)	2014 (\$b)	2015 (\$b)	2016 (\$b)
Net Cashflows	0.403	0.398	0.334	0.164	0.147
Investment Earnings	0.233	1.207	1.358	1.080	0.487
Total Movement	0.636	1.605	1.692	1.244	0.634

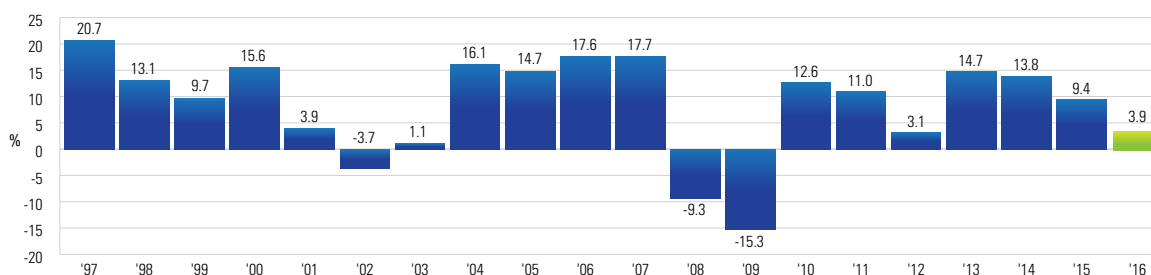
Financial Year ended 30 June

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 3.9% for the year to 30 June 2016, and since the Global Financial Crisis has returned 9.7% p.a.

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% highlighting the volatility of shorter term returns for growth-oriented portfolios such as the Balanced option.





## ANNUAL REPORT 2015-16

Triple S investment returns from 2007 to 2016 (%)<sup>1</sup>

Investment Option	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
High Growth	21.70	-13.00	-20.50	12.91	12.46	-0.60	19.70	16.12	10.91	3.54
Socially Responsible	n.a.	n.a.	9.87	8.98	8.64	-0.46	19.04	13.31	10.25	0.26
Growth	19.50	-11.17	-17.51	12.21	11.44	1.99	16.45	14.90	10.02	3.80
Balanced (default)	17.70	-9.30	-15.30	12.59	10.96	3.10	14.73	13.82	9.38	3.86
Moderate	n.a.	-6.85	-10.34	12.11	9.75	4.46	12.26	12.06	8.18	3.73
Conservative	11.60	-3.83	-6.63	12.06	8.83	6.93	9.66	10.29	6.90	3.24
Capital Defensive	8.40	0.72	-0.97	11.00	7.46	9.26	5.66	8.02	5.53	3.37
Cash	6.50	6.19	5.64	3.85	5.07	4.80	3.44	2.85	2.69	2.26

<sup>1</sup> Investment returns over 3, 5, 7 and 10 years are shown on page 16 of this report.

## Active Triple S members by investment option 2015-16

Investment Option	June 2015 investment option 1	June 2015 investment option 2 <sup>1</sup>	June 2016 investment option 1	June 2016 investment option 2 <sup>1</sup>
High Growth	4 211	130	4 199	285
Socially Responsible	292	83	332	85
Growth	2 081	2 728	2 095	139
Balanced (default)	106 727	0	104 951	0
Moderate	694	64	791	98
Conservative	1 293	143	1 202	162
Capital Defensive	677	91	661	57
Cash	1 080	65	1 126	122
<b>Total</b>	<b>117 055</b>	<b>3 304</b>	<b>115 357</b>	<b>948</b>

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

## Triple S contributory and non-contributory membership breakdown 2013 to 2016

Type of membership	June 2013	June 2014	June 2015	June 2016
Defined benefit members salary sacrificing	2 343	2 319	2 198	2 067
Triple S members salary sacrificing only	6 577	7 635	9 020	11 636
Triple S members salary sacrificing and making after-tax contributions	3 994	3 991	3 847	3 435
Triple S members making after-tax contributions only	17 450	16 348	15 008	12 457
<b>Total contributory membership</b>	<b>30 364</b>	<b>30 293</b>	<b>30 073</b>	<b>29 595</b>
Total non-contributory membership (incl. spouse members)	84 034	86 091	86 982	85 762
Preserved members	59 931	59 997	58 983	60 954
<b>Total Membership</b> (from page 15)	<b>174 329</b>	<b>176 381</b>	<b>176 038</b>	<b>176 311</b>

# Pension Scheme

## THE STATE GOVERNMENT PAID \$350 MILLION IN 2015–16 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 0.56% was made in October 2015 reflecting CPI (Adelaide) movement for the December quarter 2014 to June quarter 2015 period. An adjustment of 0.47% was applied in April 2016, which reflects the movement in CPI (Adelaide) for the June quarter 2015 to December quarter 2015 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.

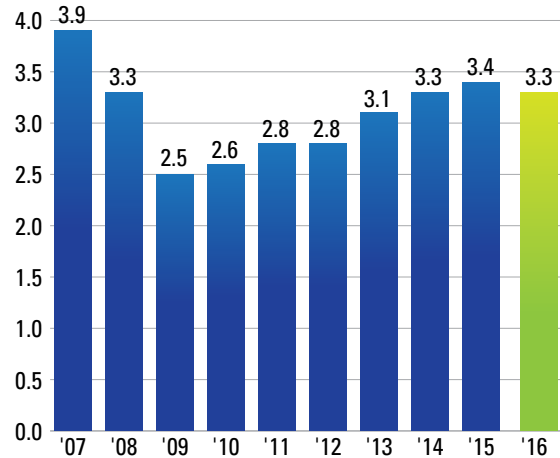
### Unfunded liability – Pension and Lump Sum schemes

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

During the 2015–16 year, the State Government transferred \$350.0<sup>1</sup> million into the Employer Account to meet its past service superannuation liabilities in respect of the schemes.

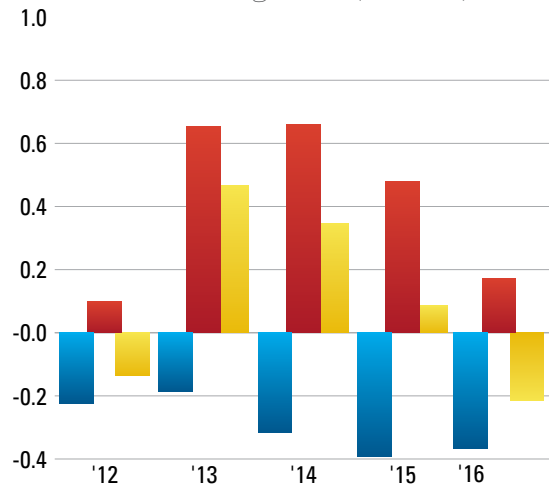
<sup>1</sup> Please note this sum was contributed in respect of both the Pension Scheme and Lump Sum Scheme.

Assets Under Management – Pension Scheme (\$ 3.3 billion)



Net Asset Movement – Pension and Lump Sum schemes

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



	2012 (\$b)	2013 (\$b)	2014 (\$b)	2015 (\$b)	2016 (\$b)
Net Cashflows	-0.233	-0.186	-0.315	-0.392	-0.378
Investment Earnings	0.098	0.652	0.660	0.478	0.172
Total Movement	-0.135	0.466	0.345	0.086	-0.206

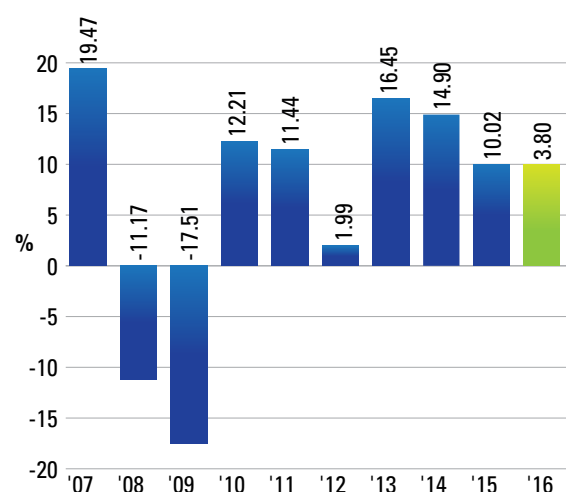
Financial Year ended 30 June

## ANNUAL REPORT 2015-16

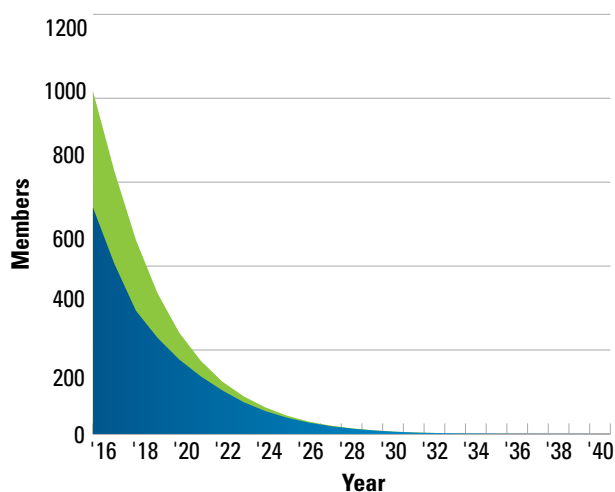
## Membership of Pension Scheme at 30 June from 2011 to 2016

Year	Contributory	Preserved	Superannuants	Total
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
2016	691	392	15 244	16 327

## Pension Scheme investment return from 2007 to 2016 (%)



## 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:

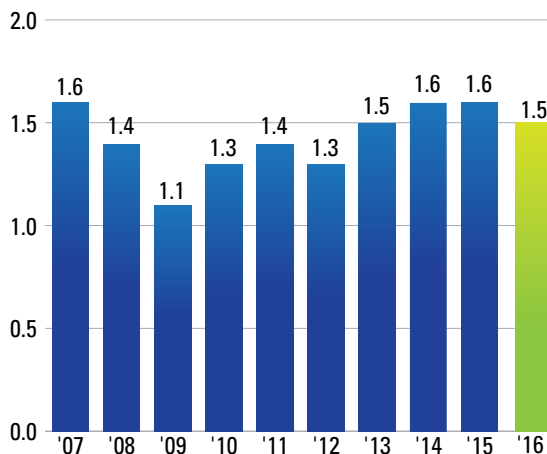
- > The employer contribution rate for the employer share of the future service cost of the Pension Scheme be maintained at 26.0% of contributors' salaries.
- > The Prescribed Proportion of the future Pension Scheme benefits that can be met from the Fund be maintained at 14.0%.

# Lump Sum Scheme

## MODEST 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 (\$1.5 billion)



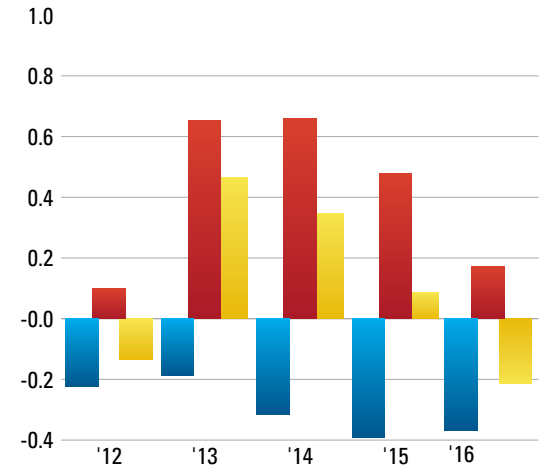
### Actuarial Review

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.
- > The next actuarial review of the South Australian Superannuation Fund (Pension and Lump Sum schemes) will be performed as at 30 June 2016.

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

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



	2012 (\$b)	2013 (\$b)	2014 (\$b)	2015 (\$b)	2016 (\$b)
Net Cashflows	-0.233	-0.186	-0.315	-0.392	-0.378
Investment Earnings	0.098	0.652	0.660	0.478	0.172
Total Movement	-0.135	0.466	0.345	0.086	-0.206

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 \$350.0<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 2011 to 2016

Year	Contributory	Preserved	Total
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
2016	3 080	1 295	4 375

## ANNUAL REPORT 2015-16

Lump Sum Scheme investment returns from 2007 to 2016 (%)<sup>1</sup>

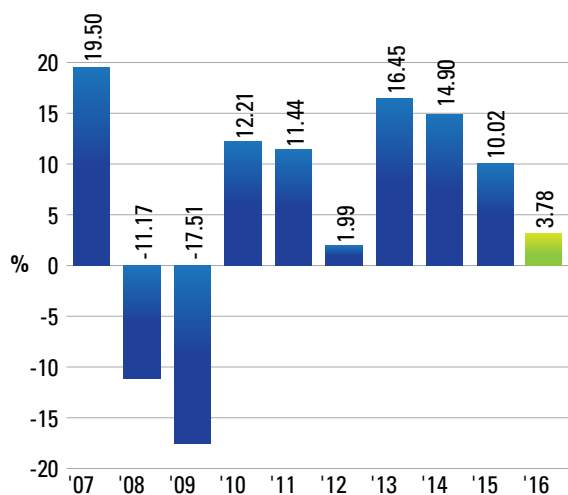
Investment option	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
High Growth	21.70	-13.00	-20.50	12.91	12.46	-0.60	19.70	16.12	10.91	3.53
Socially Responsible	n.a.	n.a.	9.87	8.98	8.64	-0.46	19.04	13.31	10.25	0.24
Growth (default)	19.50	-11.17	-17.51	12.21	11.44	1.99	16.45	14.90	10.02	3.78
Balanced	17.70	-9.30	-15.30	12.59	10.96	3.10	14.73	13.82	9.38	3.85
Moderate	n.a.	-6.85	10.34	12.11	9.75	4.46	12.26	12.06	8.18	3.72
Conservative	11.60	-3.83	-6.63	12.06	8.83	6.93	9.66	10.29	6.90	3.23
Capital Defensive	8.40	0.72	-0.97	11.00	7.46	9.26	5.66	8.02	5.53	3.36
Cash	6.50	6.19	5.64	3.85	5.07	4.80	3.44	2.85	2.69	2.24

<sup>1</sup> Investment returns over 3, 5, 7 and 10 years are shown on page 16 of this report.

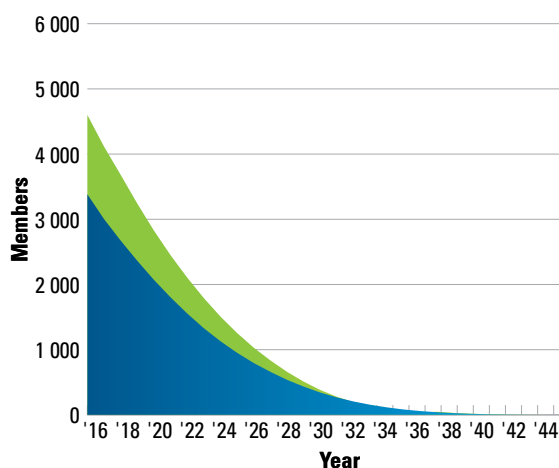
## Investment Performance

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 2007 to 2016 (%)



Projected membership of Lump Sum Scheme



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

Lump Sum Scheme members by investment option 2015-16

Investment Option	June 2015	June 2016
High Growth	161	156
Socially Responsible	15	13
Growth (default)	4058	3646
Balanced	209	199
Moderate	68	80
Conservative	151	119
Capital Defensive	95	84
Cash	82	78
<b>Total</b>	<b>4 839</b>	<b>4375</b>

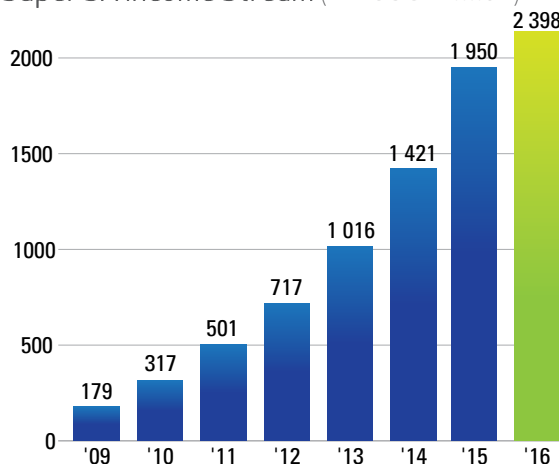
# Super SA Income Stream

## A 19% INCREASE IN THE NUMBER OF INVESTORS IN THE INCOME STREAM OVER THE PAST YEAR

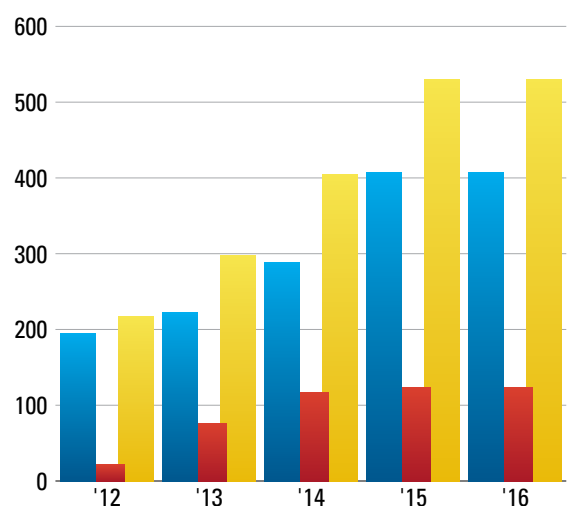
The Super SA Income Stream commenced on 1 April 2005. It is designed as a post-retirement product for Super SA members to roll in their lump sum payment. This enables these members to continue to receive investment earnings and draw down their super as a regular income payment. The guidelines governing 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 (\$ 2 398 million)



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



	2012 (\$m)	2013 (\$m)	2014 (\$m)	2015 (\$m)	2016 (\$m)
<b>Net Cashflows</b>	195	222	288	407	374
<b>Investment Earnings</b>	22	76	117	123	74
<b>Total Movement</b>	217	298	405	530	448

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.

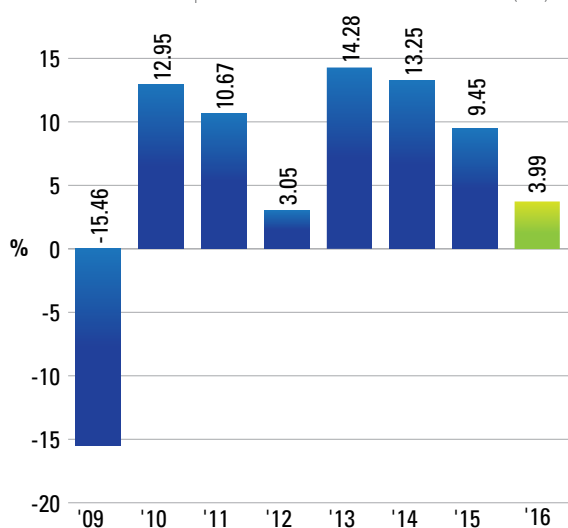
## ANNUAL REPORT 2015-16

Super SA Income Stream investment returns from 2010 to 2016 (%)<sup>1</sup>

Investment option	2010	2011	2012	2013	2014	2015	2016
High Growth	14.78	12.27	-0.25	19.43	16.05	11.31	3.76
Socially Responsible	9.30	8.74	-0.01	19.68	13.87	10.74	0.70
Growth	12.77	11.21	1.92	15.91	14.30	10.08	4.01
Balanced (default)	12.95	10.67	3.05	14.28	13.25	9.45	3.99
Moderate	12.11	9.58	4.31	11.81	11.45	8.14	3.83
Conservative	12.95	8.64	6.60	9.31	9.47	6.88	3.36
Capital Defensive	11.53	7.25	8.66	5.24	7.14	5.33	3.34
Cash	3.85	5.07	4.80	3.44	2.86	2.69	2.24

<sup>1</sup> Investment returns over 3, 5 and 7 years are shown on page 17 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 2011 to 2016

2011	2012	2013	2014	2015	2016
2 337	3 236	4 142	5 230	6 678	7 965

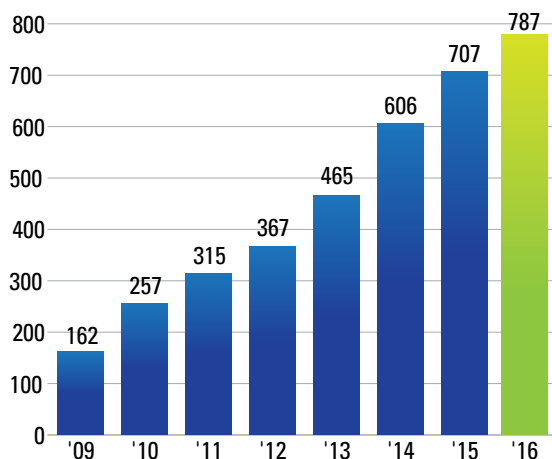
# Flexible Rollover Product

## INVESTOR NUMBERS IN THE FLEXIBLE ROLLOVER PRODUCT INCREASED BY 7% IN 2015–16.

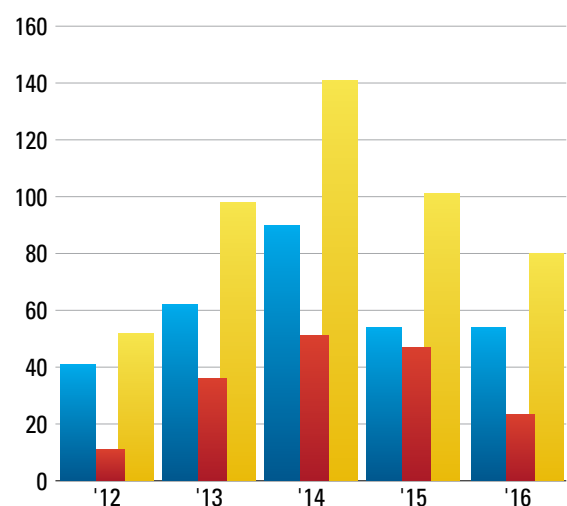
The Flexible Rollover Product (FRP) is designed as a short to medium term super product that allows investors to manage their super both before and in retirement. Because it is a super product, the guidelines governing FRP are consistent with the Commonwealth legislation governing super.

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

Assets Under Management - Flexible Rollover Product (\$787 million)



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



	2012 (\$m)	2013 (\$m)	2014 (\$m)	2015 (\$m)	2016 (\$m)
Net Cashflows	41	62	90	54	56
Investment Earnings	11	36	51	47	24
Total Movement	52	98	141	101	80

Financial Year ended 30 June

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

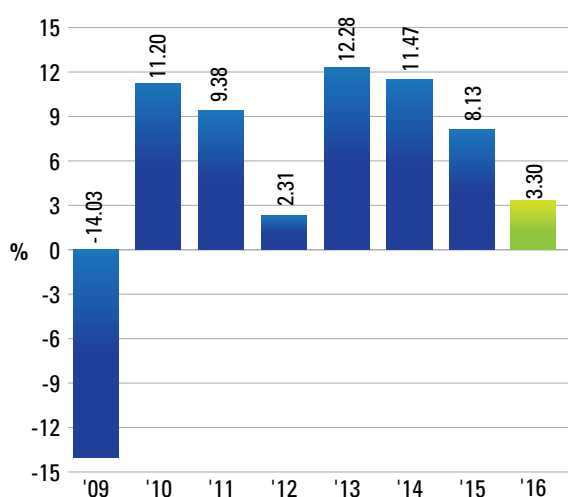


Flexible Rollover Product investment returns from 2010 to 2016 (%)<sup>1</sup>

Investment option	2010	2011	2012	2013	2014	2015	2016
High Growth	10.82	10.97	-0.92	17.17	14.26	10.06	3.05
Socially Responsible	7.86	7.76	-0.36	17.13	11.98	9.21	0.26
Growth	11.51	9.93	1.32	14.05	12.67	8.91	3.34
Balanced (default)	11.20	9.38	2.31	12.28	11.47	8.13	3.30
Moderate	10.53	8.46	3.51	10.22	9.95	7.07	3.22
Conservative	11.18	7.63	5.62	8.06	8.20	5.92	2.81
Capital Defensive	9.90	6.34	7.36	4.44	6.10	4.52	2.82
Cash	3.27	4.28	4.07	2.93	2.42	2.28	1.91

<sup>1</sup>Investment returns over 3, 5 and 7 years are shown on page 17 of this report.

## Flexible Rollover Product investment return for Balanced option from 2009 to 2016 (%)



## 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 2011 to 2016

2011	2012	2013	2014	2015	2016
2 434	2 793	3 168	3 668	4 043	4 351

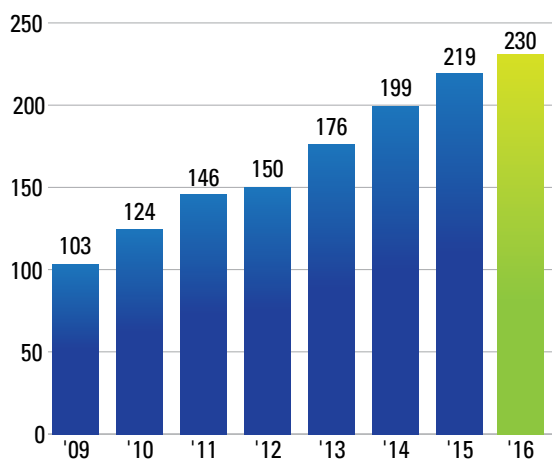
# SA Ambulance Service Superannuation Scheme

## A YEAR OF LOWER INVESTMENT RETURNS FOR THE SA AMBULANCE SERVICE SUPERANNUATION SCHEME.

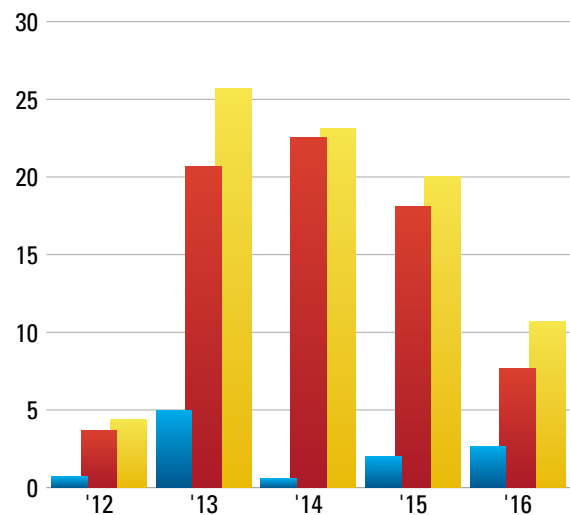
The SA Ambulance Service Superannuation Scheme was closed to new members on 1 July 2008. From this date all new employees of the SA Ambulance Service became members of the Triple S Scheme. The benefits are payable in the form of a lump sum.

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

Assets Under Management - SA Ambulance Service Superannuation Scheme (\$230 million)



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



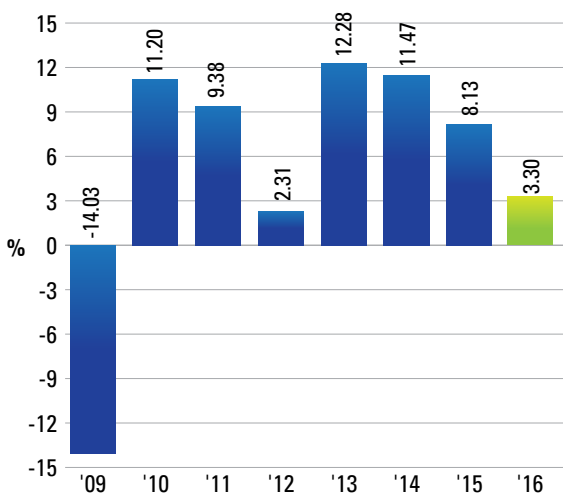
	2012 (\$m)	2013 (\$m)	2014 (\$m)	2015 (\$m)	2016 (\$m)
<b>Net Cashflows</b>	0.700	4.970	0.590	1.980	2.810
<b>Investment Earnings</b>	3.667	20.706	22.526	18.069	7.974
<b>Total Movement</b>	4.367	25.676	23.116	20.049	10.784

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 2009 to 2016 (%)



Membership of SA Ambulance Service Superannuation Scheme from 2011 to 2016

2011	2012	2013	2014	2015	2016
957	928	901	875	849	829

## 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:

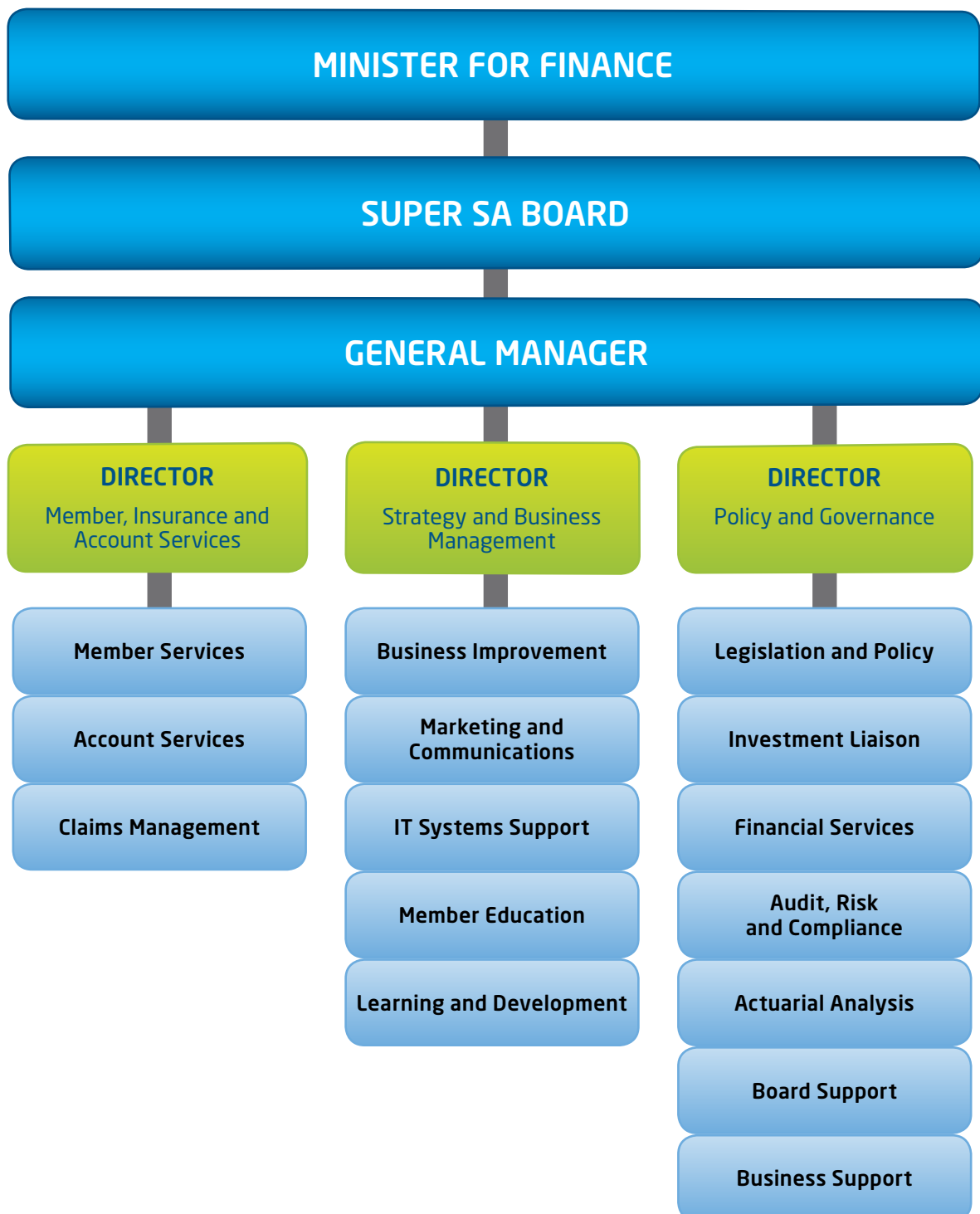
- > Examine the financial condition of the fund.
- > Assess the adequacy of the current employer contribution level.
- > Prepare a report for the purpose of the Australian Accounting Standard AAS25.
- > Satisfy the requirements of the Trust Deed.

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

Communicate respectfully with everyone, preferably face to face.



## selflessness

"Go the extra mile" when responding to inquiries from members and colleagues.



## transparency

Behave in a fair, consistent and open manner.



## optimism

Focus on the positives I can influence and not the things outside of my control.



## leadership

Look for solutions when I encounter a problem, and support the implementation of that solution.



## satisfaction

Provide a high level of internal and external customer service.

# Super SA Board

AS AT 30 JUNE 2016



## 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**

Presiding Member, Southern Select Super Corporation



## Ms Virginia Deegan

**Appointed by the Governor on the Minister for Finance's nomination until 22 July 2018.**

Director, Infrastructure, University of Adelaide

Fellow of CPA Australia (FCPA)

### **Disclosure of Interests**

Member, Central Adelaide Local Health Network Advisory Council

Member, Southern Select Super Corporation



## Ms Jan McMahon

**Member Elected Representative until 1 October 2018.**

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, Australian Council of Trade Unions

Director, Financial Solutions Australasia Pty Ltd

Director, Australian Central Services Pty Ltd

Secretary, SA Government Superannuation Federation



### Dr Bill Griggs AM ASM

**Member Elected Representative until 1 October 2018.**

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, Griggs EMS Pty Ltd

Chair, Motor Accident Commission

Member, SA Government Superannuation Federation

Member, Return To Work Corporation of South Australia Board

# Super SA Board CONTINUED

## 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.

With effect from 9 September 2016, Ms Annette Hurley was appointed by the Governor to the position of Presiding Member of the Board for a term of three years expiring on 8 September 2019, to replace Mr Philip Jackson, whose term of appointment as Presiding Member expired on 8 September 2016.

On 27 May 2016, Mr Don Farrell resigned as a Member and on 8 September 2016, Mr Richard Dennis was appointed by the Governor to fill the vacancy on the Board for a term ending on 22 July 2018.

Each member, except the Presiding Member, has a deputy appointed by the Governor, who attends meetings in their absence. As at 30 June 2016 the deputy members were:

- > Ms Liz Hlipala, Deputy to Ms Virginia Deegan (appointed until 22 July 2018)
- > Ms Leah York, Deputy to Ms Jan McMahon (appointed until 1 October 2018)
- > Mr Aaron Chia, Deputy to Dr Bill Griggs (appointed until 1 October 2018)

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.

## 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 Risk and Finance Committee

The Audit Risk 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, Risk and Finance Committee completed a review of its Terms of Reference in November 2015. The revised Terms of Reference were formally approved and adopted by the Board in December 2015.



Membership of the committee for the 2015–16 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 2015. The amended Terms of Reference were formally approved and adopted by the Board in September 2015.

Membership of the committee for the 2015–16 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:** \$46 435 per annum
- > **Other Members:** \$30 957 per annum
- > **Deputy Members:** \$1 290 per meeting for attending Board meetings on behalf of the Board Member (up to a maximum of \$15 480 per annum).
- > Deputy Members serving on the Audit and Finance Committee or Member Services Committee receive \$4 644 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 2015–16 financial year Board Members attended the Association of Superannuation Funds of Australia (ASFA) Conference, November 2015 and the Conference of Major Superannuation Funds (CMSF) Conference, March 2016. 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 CONTINUED

Board and committee meeting attendance July 2015 to June 2016

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	12		4	4		3 <sup>2</sup>	
Virginia Deegan	12	11	1	4	4			
Bill Griggs	12	10	1			3	2	
Jan McMahon	12	12				3	3	
Don Farrell <sup>3</sup>	11	11						
<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 two meetings as an observer and participated in one meeting as a Committee member.

<sup>3</sup> Mr Don Farrell resigned from the Board 27 May 2016.

ANNUAL REPORT 2015-16



Colour photograph courtesy of South Australian Ambulance Service.

Black and white photograph courtesy of the State Library of South Australia, Murray Bridge District Bush Nurse with car used for travelling 1953, Northern Gem Photo. Co.

# Corporate Governance

## Changes to Acts and Regulations

During 2015–16 the following amendments were made to the legislation that is administered by the Super SA Board.

### **Statutes Amendment (Superannuation) Act 2015 (No 18 of 2015)**

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

- > Provide police members of Triple S with the option of making their 4.5% compulsory superannuation contribution by way of salary sacrifice (at pre-tax contribution equivalent amount), rather than the current compulsory after tax contribution method.
- > Extend the above salary sacrifice measure to police members of Triple S who were members of the former Police Lump Sum Scheme, and who were maintaining a right to a minimum guaranteed benefit under Schedule 1 of the Act by making minimum requisite contributions on a post-tax basis.
- > *Assent*: 6 August 2015
- > *Date of Operation*: 29 August 2015

### **Southern State Superannuation Variation Regulations 2015 (204 of 2015)**

These Regulations amended the Southern State Superannuation Regulations 2009 to:

- > Address a minor technical issue that arose in relation to members of Triple S who were formerly members of the Police Lump Sum Scheme, who are entitled to a minimum guaranteed benefit under Triple S.
- > Update the definition of “terminal illness” to ensure that in accordance with Commonwealth superannuation law, any member certified as having a life expectancy of 24 months or less (rather than the previous 12 month requirement) will have access to their terminal illness benefit.

*Regulation made on*: 27 August 2015

*Date of Operation*: 27 August 2015

### **Southern State Superannuation Variation Regulations 2016 (No 14 of 2016)**

These Regulations enable the Governor and the Lieutenant-Governor (within the meaning of the Constitution (Appointments) Act 2009), to salary sacrifice to Triple S.

*Regulation made on*: 11 February 2016

*Date of Operation*: 11 February 2016

### **Southern State Superannuation Variation Regulations 2016 (No 50 of 2016)**

These Regulations:

- > Amended all provisions in the Southern State Superannuation Regulations 2009 which previously required the automatic payment of a death benefit to a spouse, to enable members to nominate their legal personal representative (LPR) to receive the payment instead. This means that if a nomination is valid at the time of death, the death benefit will be paid to the member’s estate and be distributed by the executor in accordance with the terms of the will.
- > Permit members to make a transition to retirement (TTR) application once per financial year (instead of the previous once per 12 months restriction), thereby enabling members to complete their TTR arrangements by 30 June each year.
- > Enable the Super SA Board to refund to a Triple S member an amount equal to excess non-concessional (after tax) contributions (plus an associated earnings amount) in accordance with Commonwealth taxation laws. This is an alternative to paying penalty tax on the excess contributions.
- > Enable a spouse member to access their superannuation benefit, subject to any restrictions imposed by Commonwealth superannuation law, if the Triple S member spouse has transferred their benefit out of Triple S in certain circumstances.
- > Permit members subject to a “Section 6” arrangement to rollover the balance of their Triple S account to some other nominated scheme, regardless of whether they were first a member of Triple S before transferring to the employment of the section 6 employer.

*Regulation made on*: 16 June 2016

*Date of Operation*: 16 June 2016

### **Superannuation Variation Regulations 2016 (No 51 of 2016)**

This Regulation prescribed the South Australian Primary Principals Association and the South Australian Secondary Principals Association as employers for the purposes of Section 5 of the Superannuation Act 1988.

*Regulation made on:* June 2016

*Date of Operation:* 16 June 2016

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

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

- > Update the definition of "terminal illness" to ensure that in accordance with Commonwealth superannuation law, any member certified as having a life expectancy of 24 months or less (rather than the previous 12 month requirement) will have access to their terminal illness benefit.
- > Remove the requirement for the recommendation of the Consultative Committee to be obtained with respect to the assessment of the Serious Ill Health of a member, on the basis that this is no longer a role of that Committee.

*Trust Deed amended on:* 26 August 2015

*Date of Operation:* 1 July 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 2015-16 Super SA continued its integrated audit, risk and compliance function that included compliance testing, incident management, a Financial Management Compliance Program, and a Risk Management Strategy and Plan.

Internal Audit projects completed during 2015-16 included Fraud Risk Management, Privacy, Legislative Compliance, Core Financial Services, Insurance Claims and Pension Payments Reviews.

Progress and deliverables are monitored by the Audit, Risk 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 can preclude all errors and irregularities.

Regular information is provided to the Board from internal and external audit, through the Audit, Risk 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 2015-16.

### **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 and will be next reviewed during 2016-17.

The Board's Audit, Risk 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.



Colour photograph courtesy of Alberton Primary School.

Black and white photograph courtesy of the State Library of South Australia, Children and a teacher from Burnside School having a picnic on Henley Beach, South Australia in 1940.

# Corporate Governance CONTINUED

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 2015-16 were dominated by the 2016-17 Budget Announcements impacting superannuation.

## Complaints, Appeals and Freedom of Information

During the 2015-16 year, Super SA responded to 119 written complaints through the formal complaints process. This represents 0.06% 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 forms, fact sheets, member correspondence and the Annual Statement to better disclose that Death and TPD insurance ceases upon termination of employment.
- > Updated the 'Identity Check for Payments of Benefits' Board Policy to match the Anti-Money Laundering Counter-Terrorism Financing rules, which includes allowing access to superannuation without the need to provide identification for benefits less than \$1,000.
- > Decision that all Ombudsman correspondence be dealt with by the Complaints Officer.
- > Member Services updated standard correspondence to members regarding service level standards for lodgement and processing of employer contributions.
- > Claims Management are now seeking additional information regarding employment from Agencies. This is further being reviewed with the implementation of updated employer statement forms.

There were 37 appeals considered by the Super SA Board during 2015-16, which is double the number considered last year. Three of the appeals related to administrative matters while the remainder related to insurance. There were 23 appeals which were approved in favour of the member, two appeals were deferred and 12 appeals were denied.

Of the total appeals considered, two were requests to waive a procedural step and 21 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 2015-16, there were zero applications received directly requesting access to information, under the *Freedom of Information Act 1991*. All Freedom of Information (FOI) requests received and processed originated from the Department of Treasury and Finance, and Super SA was asked to provide information.

## Policy review

The Super SA Board continued its policy review program during 2015-16 with the following policies being updated:

- > Triple S Administration Fees
- > Fraud and Theft
- > Risk Management
- > Dissolution of Marriage – Fees
- > Assessing Temporary Disability (Income Protection) Claims
- > Voluntary Insurance – Limitation
- > Flexible Rollover Product Administration Fees
- > Liquidity Management.
- > Operational Risk Reserve.

# Corporate Governance CONTINUED

During 2015–16 the following five new policies were approved by the Board:

- > Conflict of Interest
- > Lump Sum Administration Fees
- > Access to Board Papers
- > Operational Risk Reserve SA Ambulance Service Superannuation Scheme
- > Death Benefits.

During 2015–16 the following policy was revoked by the Board.

- > Death Benefit – Benefit of \$15,000 or Less.

The policy review program will continue into 2016–17.

## Policy documents

The policy documents as at 30 June 2016 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 Pension and Invalidity/Terminal Illness Benefits – Payment Medical Expense
- > Invalid Superannuants that are “Fit for Work”
- > Assessing Total and Permanent Disablement and Terminal Illness Claims – Triple S and Flexible Rollover Product
- > Assessing Total and Permanent Disablement Claims Pension Scheme and Lump Sum Scheme.

### Contributions

- > Acceptance of Rollovers
- > Leave Without Pay (LWOP) Pension and Lump Sum Schemes
- > Leave Without Pay (LWOP) Triple S
- > Variation to Members 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 Overpayments
- > 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 Benefits
- > Identity Check for Payment of Benefits
- > Death Benefits
- > Pension and Lump Sum Schemes – Removal or Variation of Conditions
- > Rollover of Preserved Benefits
- > Police Disability Pension
- > Police Disability Pension Administration Charge.

### Insurance

- > Voluntary Insurance – Weight Policy
- > Voluntary Insurance – Smoking Policy
- > Voluntary Insurance – Limitation Policy



- > Opting out of Income Protection Insurance Cover – 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
- > Lump Sum Administration Fees

#### General

- > Fraud and Theft
- > Risk Management Policy
- > Members Email Address Protocol
- > Operational Risk Reserve
- > Operational Risk Reserve SA Ambulance Service Superannuation Fund
- > 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
- > Conflicts of Interest
- > Access to Board Papers

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.

#### Whistleblowers Act

There were no occasions in the 2015–16 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 22 October 2015 and 20 April 2016 covering 92 members totalling \$704 226.18.

#### 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 2016.



# Appendix 1 – Financial Statements for the Year Ended 30 June 2016

## **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.**



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

Black and white photograph courtesy of the State Library of South Australia, Construction of the East West railway, 1914, PRG 280/1/14/37

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**INDEPENDENT AUDITOR'S REPORT**

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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 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- 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, Financial Services, 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.

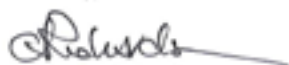
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. 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 evaluating 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.

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the State Superannuation Office's (Super SA) website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

### **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 2016, 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**  
20 September 2016

### South Australian Superannuation Board

#### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Expenses</b>			
Administration expenses	4	20 266	18 285
Other expenses	5	137	20
<b>Total expenses</b>		<b>20 403</b>	<b>18 305</b>
<b>Income</b>			
Fees and charges	6	17 168	18 400
Interest revenues	7	260	307
<b>Total income</b>		<b>17 428</b>	<b>18 707</b>
<b>Total comprehensive result</b>	11	<b>(2 975)</b>	<b>402</b>

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

#### STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Current assets</b>			
Cash and cash equivalents	8	14 828	14 836
Receivables	9	591	43
<b>Non current assets</b>			
Loan Receivable	9, 17	533	524
<b>Total assets</b>		<b>15 952</b>	<b>15 403</b>
<b>Current liabilities</b>			
Payables	10	5 008	1 484
<b>Total liabilities</b>		<b>5 008</b>	<b>1 484</b>
<b>Net assets</b>		<b>10 944</b>	<b>13 919</b>
<b>Equity</b>			
Retained earnings	11	533	524
Reserves	11	10 411	13 395
<b>Total Equity</b>		<b>10 944</b>	<b>13 919</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 2016

	Note	Retained earnings \$'000	Reserves \$'000	Total \$'000
<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		(390)	390	-
<b>Balance at 30 June 2015</b>		524	13 395	13 919
<b>Total comprehensive result for 2015-16</b>		(2 975)	-	(2 975)
Transferred from reserves		2 984	(2 984)	-
<b>Balance at 30 June 2016</b>	11	533	10 411	10 944

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

#### STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Administration expenses paid		(18 764)	(17 338)
Other expenses		(153)	(17)
GST paid to the ATO		(234)	-
<b>Cash (used in) operations</b>		<b>(19 151)</b>	<b>(17 355)</b>
<b>Cash inflows</b>			
Interest received		253	296
Fees and charges paid		18 890	18 397
<b>Cash generated from operations</b>		<b>19 143</b>	<b>18 693</b>
<b>Net cash (used in)/provided by operating activities</b>	13	<b>(8)</b>	<b>1 338</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8)</b>	<b>1 338</b>
Cash and cash equivalents at the beginning of the period		14 836	13 498
<b>Cash and cash equivalents at the end of the period</b>	8, 13	<b>14 828</b>	<b>14 836</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 costs.

### 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 2016. 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 2016 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 was first registered for Goods and Services Tax (GST) in 2015-16 and GST is recoverable and payable to the Australian Taxation Office (ATO).

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

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

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

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

#### 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.

### South Australian Superannuation Board

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.

#### 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 a 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 17 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 2015-16.

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 2016. 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.

### South Australian Superannuation Board

**Note 4 Administration expenses**

	2016	2015
	\$'000	\$'000
Administration fees	18 230	18 285
ICT Projects	2 036	-
<b>Total administration expenses</b>	<b>20 266</b>	<b>18 285</b>

**Note 5 Other expenses**

	2016	2015
	\$'000	\$'000
Other expenses <sup>(i)</sup>	137	20
<b>Total other expenses</b>	<b>137</b>	<b>20</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 \$15,000 (2015 \$14,000). No other services have been provided by the Auditor-General's Department.

**Note 6 Fees and charges**

	2016	2015
	\$'000	\$'000
Recovery of administration fees	17 168	18 400
<b>Total fees and charges</b>	<b>17 168</b>	<b>18 400</b>

**Note 7 Interest revenues**

	2016	2015
	\$'000	\$'000
Deposit Account held with the Treasurer	251	295
Loan to Southern Select Super Corporation <sup>(i)</sup>	9	12
<b>Total interest revenues</b>	<b>260</b>	<b>307</b>

(i) Refer note 17

**Note 8 Cash and cash equivalents**

	2016	2015
	\$'000	\$'000
Cash at bank	14 828	14 836
<b>Total cash and cash equivalents</b>	<b>14 828</b>	<b>14 836</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.

### South Australian Superannuation Board

#### Note 9 Receivables

	2016	2015
	\$'000	\$'000
<b>Current Receivables</b>		
GST input tax recoverable	554	-
Sundry debtors	20	23
Audit fee recovery	17	20
<b>Total Current Receivables</b>	<b>591</b>	<b>43</b>
<b>Non-Current Receivables</b>		
Loan Receivable <sup>(i)</sup>	533	524
<b>Total Non-Current Receivables</b>	<b>533</b>	<b>524</b>
<b>Total receivables</b>	<b>1 124</b>	<b>567</b>

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

(i) Refer note 17

#### Note 10 Payables

	2016	2015
	\$'000	\$'000
Audit fee payable	17	20
Administration fees payable	2 751	1 464
ICT Projects fees payable	2 240	-
<b>Total payables</b>	<b>5 008</b>	<b>1 484</b>

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

#### Note 11 Retained earnings and reserves

	Opening Balance	Total Comprehensive Result	Transfers From Reserve	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Retained Earnings</b>	524	(2 975)	2 984	<b>533</b>	<b>524</b>
<b>Reserves</b>	Opening Balance	Transfers To Reserve	Transfers From Reserve	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
General Reserve <sup>(i)</sup>	13 395	-	(2 984)	<b>10 411</b>	<b>13 395</b>
<b>Total Reserves</b>	<b>13 395</b>	<b>-</b>	<b>(2 984)</b>	<b>10 411</b>	<b>13 395</b>

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 from Reserve amount represents ICT Projects expenditure and SLA fee expenditure from 2015-16, partially offset by interest allocated from July 2015 to June 2016.

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

### South Australian Superannuation Board

#### Note 12 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2015-16 financial year were:

#### The South Australian Superannuation Board

Philip Jackson (Presiding Member)

Bill Griggs\* (Re-elected 2/10/15)

Virginia Deegan (Re-appointed 23/07/15)

Jan McMahon (Re-elected 2/10/15)

Deborah Black (Appointment expired 11/07/15)

Donald Edward Farrell (Appointed 23/07/15 / Resigned 27/05/16)

Aaron Chia\* (Deputy Member - Re-appointed 11/11/15)

Liz Hlipala\* (Deputy Member - Re-appointed 23/07/15)

Leah York\*\* (Deputy Member - Re-appointed 11/11/15)

John Wright\*\*\* (Deputy Member - Re-appointed 23/07/15 / Appointment ceased 27/05/16 upon the resignation of Donald Edward Farrell )

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

Virginia Deegan (Convenor of Meetings)

Philip Jackson (Presiding Member)

John Wright

#### The South Australian Superannuation Board Member Services Committee

Jan McMahon (Convenor of Meetings)

Leah York

Bill Griggs\*

John Montague\*

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

	2016	2015
\$0 - \$9 999	6	5
\$20 000 - \$29 999	3	3
\$30 000 - \$39 999	-	1
\$40 000 - \$49 999	1	-
<b>Total number of members</b>	<b>10</b>	<b>9</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 \$153,000 (2015 \$140,000).

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 was a deputy for Deborah Black and Donald Farrell and was eligible for sitting fees for attending meetings during the period 1 July 2015 to 27 May 2016.

### South Australian Superannuation Board

#### Note 13 Cash flow reconciliation

	2016	2015
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents - at the end of the reporting period</b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	14 828	14 836
Balance as per the Statement of Cash Flows	14 828	14 836
<b>Reconciliation of total comprehensive result to net cash provided by operating activities:</b>		
Total comprehensive result	(2 975)	402
<b>Movement in operational assets and liabilities</b>		
(Increase) in receivables	(557)	(14)
Increase in payables	3 524	950
<b>Net cash (used in)/provided by operating activities</b>	<b>(8)</b>	<b>1 338</b>

#### Note 14 Financial instruments

The Board holds all cash in a Deposit Account with the Treasurer 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 credit risk is limited to the Southern Select Corporation Loan Arrangement (Refer Note 17)

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

#### Note 15 Transactions with SA Government

	SA Government		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Expenses	20 275	18 305	128	-	20 403	18 305
Total Income	17 428	18 707	-	-	17 428	18 707
Receivables	570	567	554	-	1 124	567
Payables	5 008	1 484	-	-	5 008	1 484

#### Note 16 Events after the reporting period

There were no significant events after the reporting period.

## South Australian Superannuation Board

### Note 17 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 2015-16 the Fund did not have a net surplus, therefore the amount of interest capitalised into the principal amount receivable was \$9,000 (2015 \$12,000).

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 2015-16 there was no principal repayment required (refer to the Fund's Financial Report) (2015 Nil).

### Note 18 ICT Solution Project

The Office utilises a range of different Information and Communications Technology (ICT) systems to administer its superannuation schemes. The ICT systems currently in use are nearing end-of-life. They also present escalating integration complexities and resource efforts associated with each application's ongoing administration.

The Office established the ICT Solution Project to identify, procure and implement a Commercial-off-the-shelf superannuation administration ICT system that addresses the above limitations by replacing existing legacy ICT systems and expanding the current functionality.

DST Bluedoor Pty Limited was engaged as the preferred respondent for the implementation of the new ICT System which will be overseen and governed by the Super SA Board.

The ICT Solution Project officially commenced in February 2016 and will be implemented in two phases. All schemes and functionality is scheduled to be implemented by the end of 2017.

The funding for the implementation of the project is apportioned across all schemes based on membership. The Board administered schemes will provide funding via the General Reserve, Triple S Insurance Reserve, Triple S Administration Reserve and the Retirement Investment Fund Administration Reserve.

**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 2016 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



Annette Hurley  
PRESIDING MEMBER  
SA SUPERANNUATION BOARD



Mark Carpinelli  
MANAGER FINANCIAL SERVICES  
STATE SUPERANNUATION OFFICE

Date 14 SEP 2016



**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 2016. The financial report comprises:

- an Operating Statement for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- 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, Financial Services, 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.

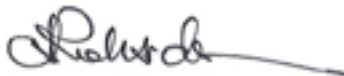
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. 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 evaluating 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.

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the State Superannuation Office's (Super SA) website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

### **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 2016, 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**

20 September 2016

## FINANCIAL STATEMENTS

**South Australian Superannuation Scheme**  
**Operating Statement for the year ended 30 June 2016**

	Note	2016 \$'000	2015 \$'000
<b>INVESTMENT AND OTHER REVENUE:</b>			
Investment Revenue		205 239	513 308
Other Revenue	17	37 570	36 261
<b>CONTRIBUTION REVENUE:</b>			
Contributions for Past Service Liability	1(d),14	353 254	360 195
Contributions by Employers	15	56 739	65 365
Contributions by Members		19 419	22 297
Rollovers from Other Schemes		1 366	1 424
Government Co-Contributions	18	36	46
<b>Total Contribution Revenue</b>		<b>430 814</b>	<b>449 327</b>
<b>Total Revenue</b>		<b>673 623</b>	<b>998 896</b>
<b>EXPENSES:</b>			
Direct Investment Expenses	4	33 645	34 923
Co-Contributions Transferred to Other Scheme	18	36	46
Higher Education Superannuation Costs	20	9 094	8 993
Administration Expenses	5	2 339	2 780
Benefits Expense	8	595 721	689 770
<b>Total Expenses</b>		<b>640 835</b>	<b>736 512</b>
<b>OPERATING RESULT FOR THE PERIOD</b>		<b>32 788</b>	<b>262 384</b>

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

**Statement of Financial Position as at 30 June 2016**

	Note	2016 \$'000	2015 \$'000
<b>INVESTMENTS:</b>			
Inflation Linked Securities A		277 968	360 469
Property A		679 876	712 054
Australian Equities A		1 134 445	1 184 035
International Equities A		1 140 877	1 266 589
Long Term Fixed Interest		133 694	99 824
Short Term Fixed Interest		10 833	12 722
Diversified Strategies - Growth A		518 480	480 801
Diversified Strategies - Income		745 392	683 983
Cash		129 615	176 942
Socially Responsible		3 143	3 355
	10	<b>4 774 263</b>	<b>4 980 774</b>
<b>OTHER ASSETS:</b>			
Cash and Cash Equivalents	12	4 014	5 628
Contributions Receivable	3	917	1 922
Other Revenue Receivable	16	5 304	5 614
Receivables	19	528	412
Prepaid Benefits		58	-
<b>Total Assets</b>		<b>4 785 084</b>	<b>4 994 350</b>
<b>CURRENT LIABILITIES:</b>			
Benefits Payable		18 685	27 175
Payables	13	894	91
<b>Total Liabilities</b>		<b>19 579</b>	<b>27 266</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	6	<b>4 765 505</b>	<b>4 967 084</b>
Less: <b>LIABILITY FOR ACCRUED BENEFITS</b>	8	<b>10 063 986</b>	<b>10 298 353</b>
<b>EXCESS OF LIABILITIES OVER NET ASSETS</b>		<b>(5 298 481)</b>	<b>(5 331 269)</b>

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

## South Australian Superannuation Scheme

## Statement of Cash Flows for the year ended 30 June 2016

	Note	Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Contributions Received:				
Contributions for Past Service Liability		354 014		360 925
Contributions by Employers		57 522		65 463
Contributions by Members		19 641		22 288
Rollovers from Other Schemes		2 158		1 424
Government Co-Contributions		36		46
			433 371	450 148
GST Recovered from the ATO			142	149
Other Income:				
Reimbursement from Other Sources:				
Public Authorities		36 928		38 137
Temporary Disability Reimbursements		72		84
Interest Received		123		210
			37 123	38 431
Benefits Paid:				
Pensions		(611 903)		(598 284)
Commutation of Pension Benefits		(11 127)		(28 034)
Lump Sums		(215 662)		(246 445)
			(838 692)	(872 763)
Administration Expenses Paid			(2 533)	(2 867)
Co-Contributions Transferred to Other Scheme			(36)	(46)
Higher Education Superannuation Costs			(9 994)	(6 992)
<b>Net Cash (used in) Operating Activities</b>	11		<b>(379 719)</b>	<b>(395 942)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Receipts from Funds SA			776 791	826 054
Payments to Funds SA			(398 696)	(433 769)
<b>Net Cash provided by Investing Activities</b>			<b>378 105</b>	<b>392 285</b>
<b>NET (DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>			<b>(1 614)</b>	<b>(3 657)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JULY</b>			<b>5 628</b>	<b>9 285</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	12		<b>4 014</b>	<b>5 628</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 2016 all payments were made from the Special Deposit 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 (2015 26 percent) for old scheme contributors and 14.75 percent (2015 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 \$41.444 million (2015 \$48.366 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 2016 the Government transferred a total of \$350.0 million (2015 \$356.7 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 \$2.592 million (2015 \$2.492 million) have also been received from SA Water, \$571,000 (2015 \$549,000) from WorkCoverSA and \$90,500 (2015 \$454,500) 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, \$14.683 million (2015 \$16.692 million) relates to amounts received or receivable from SA Government entities and \$612 000 (2015 \$307 000) 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

On 5 June 2014, the Australian Accounting Standards Board (AASB) approved the new Accounting Standard AASB 1056 "Superannuation Entities" for adoption on 1 July 2016. The Standard replaces AAS 25 "Financial Reporting by Superannuation Plans" and comprehensively reforms the General Purpose Financial Reporting requirements applicable to superannuation entities.

Key changes resulting from the adoption of AASB 1056 include:

- Preparation of additional financial statements including statement of changes in member benefits and statement of changes in equity;
- Broadly applying presentation principles and requirements of applicable Australian Accounting Standards as opposed to the requirements of AAS 25 that overrode certain requirements. This includes measuring assets and liabilities (previously measured at net market value) to fair value. Changes in fair value are to be reported in the income statement.

## South Australian Superannuation Scheme

### Summary of Significant Accounting Policies (Continued)

#### (b) Investments

The basis for the valuation of investments is provided below. Investments are 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 2016, 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 2015-16 financial year received by the Scheme after 30 June 2016 and includes underpaid contributions made on or prior to 30 June 2016.

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 on or prior to 30 June 2016 but paid after 30 June 2016. These also include pension payments payable on or prior to 30 June 2016 but paid after 30 June 2016.

**(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.

Private ruling issued by the Australian Taxation Office in October 2015 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.



### South Australian Superannuation Scheme

#### Summary of Significant Accounting Policies (Continued)

##### (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 Receivable

	2016	2015
	\$'000	\$'000
Contributions Receivable from Members	211	433
Contributions Receivable from Employers	796	1 489
	<u>917</u>	<u>1 922</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 2015-16 direct investment expenses were in line with the previous year. For the year ended 30 June 2016 the amount for Direct Investment Expenses was \$33.645 million (2015 \$34.923 million).

#### 5. Administration Expenses

	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2016 \$'000	2015 \$'000
Administration Expenses (i)	1 226	1 003	2 229	2 613
Bank Fees	8	-	8	8
Other Expenses (ii)	43	36	79	137
Consultancy Expenses (iii)	17	6	23	22
<b>Total Administration Expenses</b>	<u>1 294</u>	<u>1 045</u>	<u>2 339</u>	<u>2 780</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 \$73,900 (2015 \$76,700). 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.

### 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 2016 \$'000	2015 \$'000
<b>(a) SA Superannuation Fund Account (Employee Component)</b>				
Funds held at 1 July	1 459 794	658 431	2 118 225	2 076 975
Add: Contributions	2 352	17 067	19 419	22 297
Rollovers from Other Schemes	190	1 178	1 368	1 424
Investment Revenue	61 702	26 866	88 568	212 207
Government Co-contributions	1	35	36	46
Other Revenue	20	16	36	62
	<u>64 265</u>	<u>45 160</u>	<u>109 425</u>	<u>236 036</u>
Less: Benefits Paid/Payable	89 523	70 992	160 515	179 352
Direct Investment Expenses	9 858	4 198	14 056	14 571
Co-Contributions Transferred to Other Scheme	1	35	36	46
Administration Expenses	389	312	701	817
	<u>99 771</u>	<u>75 537</u>	<u>175 308</u>	<u>194 786</u>
<b>Funds held at 30 June</b>	<b>1 424 288</b>	<b>628 054</b>	<b>2 052 342</b>	<b>2 118 225</b>
<b>(b) SA Superannuation Scheme Contribution Account (Employer Component)</b>				
			2016 \$'000	2015 \$'000
Funds held at 1 July			2 848 859	2 820 896
Add: Employer Contributions:				
State Government Departments	41 444			48 366
Statutory Authorities	15 295			16 999
Contribution for Past Service Liability	<u>353 254</u>			<u>360 195</u>
			409 993	425 560
Investment Revenue			116 671	301 101
Other Revenue - Public Authorities			37 403	35 972
Other Revenue - Interest Received			85	145
Other Revenue - Temporary Disability			<u>46</u>	<u>82</u>
			<u>564 198</u>	<u>762 860</u>
Less: Benefits Paid/Payable:				
Old Scheme Contributors	542 038			545 856
New Scheme Contributors	<u>127 535</u>			<u>157 823</u>
			669 573	703 679
Direct Investment Expenses			19 589	20 352
Higher Education Superannuation Costs			9 094	8 993
Administration Expenses			<u>1 630</u>	<u>1 963</u>
			<u>699 894</u>	<u>734 987</u>
<b>Funds held at 30 June</b>			<b>2 713 163</b>	<b>2 848 859</b>
<b>Total Net Assets Available to Pay Benefits</b>			<b>4 765 505</b>	<b>4 967 084</b>

## FINANCIAL STATEMENTS

## South Australian Superannuation Scheme

## 7. Benefits Paid/Payable

	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2016 \$'000	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2015 \$'000
<b>Pensions:</b>						
Funded from: SA Superannuation Fund	85 903	2	85 905	84 342	94	84 436
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	28 625	-	28 625	27 315	-	27 315
Public Authorities	35 211	-	35 211	34 484	1	34 485
SA Government Employer Account	464 260	832	465 092	453 204	676	453 880
<b>Gross Scheme Costs</b>	<b>613 999</b>	<b>834</b>	<b>614 833</b>	<b>599 345</b>	<b>771</b>	<b>600 116</b>
<b>Commutations:</b>						
Funded from: SA Superannuation Fund	1 558	-	1 558	3 925	-	3 925
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	1 740	-	1 740	3 779	-	3 779
Public Authorities	219	-	219	105	-	105
SA Government Employer Account	7 610	-	7 610	20 225	-	20 225
<b>Gross Scheme Costs</b>	<b>11 127</b>	<b>-</b>	<b>11 127</b>	<b>28 034</b>	<b>-</b>	<b>28 034</b>
<b>Lump Sums:</b>						
Funded from: SA Superannuation Fund	2 057	70 928	72 985	2 561	87 564	90 125
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	1 167	28 997	30 164	2 130	41 701	43 831
Public Authorities	33	2 126	2 159	-	1 488	1 488
SA Government Employer Account	3 048	95 190	98 238	3 724	112 991	116 715
<b>Gross Scheme Costs</b>	<b>6 305</b>	<b>197 241</b>	<b>203 546</b>	<b>8 415</b>	<b>243 744</b>	<b>252 159</b>
<b>Retrenchments:</b>						
Funded from: SA Superannuation Fund	5	-	5	9	-	9
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	-	-	-	-	-	-
Public Authorities	-	-	-	-	-	-
SA Government Employer Account	125	-	125	206	-	206
<b>Gross Scheme Costs</b>	<b>130</b>	<b>-</b>	<b>130</b>	<b>215</b>	<b>-</b>	<b>215</b>
<b>Targeted Separation Packages:</b>						
Funded from: SA Superannuation Fund	-	62	62	253	574	857
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	-	92	92	-	-	-
Public Authorities	-	-	-	-	-	-
SA Government Employer Account	-	298	298	684	966	1 650
<b>Gross Scheme Costs</b>	<b>-</b>	<b>452</b>	<b>452</b>	<b>937</b>	<b>1 540</b>	<b>2 507</b>
<b>Total Benefits Paid/Payable</b>	<b>631 561</b>	<b>198 527</b>	<b>830 088</b>	<b>636 976</b>	<b>246 055</b>	<b>883 031</b>
<b>Total Benefit Payments:</b>						
Funded from: SA Superannuation Fund	89 523	70 992	160 515	91 120	88 232	179 352
SA Superannuation Scheme Contribution Account:						
Employer Contribution Accounts	31 532	29 089	60 621	33 224	41 701	74 925
Public Authorities	35 463	2 126	37 589	34 589	1 489	36 078
SA Government Employer Account	475 043	96 320	571 363	478 043	114 633	592 676
<b>Gross Scheme Costs</b>	<b>631 561</b>	<b>198 527</b>	<b>830 088</b>	<b>636 976</b>	<b>246 055</b>	<b>883 031</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 2016.

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 2016.

The expected future benefit payments have been determined using the 2013 triennial review assumptions relating to mortality, disability, withdrawal, preservation and retirement. The next triennial review of the South Australian Superannuation Scheme will be undertaken during 2016-17, as at 30 June 2016. 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.

### South Australian Superannuation Scheme

#### Liability for Accrued Benefits (continued)

	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2016 \$'000	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2015 \$'000
<b>Changes in the Liability for Accrued Benefits:</b>						
Liability for Accrued Benefits at 1 July	8 523 596	1 774 757	10 298 353	8 648 367	1 843 247	10 491 614
Add: Benefits Expense (i)	464 843	130 878	595 721	512 205	177 585	689 770
Less: Benefits Paid/Payable (ii)	631 561	198 527	830 088	636 976	246 055	883 031
<b>Liability for Accrued Benefits at 30 June</b>	<b>8 356 878</b>	<b>1 707 108</b>	<b>10 063 986</b>	<b>8 523 596</b>	<b>1 774 757</b>	<b>10 298 353</b>
<b>Represented by:</b>						
SA Superannuation Fund	1 175 178	641 491	1 816 669	1 199 676	671 176	1 870 852
SA Superannuation Scheme Contribution A/C:						
Employer Contribution Accounts	1 228 526	370 847	1 599 373	1 247 402	375 595	1 622 997
SA Government Employer Account	5 644 006	685 548	6 329 554	5 755 144	717 218	6 472 362
Public Authorities	309 168	9 222	318 390	321 374	10 768	332 142
<b>Total</b>	<b>8 356 878</b>	<b>1 707 108</b>	<b>10 063 986</b>	<b>8 523 596</b>	<b>1 774 757</b>	<b>10 298 353</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 \$10.064 billion, the SA Government is only responsible for funding the SA Government Employer Account of \$6.323 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 2016.

	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2016 \$'000	Old Scheme Division \$'000	New Scheme Division \$'000	Total 2015 \$'000
SA Superannuation Fund	1 177 104	641 491	1 818 595	1 194 674	671 176	1 865 850
SA Superannuation Scheme Contribution A/C:						
Employer Contribution Accounts	1 235 548	407 815	1 643 363	1 244 785	416 890	1 661 676
SA Government Employer Account	5 647 716	767 887	6 415 603	5 726 116	810 374	6 536 490
Public Authorities	309 654	9 911	319 565	321 494	11 690	333 187
<b>Total</b>	<b>8 370 022</b>	<b>1 827 104</b>	<b>10 197 126</b>	<b>8 487 069</b>	<b>1 910 136</b>	<b>10 397 205</b>

## FINANCIAL STATEMENTS

## South Australian Superannuation Scheme

## 10. Summary of Investments

The Interests of the Fund and the South Australian Superannuation Scheme Contribution Account in the Utilised Investment Portfolio of Funds SA are as follows:	Fund-Old Scheme Division \$'000	Fund-New Scheme Division \$'000	Scheme Cont'n Accounts \$'000	Total 2016 \$'000	2015 \$'000
Inflation Linked Securities A	80 904	40 305	186 699	277 908	360 469
Property A	202 244	85 919	391 713	679 876	712 054
Australian Equities A	337 656	142 803	653 986	1 134 445	1 184 035
International Equities A	339 600	143 528	657 749	1 140 877	1 266 589
Long Term Fixed Interest	38 857	19 578	75 259	133 694	99 824
Short Term Fixed Interest	-	10 833	-	10 833	12 722
Diversified Strategies - Growth A	154 498	62 126	301 856	518 480	480 801
Diversified Strategies - Income	220 699	97 235	427 458	745 392	683 983
Cash	33 342	31 696	64 577	129 615	176 942
Socially Responsible	-	3 143	-	3 143	3 355
<b>Total</b>	<b>1 407 800</b>	<b>637 166</b>	<b>2 729 297</b>	<b>4 774 263</b>	<b>4 980 774</b>

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

	2016 \$'000	2015 \$'000
Operating Result	32 788	262 384
Investment Revenue	(205 239)	(513 308)
Direct Investment Expenses	33 645	34 923
Decrease in Contributions Receivable	1 005	88
Decrease in Other Revenue Receivable	310	2 897
(Increase)/Decrease in Receivables	(116)	15
(Increase) in Prepaid Benefits	(58)	-
(Decrease)/Increase in Benefits Payable	(8 490)	10 384
Increase/(Decrease) in Payables	803	(64)
(Decrease) in Liability for Accrued Benefits	(234 367)	(193 261)
<b>Net Cash (used in) Operating Activities</b>	<b>(379 719)</b>	<b>(395 942)</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:

	2016 \$'000	2015 \$'000
Cash and Cash Equivalents per Statement of Financial Position	4 014	5 628
Cash and Cash Equivalents per Statement of Cash Flows	4 014	5 628

## 13. Payables

	2016 \$'000	2015 \$'000
Audit Fees	79	87
Rollovers Payable	792	-
Health Commissions	14	-
Returned Benefit Payments	9	4
	<b>894</b>	<b>91</b>

### South Australian Superannuation Scheme

#### 14. Contributions for Past Service Liability

	2016 \$'000	2015 \$'000
SA Government	350 000	356 700
SA Water	2 592	2 492
Workcover	571	549
Forestry SA	91	454
	<u>353 254</u>	<u>360 195</u>

#### 15. Contributions by Employers

	2016 \$'000	2015 \$'000
State Government Departments	41 444	48 366
Statutory Authorities - State Government Entities	14 683	16 692
Statutory Authorities - Non State Government Entities	612	307
	<u>56 739</u>	<u>65 365</u>

#### 16. Other Revenue Receivable

	2016 \$'000	2015 \$'000
Public Authorities	5 232	5 517
Temporary Disability	72	97
	<u>5 304</u>	<u>5 614</u>

#### 17. Other Revenue

	2016 \$'000	2015 \$'000
Interest	121	207
Public Authorities (i)	37 403	35 972
Temporary Disability	46	82
	<u>37 570</u>	<u>36 261</u>

(i) Refer to Note 1(d)

#### 18. Government Co-Contributions

During the 2015-16 financial year, the Scheme received Co-contributions from the ATO amounting to \$36,000 (2015 \$46,000). 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

	2016 \$'000	2015 \$'000
Interest	10	13
Benefit Repayments	444	355
GST Recovered from the ATO	59	16
Overpaid Pensions	15	28
	<u>528</u>	<u>412</u>

#### 20. Higher Education Superannuation Costs

An amount of \$9.094 million (2015 \$8.993 million) was paid to the Commonwealth Government which related to the South Australian share of the 2015-16 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 class 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 options are consistent with the time horizon of each.

## South Australian Superannuation Scheme

### Financial Instruments (Continued)

#### IV. Sensitivity analysis

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

#### 2016

Investment Option	Sensitivity variable	Expected Nominal Return	Standard Deviation
High Growth	Nominal standard deviation	8.3%	12.0%
Growth	Nominal standard deviation	7.7%	10.2%
Balanced	Nominal standard deviation	7.1%	8.9%
Moderate	Nominal standard deviation	6.3%	6.9%
Conservative	Nominal standard deviation	5.5%	5.1%
Capital defensive	Nominal standard deviation	4.6%	3.3%
Cash	Nominal standard deviation	2.9%	1.5%
Socially Responsible	Nominal standard deviation	6.2%	10.3%

#### 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%

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.



## FINANCIAL STATEMENTS

## 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 2016	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits payable	18 685	18 685	18 685
Payables (i)	815	815	815
Vested benefits (ii)	10 197 126	10 197 126	10 197 126
<b>Total</b>	<b>10 216 626</b>	<b>10 216 626</b>	<b>10 216 626</b>

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>

- (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 2016

Unlisted managed investment schemes

Funds SA

4 774 263

4 774 263

30 June 2015

Unlisted managed investment schemes

Funds SA

4 980 774

4 980 774

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

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

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

**22. Related Parties**

Details of the members of the Board and their remuneration for the 2015-16 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 2016 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**



**Annette Hurley**  
**PRESIDING MEMBER**  
**SA SUPERANNUATION BOARD**



**Mark Carpinell**  
**MANAGER FINANCIAL SERVICES**  
**STATE SUPERANNUATION OFFICE**

Date 14 Sep 2016

**INDEPENDENT AUDITOR'S REPORT**

Government of South Australia  
Auditor-General's Department

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200 Victoria Square  
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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 2016. The financial report comprises:

- an Operating Statement for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- 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, Financial Services, 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.

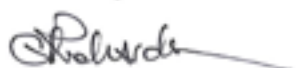
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. 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 evaluating 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.

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the State Superannuation Office's (Super SA) website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

#### **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 2016, 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**  
20 September 2016

## Southern State Superannuation Scheme

## Operating Statement for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>INVESTMENT AND OTHER REVENUE:</b>			
Investment Revenue		567 242	1 156 572
Other Revenue		276	391
<b>CONTRIBUTION REVENUE:</b>			
Contributions by Members	1(a)	119 170	145 069
Contributions by Employers	1(a)	1 028 912	961 165
Rollovers from Other Schemes		268 777	231 176
Government Co-Contributions		1 574	1 750
<b>Total Contribution Revenue</b>		<b>1 418 433</b>	<b>1 339 160</b>
<b>Total Revenue</b>		<b>1 985 951</b>	<b>2 496 123</b>
<b>EXPENSES:</b>			
Direct Investment Expenses	3	79 856	76 750
Insurance Administration Expenses	13	2 374	2 116
Administration Expenses	4	10 322	10 579
<b>Total Expenses</b>		<b>92 552</b>	<b>89 445</b>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS</b>		<b>1 893 399</b>	<b>2 406 678</b>

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

## Statement of Financial Position as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>INVESTMENTS:</b>			
Inflation Linked Securities A		1 097 227	1 230 964
Property A		1 654 139	1 583 719
Australian Equities A		2 840 178	2 719 066
International Equities A		2 853 231	2 926 726
Long Term Fixed Interest		846 615	670 044
Short Term Fixed Interest		374 568	382 880
Diversified Strategies - Growth A		1 156 677	956 222
Diversified Strategies - Income		2 038 617	1 718 376
Cash		585 443	635 410
Socially Responsible		55 027	44 338
		<b>13 501 722</b>	<b>12 867 745</b>
<b>OTHER ASSETS:</b>			
Cash and Cash Equivalents	5	25 309	15 800
Contributions Receivable	6	17 801	22 848
Receivables	7	315	90
		<b>43 425</b>	<b>38 738</b>
<b>Total Assets</b>		<b>13 545 147</b>	<b>12 906 483</b>
<b>CURRENT LIABILITIES:</b>			
Benefits Payable	8	25 596	47 713
Payables	9	134	826
Unearned Revenue		49	-
<b>Total Liabilities</b>		<b>25 779</b>	<b>48 539</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	10	<b>13 519 368</b>	<b>12 857 944</b>
<b>REPRESENTED BY:</b>			
<b>LIABILITY FOR ACCRUED BENEFITS:</b>			
Allocated to Members' Accounts	11,17	13 349 428	12 681 908
Not Allocated to Members' Accounts	12	(4 706)	3 003
		<b>13 344 722</b>	<b>12 684 911</b>
<b>RESERVES:</b>			
Death, Invalidity and Income Protection Insurance Reserve	13	141 260	142 620
Administration Fee Reserve	14	5 962	3 985
Operational Risk Reserve	15	27 424	26 428
		<b>174 646</b>	<b>173 033</b>
	16	<b>13 519 368</b>	<b>12 857 944</b>

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

## FINANCIAL STATEMENTS

## Southern State Superannuation Scheme

## Statement of Cash Flows for the year ended 30 June 2016

	Note	Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Contributions Received:				
Contributions by Members		119 628		145 061
Contributions by Employers		1 033 218		957 064
Rollovers from Other Schemes		268 550		231 372
Government Co-Contributions		1 556		1 766
			1 422 952	1 335 263
GST Recovered from the ATO			683	728
Interest Received			276	399
Benefits Paid:				
Retirement		(545 207)		(521 353)
Resignation		(124 619)		(114 676)
Early Access		(522 640)		(472 929)
Retrenchment		(138)		(82)
Invalidity		(27 994)		(22 152)
Death		(16 560)		(15 682)
Payments to Unclaimed Monies		(435)		(205)
Transfers to Select Fund		(1)		(41)
Temporary Disability		(16 645)		(15 171)
			(1 254 239)	(1 162 291)
Insurance Administration Expenses Paid			(2 499)	(2 228)
Administration Expenses Paid			(11 059)	(11 131)
<b>Net Cash provided by Operating Activities</b>	18		<b>156 114</b>	<b>160 740</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Payments from Operational Risk Reserve			(14)	(5)
Transfers from Death, Invalidation and Income Protection Insurance Reserve			-	(1 000)
<b>Net Cash provided by Financing Activities</b>			<b>(14)</b>	<b>(1 005)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Receipts from Funds SA			453 628	409 329
Payments to Funds SA			(600 219)	(573 542)
<b>Net Cash (used in) Investing Activities</b>			<b>(146 591)</b>	<b>(164 213)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>			<b>9 509</b>	<b>(4 478)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JULY</b>			<b>15 800</b>	<b>20 278</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	5		<b>25 309</b>	<b>15 800</b>

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 (2015 – 9.50) 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 provided 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

On 5 June 2014, the Australian Accounting Standards Board (AASB) approved the new Accounting Standard AASB 1056 "Superannuation Entities" for adoption on 1 July 2016. The Standard replaces AAS 25 "Financial Reporting by Superannuation Plans" and comprehensively reforms the General Purpose Financial Reporting requirements applicable to superannuation entities.

Key changes resulting from the adoption of AASB1056 include:

- Preparation of additional financial statements including a statement of changes in member benefits and statement of changes in equity;
- Broadly applying presentation principles and requirements of applicable Australian Accounting Standards as opposed to the requirements of AAS 25 that overrode certain requirements. This includes measuring assets and liabilities (previously measured at net market value) to fair value. Changes in fair value are to be reported in the income statement;
- Accounting for self-insurance arrangements as if they were life insurance contracts.

#### (b) Investments

The basis for the valuation of investments is provided below. Investments are 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.

**Southern State Superannuation Scheme****Summary of Significant Accounting Policies (Continued)****(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.

**(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 utilisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2016, 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 these 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 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.

## FINANCIAL STATEMENTS

## Southern State Superannuation Scheme

## Summary of Significant Accounting Policies (Continued)

**(h) Receivables and Payables**

Contributions receivable are contributions relating to the 2015-16 financial year received by the Scheme after 30 June 2016.

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 on or prior to year end.

Unearned revenue are contributions relating to the 2016-17 financial year received by the Scheme on or prior to 30 June 2016.

**(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.

Private ruling issued by the Australian Taxation Office in October 2015 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 2015-2016 there was a small increase in direct investment expenses, largely attributable to increased funds under management driven by modest investment market performance (costs are applied on a percentage basis of funds under management). For the year ended 30 June 2016 the amount for Direct Investment Expenses was \$79.856 million (2015 \$76.750 million).

**4. Administration Expenses**

	2016	2015
	\$'000	\$'000
Administration Expenses (i)	10 232	10 482
Other Expenses (ii)	90	97
	<u>10 322</u>	<u>10 579</u>

- (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 2016, 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 2016 the amount charged to members' employer contribution accounts was \$12.002 million (2015 \$11.288 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 2016, based on actual costs of administering the Scheme, amounted to \$10.232 million (2015 \$10.482 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 \$73,900 (2015 \$76,700). No other services were provided by the Auditor-General's Department.

## Southern State Superannuation Scheme

## 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:

	2016 \$'000	2015 \$'000
Cash and Cash Equivalents per Statement of Financial Position	25 309	15 800
Cash and Cash Equivalents per Statement of Cash Flows	<u>25 309</u>	<u>15 800</u>

## 6. Contributions Receivable

	2016 \$'000	2015 \$'000
Contributions from Members	937	1 387
Contributions from Employers	16 864	21 481
	<u>17 801</u>	<u>22 868</u>

## 7. Receivables

	2016 \$'000	2015 \$'000
GST to be Recovered from the ATO	231	61
Interest	21	29
Benefit Repayment	63	-
	<u>315</u>	<u>90</u>

## 8. Benefits Payable

	2016 \$'000	2015 \$'000
Benefits Payable	25 596	47 713

## 9. Payables

	2016 \$'000	2015 \$'000
Audit Fees	77	80
Other Payables	56	441
Contributions Refundable	1	305
	<u>134</u>	<u>826</u>

## 10. Net Assets Available to Pay Benefits

	2016 \$'000	2015 \$'000
Net Assets Available to Pay Benefits at 1 July	12 857 944	11 631 933
Add: Contributions by Members	117 927	142 774
Spouse Contributions	1 243	2 295
Employer Contributions	1 028 912	961 165
Rollovers from Other Schemes	268 777	231 178
Government Co-Contributions	1 574	1 750
Investment Revenue	567 242	1 156 572
Other Revenue	276	391
	<u>1 985 951</u>	<u>2 496 123</u>
Less: Benefits Paid and Payable	1 231 961	1 179 653
Direct Investment Expense	79 856	76 750
Administration Expenses	10 322	10 579
Payments from Operational Risk Reserve	14	4
Insurance Administration Expenses	2 374	2 116
Transfers to Other Schemes (i)	-	1 000
	<u>1 324 527</u>	<u>1 270 112</u>
<b>Total Net Assets Available to Pay Benefits as at 30 June 2016</b>	<b>13 519 368</b>	<b>12 857 944</b>

(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 2016 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.

## FINANCIAL STATEMENTS

## 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 can 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 received in November 2016 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.

	2016 \$'000	2015 \$'000
<b>Opening balance of the Death, Invalidation and Income Protection Insurance Reserve</b>	<b>142 620</b>	<b>147 329</b>
Add: Investment Earnings on Insurance Reserve @ 3.86% (i)	5 298	13 831
Premiums and Charges	25 710	25 218
	<u>31 008</u>	<u>39 049</u>
<b>Less: Benefit Payments</b>		
Invalidity	9 665	6 562
Death	3 683	4 396
Disability Pensions	16 646	15 209
Administration Fees (ii)	2 374	2 116
Transfer from Reserve (iii)	-	16 000
Transfer (from) Triple S Operational Risk Reserve	-	(525)
	<u>32 368</u>	<u>43 758</u>
Net Transfer Value (from)/to the Death, Invalidation and Income Protection Insurance Reserve	<u>(1 360)</u>	<u>(4 709)</u>
<b>Closing balance of Reserve</b>	<b>141 260</b>	<b>142 620</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.

	2016 \$'000	2015 \$'000
<b>Opening balance of Administration Fee Reserve</b>	<b>3 985</b>	<b>2 833</b>
Add: Investment earnings on Administration Fee Reserve @ 3.86% (i)	201	340
Premiums and Charges		
- Member Fees	12 002	11 288
- Switching Fees	6	6
	<u>12 209</u>	<u>11 634</u>
<b>Less: Payments</b>		
Administration Fees (ii)	10 232	10 482
	<u>10 232</u>	<u>10 482</u>
Net Transfer Value to/(from) the Administration Fee Reserve	<u>1 977</u>	<u>1 152</u>
<b>Closing balance of Reserve</b>	<b>5 962</b>	<b>3 985</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).

### Southern State Superannuation Scheme

**15. Operational Risk Reserve**

The Operational Risk Reserve is to be accumulated to 0.25% of Funds Under Management in line with Prudential Standard SPS114. It is currently 0.20% of Funds Under Management.

	2016	2015
	\$'000	\$'000
<b>Opening balance of Operational Risk Reserve</b>	<b>26 428</b>	<b>24 661</b>
Add: Investment earnings on Operational Risk Reserve @ 3.86% (i)	<u>1 018</u>	<u>2 295</u>
	<b>1 018</b>	<b>2 295</b>
 Less: Payments from Reserve	 <u>22</u>	 <u>528</u>
	<u>22</u>	<u>528</u>
Net Transfer Value to the Reserve	<b>996</b>	<b>1 767</b>
<b>Closing balance of Reserve</b>	<b><u>27 424</u></b>	<b><u>26 428</u></b>

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

**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.

	2016	2015
	\$'000	\$'000
Liability for Accrued Benefits at 1 July	<b>12 857 944</b>	<b>11 631 933</b>
Add: Increase in Accrued Benefits	<u>1 893 385</u>	<u>2 405 674</u>
Less: Benefits Paid and Payable	<u>1 231 961</u>	<u>1 179 663</u>
<b>Liability for Accrued Benefits at 30 June</b>	<b><u>13 519 368</u></b>	<b><u>12 857 944</u></b>

**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.

	2016	2015
	\$'000	\$'000
Vested Benefits	<b><u>13 349 428</u></b>	<b><u>12 681 908</u></b>

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

	2016	2015
	\$'000	\$'000
<b>Benefits Accrued as a Result of Operations</b>	<b>1 893 399</b>	<b>2 406 678</b>
Benefits Paid and Payable	<u>(1 231 961)</u>	<u>(1 179 663)</u>
Investment Revenue	<u>(567 242)</u>	<u>(1 156 572)</u>
Direct Investment Expense	<b>79 856</b>	<b>76 750</b>
Decrease/(Increase) in Contributions Receivable	<b>5 047</b>	<b>(4 426)</b>
(Increase)/Decrease in Receivables	<b>(225)</b>	<b>62</b>
(Decrease)/Increase in Payables	<b>(692)</b>	<b>642</b>
Increase in Unearned Revenue	<b>49</b>	<b>-</b>
(Decrease)/Increase in Benefits Payable	<u>(22 117)</u>	<u>17 269</u>
<b>Net Cash provided by Operating Activities</b>	<b><u>156 114</u></b>	<b><u>160 740</u></b>

### 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 class 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 options are consistent with the time horizon of each.

### Southern State Superannuation Scheme

#### Financial Instruments (Continued)

#### IV. Sensitivity analysis

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

2016

Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	8.3%	12.0%
Growth	Nominal standard deviation	7.7%	10.2%
Balanced	Nominal standard deviation	7.1%	8.9%
Moderate	Nominal standard deviation	6.3%	6.9%
Conservative	Nominal standard deviation	5.5%	5.1%
Capital defensive	Nominal standard deviation	4.6%	3.3%
Cash	Nominal standard deviation	2.9%	1.5%
Socially Responsible	Nominal standard deviation	6.2%	10.3%

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%	8.6%
Moderate	Nominal standard deviation	6.1%	6.6%
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%

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.



## FINANCIAL STATEMENTS

## 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 2016	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits payable	25 596	25 596	25 596
Payables (i)	43	43	43
Vested benefits (ii)	13 349 428	13 349 428	13 349 428
<b>Total</b>	<b>13 375 067</b>	<b>13 375 067</b>	<b>13 375 067</b>

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)	12 681 908	12 681 908	12 681 908
<b>Total</b>	<b>12 730 349</b>	<b>12 730 349</b>	<b>12 730 349</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 2016**

Unlisted managed investment schemes

Funds SA 13 501 722

13 501 722

**30 June 2015**

Unlisted managed investment schemes

Funds SA 12 867 745

12 867 745

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

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

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

**20. Related Parties**

Details of the members of the Board and their remuneration for the 2015-16 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 2016 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



Annette Hurley  
PRESIDING MEMBER  
SA SUPERANNUATION BOARD



Mark Capinelli  
MANAGER FINANCIAL SERVICES  
STATE SUPERANNUATION OFFICE

Date 14/SEP/2016

**INDEPENDENT AUDITOR'S REPORT**

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

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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 2016. The financial report comprises:

- an Operating Statement for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- 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, Financial Services, 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 evaluating 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.

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the State Superannuation Office's (Super SA) website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

#### **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 2016, 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**  
20 September 2016

<b>Super SA Retirement Investment Fund</b>				
<b>Operating Statement for the year ended 30 June 2016</b>				
	Note	2016 \$'000	2015 \$'000	
<b>INVESTMENT AND OTHER REVENUE:</b>				
Investment Revenue		107 824	178 456	
Other Revenue		4 657	5 086	
<b>CONTRIBUTION REVENUE:</b>				
Contributions by Investors	1(a)	71 444	81 506	
Government Co-Contributions		75	69	
Rollovers from Other Schemes		887 181	845 617	
<b>Total Contribution Revenue</b>		<b>958 700</b>	<b>927 192</b>	
<b>Total Revenue</b>		<b>1 071 181</b>	<b>1 110 734</b>	
<b>EXPENSES:</b>				
Direct Investment Expenses	3	13 613	12 023	
Administration Expenses	4	1 945	1 965	
<b>Total Expenses</b>		<b>15 558</b>	<b>13 988</b>	
<b>INCOME TAX EXPENSE</b>	19 (a), (b)	<b>73 296</b>	<b>81 258</b>	
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS</b>		<b>982 327</b>	<b>1 015 488</b>	

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

### Statement of Financial Position as at 30 June 2016

	Note	\$'000	2016 \$'000	2015 \$'000
<b>INVESTMENTS:</b>				
Inflation Linked Securities B		304 134		282 610
Property B		324 820		201 273
Australian Equities B		565 480		481 191
International Equities B		482 053		444 735
Long Term Fixed Interest		217 422		159 976
Short Term Fixed Interest		212 025		181 043
Diversified Strategies - Growth B		155 585		118 528
Diversified Strategies - Income		511 371		383 329
Cash		365 765		356 573
Socially Responsible		46 773		47 911
	10		<b>3 185 428</b>	<b>2 657 167</b>
<b>OTHER ASSETS:</b>				
Cash and Cash Equivalents	7	24 756		22 206
Receivables	14	1 270		884
			<b>26 026</b>	<b>23 090</b>
<b>Total Assets</b>			<b>3 211 454</b>	<b>2 680 257</b>
<b>CURRENT LIABILITIES:</b>				
Benefits Payable	8	8 070		4 469
Payables	15	44		36
PAYG Withholding Tax		83		92
Current Tax Liabilities	19 (c)	16 661		18 455
			<b>24 858</b>	<b>23 052</b>
<b>NON-CURRENT LIABILITIES:</b>				
Deferred Tax Liabilities	19 (d)	6 111		5 600
			<b>6 111</b>	<b>5 600</b>
<b>Total Liabilities</b>			<b>30 969</b>	<b>28 652</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	9		<b>3 180 485</b>	<b>2 651 605</b>
<b>REPRESENTED BY:</b>				
<b>LIABILITY FOR ACCRUED BENEFITS:</b>				
Allocated to Investors' Accounts	5,17		3 167 322	2 650 051
Not Allocated to Investors' Accounts	6		(325)	(6 439)
			<b>3 166 997</b>	<b>2 643 612</b>
<b>RESERVES:</b>				
Administration Fee Reserve	11		8 305	3 573
Insurance Reserve	12		1 456	1 186
Operational Risk Reserve	13		3 727	3 234
			<b>13 488</b>	<b>7 993</b>
	16		<b>3 180 485</b>	<b>2 651 605</b>

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

<b>Super SA Retirement Investment Fund</b>				
<b>Statement of Cash Flows for the year ended 30 June 2016</b>				
	Note	Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Contributions Received:				
Contributions by Investors		71 444		81 505
Government Co-Contributions		75		69
Rollovers from Other Schemes		<u>886 797</u>		<u>844 794</u>
			<b>958 316</b>	<b>926 368</b>
GST Recovered from the ATO			133	103
Interest Received			550	711
Transfer from SSS Insurance Reserve			-	1 000
Benefits Paid:				
Full Withdrawal		(56 608)		(57 872)
Invalidity		(144)		-
Death		(1 930)		(860)
Partial Withdrawal		(79 867)		(72 430)
Income Stream Pension Payments		(150 763)		(117 161)
Income Stream Commutations		<u>(160 543)</u>		<u>(141 357)</u>
			<b>(449 855)</b>	<b>(389 680)</b>
Administration Expenses Paid			(2 080)	(2 067)
Income Tax Expenses			<u>(74 579)</u>	<u>(75 464)</u>
<b>Net Cash provided by Operating Activities</b>	18		<b>432 485</b>	<b>460 971</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Receipts from Funds SA			325 185	352 351
Payments to Funds SA			<u>(755 120)</u>	<u>(813 004)</u>
<b>Net Cash (used in) Investing Activities</b>			<b>(429 935)</b>	<b>(460 653)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>			<b>2 550</b>	<b>318</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JULY</b>			<b>22 206</b>	<b>21 888</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	7		<b>24 756</b>	<b>22 206</b>

*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

On 5 June 2014, the Australian Accounting Standards Board (AASB) approved the new Accounting Standard AASB 1056 "Superannuation Entities" for adoption on 1 July 2016. The Standard replaces AAS 25 "Financial Reporting by Superannuation Plans" and comprehensively reforms the General Purpose Financial Reporting requirements applicable to superannuation entities.



### Super SA Retirement Investment Fund

#### Summary of Significant Accounting Policies – Basis of Accounting (Continued)

Key changes resulting from the adoption of AASB 1056 include:

- Preparation of additional financial statements including a statement of changes in member benefits and statement of changes in equity;
- Broadly applying presentation principles and requirements of applicable Australian Accounting Standards as opposed to the requirements of AAS 25 that overrode certain requirements. This includes measuring assets and liabilities (previously measured at net market value) to fair value. Changes in fair value are to be reported in the income statement;
- Accounting for self-insurance arrangements as if they were life insurance contracts.

#### (b) Investments

The basis for the valuation of investments is provided below. Investments are 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 Fund 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.

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 utilisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2016, 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 on or 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 Fund 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.

Private ruling issued by the Australian Taxation Office in October 2015 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 2015-16 the small increase in investment management expenses were largely attributable to increased funds under management driven by positive investor cash flows and modest investment market performance (costs are applied on a percentage basis of funds under management). For the year ended 30 June 2016 the amount for Direct Investment Expenses was \$13.613 million (2015 \$12.023 million).

**4. Administration Expenses**

	Flexible Rollover Product		Income Stream		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administration Expenses (i)	764	913	1 135	1 014	1 899	1 927
Other Expenses (ii)	18	18	28	20	46	38
	<b>782</b>	<b>931</b>	<b>1 163</b>	<b>1 034</b>	<b>1 945</b>	<b>1 965</b>

(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 2016, based on actual costs of administering the Fund, amounted to \$1.899 million (2015 \$1.927 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 \$41,100 (2015 \$30,700). No other services were provided by the Auditor-General's Department.

**5. Allocated to Investors' Accounts**

The value of funds which have been formally allocated to investor accounts equals the Vested Benefits as per Note 17. The formal allocation of earnings to investors' accounts has been determined for the 2016 year.

**6. 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.

## Super SA Retirement Investment Fund

## 7. 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:

	Flexible Rollover Product		Income Stream		Total
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000
Cash and cash equivalents per Statement of Financial Position	8 477	6 012	16 279	16 194	24 756
Cash and cash equivalents per Statement of Cash flows	8 477	6 012	16 279	16 194	24 756

## 8. Benefits Payable

	Flexible Rollover Product		Income Stream		Total
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000
Benefits Payable	4 130	1 717	3 940	2 752	8 070
	4 130	1 717	3 940	2 752	8 070

## 9. Net Assets Available to Pay Benefits

	Flexible Rollover Product		Income Stream		Total
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000
Net Asset Available to Pay Benefits at 1 July	699 959	600 114	1 951 646	1 427 004	2 651 605
Add:					
Contributions by Investors	69 261	80 778	-	-	69 261
Rollovers from Other Schemes	286 313	299 531	600 868	546 086	887 181
Internal Transfers (i)	21 799	42 530	160 311	216 255	182 110
Investment Revenue	27 400	49 850	80 344	128 576	107 824
Government Co-Contributions	75	69	-	-	75
Spouse Contributions	2 183	728	-	-	2 183
Other Revenue (ii)	479	1 508	4 178	3 578	4 657
	407 590	475 024	845 701	894 495	1 253 291
Less:					
Benefits Paid and Payable	140 965	131 067	312 482	259 934	453 447
Internal Transfers (i)	152 283	206 083	29 827	52 702	182 110
Direct Investment Expense	3 498	3 323	10 115	8 700	13 613
Administration Expense	782	932	1 163	1 033	1 945
Income Tax	28 469	33 774	44 827	47 484	73 296
	325 997	375 179	398 414	369 853	724 411
Net Assets Available to Pay Benefits at 30 June	781 552	699 959	2 398 933	1 951 646	3 180 485

(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. No transfers were made in the 2016 year.

## 10. Summary of Investments

	Flexible Rollover Product		Income Stream		Total
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000
Inflation Linked Securities B	71 112	71 232	233 022	211 378	304 134
Property B	79 695	53 570	245 725	147 703	324 820
Australian Equities B	138 379	128 507	427 101	352 684	565 480
International Equities B	117 792	118 402	364 261	326 333	482 053
Long Term Fixed Interest	51 344	41 228	166 078	118 748	217 422
Short Term Fixed Interest	50 365	45 358	161 660	135 685	212 025
Diversified Strategies - Growth B	39 624	32 684	116 561	85 842	155 585
Diversified Strategies - Income	122 519	99 636	388 852	283 693	511 371
Cash	102 444	102 160	263 321	254 413	365 765
Socially Responsible	15 224	14 150	31 549	33 781	46 773
	787 298	708 927	2 398 130	1 950 240	3 185 428

## FINANCIAL STATEMENTS

## Super SA Retirement Investment Fund

## 11. Administration Fee Reserve

The surplus attributable to administration fees for both Income Stream and Flexible Rollover Product included in Funds Under Management were initially recognised in March 2014 as Administration Reserves. The reserves are credited with administration fees deducted from member accounts and debited with the costs incurred in administering the funds. The reserves are invested in the Balanced option and earnings are applied based on the unit price for that option.

	Flexible Rollover Product		Income Stream		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Opening Balance of Reserve</b>	<b>(1 554)</b>	<b>(917)</b>	<b>5 127</b>	<b>2 710</b>	<b>3 573</b>	<b>1 793</b>
<b>Add:</b>						
Transfer to Reserve (i)	2 198	-	-	-	2 198	-
Investment Earnings (ii)	12	-	287	320	299	320
Premiums and Charges	320	276	3 814	3 111	4 134	3 387
	<b>2 530</b>	<b>276</b>	<b>4 101</b>	<b>3 431</b>	<b>6 631</b>	<b>3 707</b>
<b>Less:</b>						
Administration Fees (iii)	764	913	1 135	1 014	1 899	1 927
	<b>764</b>	<b>913</b>	<b>1 135</b>	<b>1 014</b>	<b>1 899</b>	<b>1 927</b>
<b>Closing Balance of Reserve</b>	<b>212</b>	<b>(1 554)</b>	<b>8 093</b>	<b>5 127</b>	<b>8 305</b>	<b>3 573</b>

(i) The amount relates to the accumulated sundry fee surplus and prior years tax surplus being realised.

(ii) 3.30% FRP, 3.99% IS (this represents the annual change in unit prices).

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

## 12. 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. Insurance is not available to Income Stream investors.

	Flexible Rollover Product		Income Stream		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Opening Balance of Reserve</b>	<b>1 186</b>	<b>836</b>	<b>-</b>	<b>-</b>	<b>1 186</b>	<b>836</b>
<b>Add:</b>						
Investment Earnings (i)	44	76	-	-	44	76
Premiums and Charges	301	286	-	-	301	286
	<b>345</b>	<b>362</b>	<b>-</b>	<b>-</b>	<b>345</b>	<b>362</b>
<b>Less:</b>						
Benefit Payments	75	12	-	-	75	12
	<b>75</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>12</b>
<b>Closing Balance of Reserve</b>	<b>1 456</b>	<b>1 186</b>	<b>-</b>	<b>-</b>	<b>1 456</b>	<b>1 186</b>

(i) 3.30% FRP (this represents the annual change in unit prices).

## 13. Operational Risk Reserve

The Operational Risk Reserves 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. From April 2016 members have been charged a fee (0.04% FRP, 0.05% IS) via a reduction to the unit prices in order to build the reserves to 0.25 percent of Funds Under Management.

	Flexible Rollover Product		Income Stream		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Opening Balance of Reserve</b>	<b>1 013</b>	<b>937</b>	<b>2 221</b>	<b>2 029</b>	<b>3 234</b>	<b>2 966</b>
<b>Add:</b>						
Investment Earnings (i)	34	76	91	192	125	268
Premiums and Charges	78	-	292	-	370	-
	<b>112</b>	<b>76</b>	<b>383</b>	<b>192</b>	<b>495</b>	<b>268</b>
<b>Less:</b>						
Payments from Reserve	-	-	2	-	2	-
	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>-</b>
<b>Closing Balance of Reserve</b>	<b>1 125</b>	<b>1 013</b>	<b>2 602</b>	<b>2 221</b>	<b>3 727</b>	<b>3 234</b>

(i) 3.30% FRP, 3.99% IS (this represents the annual change in unit prices).

## Super SA Retirement Investment Fund

## 14. Receivables

	Flexible Rollover Product		Income Stream		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Refund from ATO for GST	15	13	22	14	37	27
Bank Interest Receivable	10	15	28	31	38	46
Rollovers Receivable	-	-	1 195	811	1 195	811
	<u>25</u>	<u>28</u>	<u>1 245</u>	<u>856</u>	<u>1 270</u>	<u>884</u>

## 15. Payables

	Flexible Rollover Product		Income Stream		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Audit Fees Payable	17	17	27	19	44	36
	<u>17</u>	<u>17</u>	<u>27</u>	<u>19</u>	<u>44</u>	<u>36</u>

## 16. 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.

	Flexible Rollover Product		Income Stream		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Liability for accrued benefits at 1 July	699 959	600 114	1 951 646	1 427 004	2 651 605	2 027 118
Add: Increase in Accrued Benefits	222 559	230 912	759 768	784 576	982 327	1 015 488
Less: Benefits Paid and Payable	140 965	131 067	312 482	259 934	453 447	391 001
Liability for Accrued Benefits at 30 June	<u>781 553</u>	<u>699 959</u>	<u>2 398 932</u>	<u>1 951 646</u>	<u>3 180 485</u>	<u>2 651 605</u>

## 17. 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.

	Flexible Rollover Product		Income Stream		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Vested Benefits	<u>773 264</u>	<u>698 341</u>	<u>2 394 058</u>	<u>1 951 710</u>	<u>3 167 322</u>	<u>2 650 051</u>

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

	Flexible Rollover Product		Income Stream		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Benefits Accrued as a Result of Operations</b>	<b>222 559</b>	<b>230 912</b>	<b>759 768</b>	<b>784 576</b>	<b>982 327</b>	<b>1 015 488</b>
Benefits Paid and Payable	(140 965)	(131 067)	(312 482)	(259 934)	(453 447)	(391 001)
Investment Revenue	(27 480)	(49 880)	(80 344)	(128 576)	(107 824)	(178 456)
Direct Investment Expense	3 498	3 323	10 115	8 700	13 613	12 023
Investors Admin Fee Received	(305)	(278)	(3 810)	(3 111)	(4 115)	(3 389)
(Increase)/Decrease in Receivables	3	5	(389)	(775)	(386)	(770)
Increase/(Decrease) in Benefits Payable	2 413	(86)	1 188	1 362	3 601	1 276
(Decrease)/Increase in Payables	-	(12)	8	2	8	(10)
Increase/(Decrease) in PAYG Withholding Tax	3	(10)	(12)	25	(9)	15
(Decrease)/Increase in Current Tax Liabilities	(1 687)	(2 883)	(107)	5 267	(1 794)	2 384
Decrease in Deferred Tax Asset	-	-	-	-	-	-
(Decrease)/Increase in Deferred Tax Liabilities	511	3 411	-	-	511	3 411
<b>Net Cash provided by Operating Activities</b>	<b>58 550</b>	<b>53 435</b>	<b>373 935</b>	<b>407 536</b>	<b>432 485</b>	<b>460 971</b>

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Super SA Retirement Investment Fund						
19. Income Tax	Flexible Rollover Product		Income Stream		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>(a) Major Components of Tax Expense</b>						
Current income tax						
Current tax charge	28 400	30 358	46 379	46 815	74 779	77 173
Adjustment to current tax for prior periods	(445)	16	(1 550)	658	(1 995)	674
Deferred income tax						
Relating to the originating and reversal of temporary differences	586	3 245	-	-	586	3 245
Adjustment to deferred tax for prior periods	(74)	166	-	-	(74)	166
<b>Income Tax Expense</b>	<b>28 467</b>	<b>33 785</b>	<b>44 829</b>	<b>47 473</b>	<b>73 296</b>	<b>81 258</b>
<b>(b) Income Tax Expense</b>						
Benefits accrued before tax	251 027	264 687	804 595	832 059	1 055 622	1 096 746
Tax applicable at the rate of 15% (2015:15%)	37 654	39 704	120 689	124 808	158 343	164 512
Tax effect of expenses that are not deductible in determining taxable						
Non deductible expenses	-	-	16	113	16	113
Tax effect of income/(losses) that is not assessable/deductible in determining taxable income						
Investment revenue	(293)	(1 926)	-	-	(293)	(1 926)
Member contributions and transfer in Exempt pension income	(6 317)	(3 185)	(56 209)	(56 532)	(62 526)	(59 717)
Exempt pension income	-	-	(11 161)	(18 543)	(11 161)	(18 543)
Tax effect of other adjustments						
Imputation and foreign tax credits	(1 958)	(941)	(8 886)	(2 964)	(8 844)	(3 905)
Over provision prior period	(519)	182	(1 550)	659	(2 069)	841
Self-Insurance Deduction	(55)	(49)	-	-	(55)	(49)
Anti-Detriment Deductions	(45)	-	(70)	(68)	(115)	(68)
<b>Income Tax Expense</b>	<b>28 467</b>	<b>33 785</b>	<b>44 829</b>	<b>47 473</b>	<b>73 296</b>	<b>81 258</b>
<b>(c) Current Tax Liabilities</b>						
Balance at beginning of year	5 675	8 542	12 780	7 529	18 455	16 071
Income tax paid - current period	(24 417)	(24 684)	(33 703)	(34 034)	(58 120)	(58 718)
Income tax paid - prior periods	(5 260)	(8 557)	(11 351)	(8 188)	(16 611)	(16 745)
Current years income tax provision	28 400	30 358	46 379	46 815	74 779	77 173
Over provision prior period	(414)	16	(1 428)	658	(1 842)	674
	<b>3 984</b>	<b>5 675</b>	<b>12 677</b>	<b>12 780</b>	<b>16 661</b>	<b>18 455</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	(3)	(2)	-	-	(3)	(2)
Realised capital losses carried forward (discounted)	(1 608)	(2 084)	-	-	(1 608)	(2 084)
Unrealised capital gains carried forward (discounted)	7 722	7 686	-	-	7 722	7 686
	<b>6 111</b>	<b>5 600</b>	<b>-</b>	<b>-</b>	<b>6 111</b>	<b>5 600</b>

## Super SA Retirement Investment Fund

### 20. 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 class 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 options are consistent with the time horizon of each.



## FINANCIAL STATEMENTS

## Super SA Retirement Investment Fund

*Financial Instruments (Continued)*IV. Sensitivity analysis

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

## Income Stream

## 2016

Income Stream Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	8.7%	12.1%
Growth	Nominal standard deviation	8.0%	10.2%
Balanced	Nominal standard deviation	7.4%	8.9%
Moderate	Nominal standard deviation	6.5%	6.9%
Conservative	Nominal standard deviation	5.7%	5.1%
Capital Defensive	Nominal standard deviation	4.7%	3.4%
Cash	Nominal standard deviation	2.9%	1.5%
Socially Responsible	Nominal standard deviation	6.6%	10.2%

## 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%

## Flexible Rollover Product

## 2016

FRP Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
High Growth	Nominal standard deviation	7.6%	10.9%
Growth	Nominal standard deviation	7.0%	9.1%
Balanced	Nominal standard deviation	6.5%	8.0%
Moderate	Nominal standard deviation	5.7%	6.2%
Conservative	Nominal standard deviation	4.9%	4.6%
Capital Defensive	Nominal standard deviation	4.1%	3.0%
Cash	Nominal standard deviation	2.5%	1.3%
Socially Responsible	Nominal standard deviation	5.7%	9.2%

### Super SA Retirement Investment Fund

#### Financial Instruments (Continued)

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	5.8%	9.3%

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 2016	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits Payable	8 070	8 070	8 070
Vested Benefits (ii)	3 167 219	3 167 219	3 167 219
<b>Total</b>	<b>3 175 289</b>	<b>3 175 289</b>	<b>3 175 289</b>

### Super SA Retirement Investment Fund

#### Liquidity Risk (Continued)

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>

(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 Level 1 and level 3 are not relevant to the Fund

Level 2  
\$'000

#### 30 June 2016

Unlisted managed investment schemes  
Funds SA

3 185 428

3 185 428

#### 30 June 2015

Unlisted managed investment schemes  
Funds SA

2 657 167

2 657 167

#### 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.

#### 21. Related Parties

Details of the members of the Board and their remuneration for the 2015-16 financial year are disclosed in the notes to the Super SA Board's financial statements.

#### 22. 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 2016 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



Annette Hurley  
PRESIDING MEMBER  
SA SUPERANNUATION BOARD



Mark Carpinelli  
MANAGER FINANCIAL SERVICES  
STATE SUPERANNUATION OFFICE

Date 19 Sep 2016

**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 2016. The financial report comprises:

- an Statement of Changes in Net Assets for the year ended 30 June 2016
- a Statement of Net Assets as at 30 June 2016
- 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, Financial Services, 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 evaluating 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.

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the State Superannuation Office's (Super SA) website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

#### **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 2016 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**  
20 September 2016

## FINANCIAL STATEMENTS

## SA Ambulance Service Superannuation Scheme

## Statement of Changes in Net Assets for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>NET ASSETS AVAILABLE TO PAY BENEFITS at the beginning of the period</b>		<b>216 811</b>	<b>197 523</b>
<b>INVESTMENT AND OTHER REVENUE:</b>			
Investment Revenue		9 218	19 321
Other Revenue		13	16
<b>Contribution Revenue:</b>			
Contributions by Employers	3	10 554	10 864
Contributions by Members		1 350	1 378
Rollovers from Other Schemes		323	245
Spouse Contributions		3	4
Government Co-Contributions		12	13
<b>Total Contribution Revenue</b>		<b>12 242</b>	<b>12 504</b>
<b>Total Revenue</b>		<b>21 473</b>	<b>31 841</b>
<b>EXPENSES:</b>			
Direct Investment Expenses	5	1 244	1 252
Administration Expenses	4	284	410
Benefit Paid	6	7 361	7 830
<b>Total Expenses</b>		<b>8 889</b>	<b>9 492</b>
<b>INCOME TAX EXPENSE</b>	11(a),(b)	<b>1 669</b>	<b>3 061</b>
<b>NET INCREASE IN FUNDS</b>		<b>10 915</b>	<b>19 288</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS at the end of the period</b>	10	<b>227 726</b>	<b>216 811</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 2016

	Note	2016 \$'000	2015 \$'000
<b>INVESTMENTS:</b>			
Inflation Linked Securities B		20 316	22 552
Property B		27 838	19 810
Australian Equities B		52 010	49 805
International Equities B		44 105	45 239
Long Term Fixed Interest		20 005	16 906
Short Term Fixed Interest		5 143	5 007
Diversified Strategies Growth B		16 768	14 411
Diversified Strategies Income		39 223	33 548
Cash		4 135	11 481
		<b>229 543</b>	<b>218 759</b>
<b>OTHER ASSETS:</b>			
Cash and Cash Equivalents		531	512
Contributions Receivable		3	2
Receivables		7	9
Current Tax Asset	11(c)	69	-
		<b>610</b>	<b>523</b>
<b>Total Assets</b>		<b>230 153</b>	<b>219 282</b>
<b>CURRENT LIABILITIES:</b>			
Benefits Payable		2	167
Payables		26	60
Unearned Revenue		44	136
PAYG Withholding Tax		4	-
		<b>75</b>	<b>363</b>
<b>NON-CURRENT LIABILITIES:</b>			
Deferred Tax Liability	11(d)	2 352	2 108
		<b>2 352</b>	<b>2 108</b>
<b>Total Liabilities</b>		<b>2 427</b>	<b>2 471</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	10	<b>227 726</b>	<b>216 811</b>

## 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* (Cwth). The Scheme is a taxed scheme by virtue of schedule 4 of the *Income Tax Assessment Regulations 1997* (Cwth).

The Scheme is governed by a Trust Deed and Rules pursuant to the Act and became effective from 1 July 2006. The Scheme's membership includes contributory, non-contributory, spouse, and preserved members. The main benefit for contributory members is a defined benefit. Non-contributory, spouse and preserved members are entitled to accumulation benefits. The Scheme provides benefits to members on retirement, resignation, death, permanent or temporary disablement and serious ill health.

Member and Employer contributions are deposited by the Treasurer into the fund established for the Scheme (the Fund). 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 2016, 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).

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 (2015 9.5 percent) of salary in order to satisfy the Superannuation Guarantee requirements under Commonwealth law.

The triennial actuarial review as at 30 June 2014 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 has been approved by the Board and will be implemented during the 2016-17 financial year. This 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 next triennial actuarial review will be undertaken as at 30 June 2017 for the scheme.

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.

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).



## SA Ambulance Service Superannuation Scheme

### Summary of Significant Accounting Policies (Continued)

#### New Accounting Standard

On 5 June 2014, the Australian Accounting Standards Board (AASB) approved the new Accounting Standard AASB 1056 "Superannuation Entities" for adoption on 1 July 2016. The Standard replaces AAS 25 "Financial Reporting by Superannuation Plans" and comprehensively reforms the General Purpose Financial Reporting requirements applicable to superannuation entities.

Key changes resulting from the adoption of AASB1056 include:

- Preparation of additional financial statements including a statement of changes in member benefits, statement of changes in equity and the statement of cashflows;
- Broadly applying presentation principles and requirements of applicable Australian Accounting Standards as opposed to the requirements of AAS 25 that overrode certain requirements. This includes measuring assets and liabilities (previously measured at net market value) to fair value. Changes in fair value are to be reported in the income statement;
- Accounting for self-insurance arrangements as if they were life insurance contracts
- Actuarial assessment of liabilities will be conducted on an annual rather than triennial basis.

#### (b) Investments

The basis for the valuation of investments is provided below. Investments are 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.

## SA Ambulance Service 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.

### (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 unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2016, 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.

### SA Ambulance Service Superannuation Scheme

#### Summary of Significant Accounting Policies (Continued)

**(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.

**(h) Receivables and Payables**

Contributions receivable are contributions relating to the 2015-16 financial year received by the Scheme after 30 June 2016.

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 on or prior to 30 June 2016 but had not been paid until after 30 June 2016.

Unearned revenue are contributions relating to the 2016-17 financial year received by the Scheme on or prior to 30 June 2016.

**(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.

Private ruling issued by the Australian Taxation Office in October 2015 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

	2016 \$'000	2015 \$'000
Employer Contributions	9 617	9 897
Insurance Premiums	616	636
Administration Charges	321	331
	<u>10 654</u>	<u>10 864</u>

#### 4. Administration Expenses

	2016 \$'000	2015 \$'000
Administration Fees <sup>(i)</sup>	263	349
Other Expenses <sup>(ii)</sup>	25	25
Consultancy Expenses <sup>(iii)</sup>	6	36
	<u>284</u>	<u>410</u>

(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 \$23,600 (2015 \$23,100). 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.

### SA Ambulance Service Superannuation 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 2015-16 investment management expenses were in line with the previous year. For the year ended 30 June 2016 the amount for Direct Investment Expenses was \$1.244 million (2015 \$1.252 million).

#### 6. Benefit Paid

	2016 \$'000	2015 \$'000
Retirement	5 884	6 711
Resignation	1 169	936
Total and Permanent Disablement	-	111
Partial Withdrawal	73	-
Salary Continuance	235	72
	<u>7 361</u>	<u>7 830</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 (5 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.

	2016 \$'000	2015 \$'000
Vested Benefits	<u>217 222</u>	<u>205 979</u>

#### 9. Guaranteed Benefits

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

## FINANCIAL STATEMENTS

## SA Ambulance Service Superannuation Scheme

## 10. Net Assets Available to Pay Benefits

(a) Assets Available to Pay Benefits	2016 \$'000	2015 \$'000
Assets Available to Pay Benefits at 1 July	214 102	195 967
Less:-		
Prior Year Adjustment on Insurance Reserve	43	469
Add:-		
Contributions by Members	1 350	1 378
Contributions by Employers	9 938	10 228
Investment Revenue	9 117	19 139
Rollovers from Other Schemes	323	245
Spouse Contributions	3	4
Government Co-Contributions	12	13
Other Revenue	13	16
	<u>20 766</u>	<u>31 023</u>
Less:-		
Benefit Paid and Payable	7 126	7 702
Direct Investment Expense	1 244	1 252
Administration Expenses	282	404
Income Tax Expense	1 669	3 061
	<u>10 321</u>	<u>12 419</u>
Assets Available to Pay Benefits	<u>224 494</u>	<u>214 102</u>
 (b) Insurance Reserve		
The purpose of the Insurance Reserve is to maintain adequate financial resources to meet approved and pending claims, prudential and self-insurance reserves and administration costs.		
The target amount of the insurance reserve is determined by an independent actuarial assessment every triennium, under section 21(4) of the Superannuation Act 1988.		
	2016 \$'000	2015 \$'000
Opening Balance of Insurance Reserve	2 176	1 063
Add:		
Prior Year Adjustment	43	469
Add:		
Premiums and Charges	616	836
Investment Revenue on Insurance Reserve @ 3.31%	83	142
	<u>699</u>	<u>778</u>
Less:		
Total and Permanent Disablement	-	56
Temporary Disablement	235	72
	<u>235</u>	<u>128</u>
Less:		
Consultancy Expenses	2	6
	<u>2</u>	<u>6</u>
Closing Balance of Insurance Reserve	<u>2 681</u>	<u>2 176</u>
 (c) Operational Risk Reserve		
As per the Australian Prudential Regulation Authority (APRA) Prudential Standard SPS114 the Board has determined that it shall hold financial resources for the purpose of establishing an Operational Risk Reserve (ORR).		
The Board has determined that the ORR target amount for the SA Ambulance Scheme be set at 0.25% of Net Assets.		
	2016 \$'000	2015 \$'000
Opening Balance of Operational Risk Reserve	533	493
Add:		
Investment Revenue on Operational Risk Reserve @ 3.31%	18	40
Closing Balance of Operational Risk Reserve	<u>551</u>	<u>533</u>
 Net Assets Available to Pay Benefits at 30 June	<u>227 726</u>	<u>216 811</u>

### SA Ambulance Service Superannuation Scheme

#### 11. Taxation

	2016 \$'000	2015 \$'000
<b>(a) Major components of Tax Expense</b>		
Current income tax		
Current tax charge	1 559	1 652
Adjustment to current tax for prior periods	(134)	(32)
Deferred income tax		
Relating to the originating and reversal of temporary differences	279	1 392
Adjustment to deferred tax for prior periods	(35)	49
<b>Income Tax Expense</b>	<b>1 669</b>	<b>3 061</b>
<b>(b) Income Tax Expense</b>		
Changes in net assets before tax	12 504	22 349
Tax applicable at the rate of 15% (2015: 15%)	1 888	3 352
Tax effect of income and losses that are not assessable/or deductible in determining taxable income		
Investment revenue	(8)	(753)
Member contributions	(205)	(209)
Transfers in	(38)	(37)
Tax effect of expenses that are not deductible in determining taxable income		
Benefit Expenses	1 104	1 175
Tax effect of other adjustments		
Imputation and foreign tax credits	(838)	(399)
Self-insurance deduction	(65)	(85)
Over provision prior period	(169)	17
<b>Income Tax Expense</b>	<b>1 669</b>	<b>3 061</b>
<b>(c) Current Tax (Asset)</b>		
Balance at beginning of year	-	801
Income tax paid - prior periods	134	(854)
Income tax paid - current period	(1 628)	(1 567)
Current years income tax provision	1 559	1 652
(Over) provision prior period	(134)	(32)
<b>Current Tax (Asset)</b>	<b>(69)</b>	<b>-</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	(6)	(18)
Realised capital losses carried forward (discounted)	(1 089)	(1 423)
Unrealised capital gains carried forward (discounted)	3 451	3 553
	<b>2 352</b>	<b>2 108</b>

#### 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 class 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 options are consistent with the time horizon of each.

##### IV. Sensitivity analysis

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

2016

Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
Balanced	Nominal standard deviation	6.5%	8.0%

## SA Ambulance Service Superannuation Scheme

### Financial Instruments (Continued)

2015

Investment Option	Sensitivity variable	Expected Nominal Return	Nominal Standard Deviation
Balanced	Nominal standard deviation	6.3%	7.9%

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 2016	Less than 3 Months \$'000	Total Contractual Cash Flows \$'000	Carrying Amount Liabilities \$'000
Benefits Payable	2	2	2
Unearned Revenue	44	44	44
Vested benefits (ii)	217 222	217 222	217 222
<b>Total</b>	<b>217 268</b>	<b>217 268</b>	<b>217 268</b>



## FINANCIAL STATEMENTS

*Financial Instruments (Continued)*

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>

(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 2016**

Unlisted managed investment schemes

Funds SA	229 543
	<hr/>
	229 543

**30 June 2015**

Unlisted managed investment schemes

Funds SA	218 759
	<hr/>
	218 759

**e) Derivative Financial Instruments**

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

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

**14. Events after the reporting period**

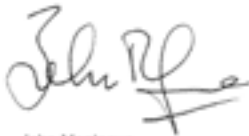
There were no significant events after the reporting period.

**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 2016 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



Annette Hurley  
PRESIDING MEMBER  
SA SUPERANNUATION BOARD



Mark Carpinelli  
MANAGER FINANCIAL SERVICES  
STATE SUPERANNUATION OFFICE

Date 14 Sep 2016

# 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.

## 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 2015–16.

### 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 2015-16 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 20  
25 Grenfell Street  
Adelaide South Australia 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

### PricewaterhouseCoopers

Brookfield Place  
125 St Georges Terrace  
Perth WA 6000

## 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

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## Then...

THE SOUTH AUSTRALIAN SUPERANNUATION FUND WAS ESTABLISHED 90 YEARS AGO ON 1 MARCH 1927, AS A RESULT OF THE AMALGAMATION OF THE 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.

*Sach Julie, Chairman reported that with concurrence of Mr. ...*

on Saturday afternoon. The proof for insertion in The Public Serv revised and settled. About four ho in discussing the case for the A progress had been made when the b until to women, opening



# Contact Us...

## SOUTH AUSTRALIAN SUPERANNUATION BOARD

Level 3  
151 Pirie Street Adelaide  
GPO Box 48  
Adelaide SA 5001

**Tel** +61 8 8207 2094  
**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)

*at a meeting of the Board held at the ...*

*of the Public Service Superannuation ...*



*Whitham, Mr Meade also ...*



*to be communicated with ...*

“Statutory allowance” shall mean the provisions of the Civil Service Amendment Act, 1881:  
“Departmental allowance” shall mean Government departmental re  
“Conditional status” shall mean deferred, purchased by assign allowance, and which will eligible for an annuity or thereof until the allowance have been actually received  
“Unconditional status” shall mean nor deferred, or status which deferred:

in a retiring allowance under the Act, 1874, and the Civil Service  
mean an allowance under an  
status, whether effective or d  
ment of statutory or department  
not render the purchaser there  
increment of annuity in respec  
signed for the purchase thereof sha  
the board:  
status which is neither condition  
is no longer either conditional

*... shall ...*

*... salary of £100 or £125 ...*

become effective until the course paid sixty monthly p of any payment for the purch  
“Effective” as applied to statu forthwith, unless conditions upon the fulfilment of the e to render the purchaser ther ment of annuity in respect children to a continuing ann  
“Effective average age at entr scribers, shall mean the av subscriber in the class as a separate pound of his annual if he have not acquired an



*...*

*...*

the earliest date back to whi  
“Treasurer” shall mean the Tre  
“Proof” shall mean proof to th

he has purchased status:  
Treasurer of South Australia:  
satisfaction of the board: