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**Government
of South Australia**

**SOUTH AUSTRALIAN SUPERANNUATION
BOARD
2020-21 Annual Report**

**SOUTH AUSTRALIAN SUPERANNUATION BOARD
(Super SA)**

151 Pirie Street, Adelaide

GPO Box 48 Adelaide SA 5001

www.supersa.sa.gov.au

Contact phone number: 1300 369 315

Contact email: supersa@sa.gov.au

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2020-21 ANNUAL REPORT for the South Australian Superannuation Board

To:

Hon R Lucas MP

Treasurer

This annual report will be presented to Parliament to meet the statutory reporting requirements of *section 21 and schedule 3 (section 10) of the Superannuation Act 1988 and section 16 of the Southern State Superannuation Act 2009* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the South Australian Superannuation Board by:

Gregory Colin Boulton AM

Presiding Member, Super SA Board

Date 30 September 2021

Signature

A handwritten signature in black ink, appearing to read 'G. Boulton', written over a horizontal line.

From the Presiding Member and Chief Executive

It is our pleasure to present our 2020-21 Super SA Annual Report.

Year in review

At Super SA, our members are at the heart of everything we do. We have a proud past and a unique mission for the future to help our members live their best lives.

Investments

In 2020-21, we have seen a very positive result for the Triple S Balanced (default) investment option which returned 21.63 per cent (net of fees). This return is above the industry median for the year ended 30 June 2021.

It's important to remember superannuation is a long-term investment and our investment strategies continue to focus on long-term performance, especially during periods of extreme volatility.

Modernisation of the Fund

Super SA is driving change to ensure it “delivers your best life” to our members. Being one of the last exempt public sector schemes in Australia, in May 2021 the Government passed its *Statutes Amendment (Fund Selection and other superannuation matters)* legislation, which will enable the South Australian Public Sector workforce the ability to exercise choice of fund. Super SA is undertaking the administrative and system changes to bring fund selection into effect for members in 2022.

The significant legislative change as well as the changes at the federal level, following the findings of the Royal Commission, has meant significant modernisation of the Fund in order to keep pace with our peers as we enter a competitive environment.

Delivering to our members

Our vision is to be truly member focused, improve outcomes for members and be the most respected super fund. Our members continue to be at the core of our decision making as we move into a competitive environment. The performance indicators contained in this report are part of our ongoing strategy to enhance the service offering to our members.

Thank you

To all of our members, we thank you for your continued support.

I also thank the Board and all Super SA staff for their support and hard work as we move into a competitive environment and are benchmarking against our peers.

Our purpose at Super SA is to champion our members' financial wellbeing.

We thank you for putting your trust in Super SA, as we strive to help “deliver your best life.”



Gregory Colin Boulton AM
Presiding Member

Super SA Board



Dascia Bennett
Chief Executive

Super SA

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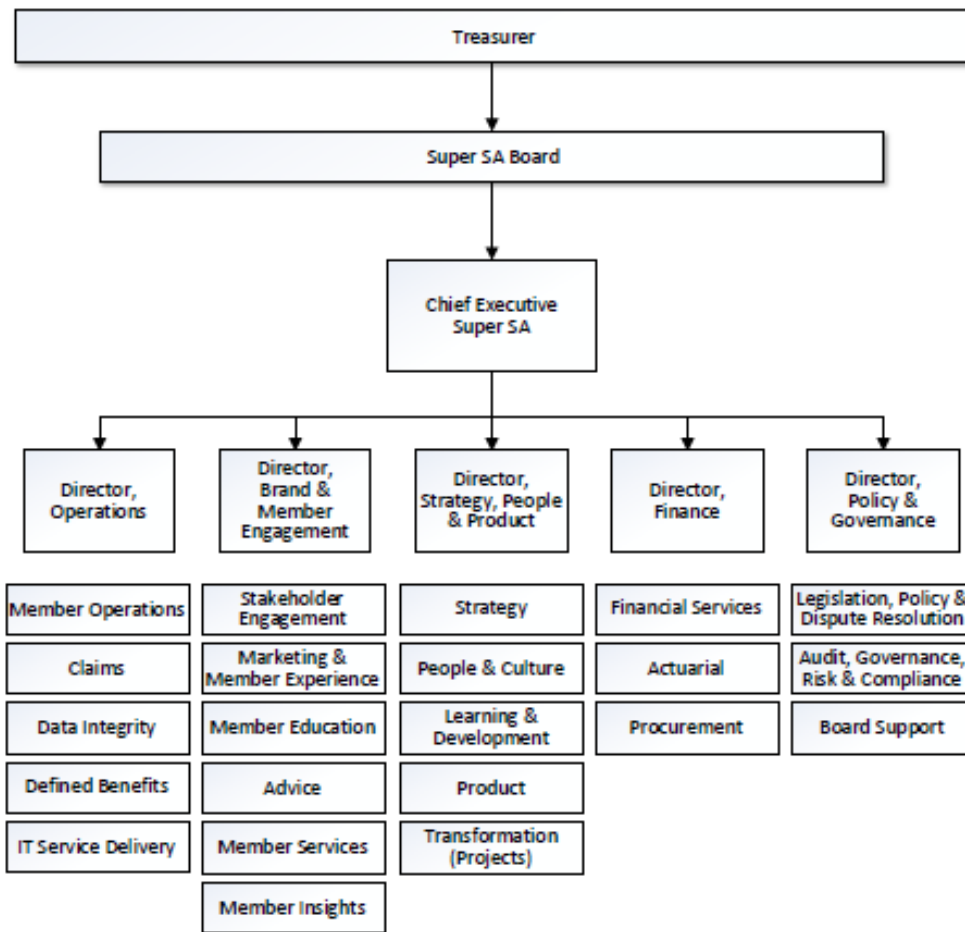
Overview: about the agency

Our strategic focus

Our Purpose	<p>Our purpose is to champion the financial well-being of all South Australians.</p> <p>The Board is responsible for the administration of:</p> <ul style="list-style-type: none"> • Triple S Scheme • Pension Scheme • Lump Sum Scheme • Income Stream • Flexible Rollover Product • SA Ambulance Service Superannuation Scheme.
Our Vision	To be the most respected superannuation fund
Our Values	<p>Dedication – we are members serving members so we go the extra mile and always look for ways to do better in the future.</p> <p>Insight – our experience means we know our SA members, and we build on this knowledge to deliver the best outcomes.</p> <p>Integrity – our ethical principles are non-negotiable and we act in our members best interest transparently and consistently.</p>
Our functions, objectives and deliverables	<p>Our strategy is to excel and improve member experience whilst being competitive on fees and returns.</p> <p>We have four high-level strategic objectives which are supported by strategic themes to ensure Super SA will continue to be a viable and dynamic superannuation fund for South Australia.</p> <p><u>High level strategic objectives:</u></p> <ul style="list-style-type: none"> • Grow the Fund under Management to \$35.8 billion by June 2023* • Net investment returns comparative to Super SA six key competitors • Fees – in the most cost efficient quartile of funds

	<ul style="list-style-type: none">• APRA member outcome test – meet member centric test by APRA heat map. <p>*In conjunction with Funds SA including investments, returns, employer and member contributions</p> <p><u>Four strategic themes:</u></p> <ul style="list-style-type: none">• Member and Employer Engagement – to enhance the member experience to drive engagement, activation and retention• Future Proofing - Transform the Fund for long-term sustainability• Competitive Products – to design product / investment options that deliver to member expectations in a competitive environment• Member centric culture – to engage employees to deliver an efficient and member centric service.
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Our organisational structure



The Board is responsible to the Treasurer for all aspects of the administration of the *Superannuation Act 1988* (Pension and Lump Sum Schemes), and the *Southern State Superannuation Act 1994* (Triple S Scheme), except for the management and investment of the funds.

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 three years. As at 30 June 2021, the Super SA Board was comprised as follows:

Mr Gregory Boulton AM

Presiding Member (Chairman), Super SA Board

Appointed by the Governor until 8 September 2022.

Significant Superannuation and Investment experience as a Trustee Director of Statewide Super for 11 years. Thirty years' experience as Managing Director, Director and Chairman of Public and Private Companies. Fellow of Australian Institute of Company Directors and Institute of Chartered Accountants.

Currently Chairman of Southern Gold Limited, Director of Kangaroo Island Plantation Timbers Ltd, Director, SA Pine Pty Ltd and Presiding Member, Southern Select Super Corporation.

Ms Virginia Deegan

Appointed by the Governor until 22 July 2021.

Executive Director Infrastructure, University of Adelaide.

Extensive board and executive management experience across a range of sectors including superannuation, health and higher education.

A Fellow of CPA Australia (FCPA) and Member of Australian Institute of Company Directors.

Board Member of the Southern Select Super Corporation, Member, SA Health Risk Management and Audit Committee.

Ms Alison Kimber

Member elected representative until 1 October 2021.

Significant board executive experience in financial markets, superannuation, and community service delivery. More than 30 years' experience in the finance, government and not-for-profit sectors.

Fellow of the Australian Institute of Company Directors and Fellow of the Institute of Actuaries of Australia.

Chair, Uniting Care Wesley Bowden; and Councillor, Australian Institute of Company Directors SA/NT and Board Member, Southern Select Super Corporation, Member, Cabaret Fringe Association Board, Member, ACT City Renewal Authority Board.

Associate Professor William Griggs AM ASM

Member elected representative until 1 October 2021.

Bill Griggs brings to the Board significant leadership and board experience; with expertise in corporate governance, people and culture, superannuation, investment, and insurance. He has a particular interest in managing/coping during times of uncertainty, and in evidence-based decision making.

Current Directorships or equivalent: Director, Funds SA, Director, Return to Work SA; and Board Member, Southern Select Super Corporation. Fellow of Australian Institute of Company Directors.

Mr Richard Dennis AM PSM

Appointed by the Governor until 22 July 2021.

Legal practitioner and consultant; South Australian Parliamentary Counsel 2006-2015

Member, Anglican Diocese of Adelaide Drafting Committee, Governor of the Wyatt Trust, and Board Member, Southern Select Super Corporation.

Each member, except the Presiding Member, has a deputy appointed by the Governor, who attends meetings in their absence. As at 30 June 2021, the deputy members were:

- Ms Elizabeth Hlipala, Deputy to Ms Virginia Deegan (appointed until 22 July 2021)
- Ms Leah York, Deputy to Dr William Griggs (appointed until 1 October 2021)
- Mr John Wright, Deputy to Richard Dennis (appointed until 22 July 2021)
- Ms Amanda Heyworth, deputy to Alison Kimber (appointed until 1 October 2021).

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

Board members can attend a variety of national conferences and education seminars. During the 2020-21 year, all Board members attended the Conference of Major Superannuation Funds held in Adelaide. Other conferences attended included the Actuaries Virtual Summit, the Australian Institute of Company Directors (AICD) Essential Director update, AICD Governance Conference and Your Future, Your Super updates.

The Presiding Member attended the ASX Company Directors session, the AICD Governance Conference, the Australian Institute of Superannuation Trustees Chairman's Forum, and the Conference of Major Superannuation Funds held in Adelaide.

Changes to the agency

During 2020-21 there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

Our Minister

The Hon Rob Lucas MLC, oversees the administration of the superannuation legislation for which the Board is responsible.

Our Executive team

Dascia Bennett, Chief Executive

Responsible for leading the organisation and delivering on strategic outcomes whilst ensuring that Super SA meets its legislative and reporting requirements for all superannuation funds managed.

Adrian De Silva, Director, Strategy, People, Product and Transformation

Responsible for providing leadership, management, product and strategic advice across Super SA. This includes accountability for the design and alignment of legacy and new superannuation product offerings to meet member outcomes, as well as providing contemporary human resources and organisational development practices enabling business solutions and oversight of major transformational projects.

Lorna Harrison, Director, Operations

Responsible for leading the Operations team to ensure the timely and accurate collection of contributions and member data, payment of benefits, administration of post retirement services and the annual review process for the Funds administered by Super SA. In addition, the role leads the insurance delivery service and provides strategic leadership of Information, Communication and Technology support to the organisation.

Mark Hordacre, Director, Finance

Responsible for leading the Finance, Actuarial and Procurement group in the design and delivery of sound financial management services for the benefit of our members and relevant agencies. This includes responsibility for the provision of financial and management accounting services to the Schemes and the Board, tax and investment operations for the Schemes, and oversight of the Funds SA operational relationship.

Patrick McAvaney, Director, Policy and Governance

Responsible for the provision of high level professional leadership, management and advice on the areas of legislation, policy, dispute resolution, risk management, compliance and governance practices across the Super SA. This role also delivers Board and Committee governance functions.

Caroline Patrick, Director, Brand and Member Engagement

Responsible for leading the design and implementation of a contemporary Brand, Marketing and Customer Engagement strategy for the Fund. She is responsible for the development and implementation of a brand and customer strategy that strongly positions Super SA as a leader in the superannuation industry. The role also develops business solutions that optimise the Super SA Board's strategic objectives in relation to maintaining and improving scale through membership retention and growth.

Legislation administered by the agency

The Super SA Board is responsible to the Treasurer for all aspects of the administration of

- *Southern State Superannuation Act 2009* (Triple S, Flexible Rollover Product and Income Stream; and
- *Superannuation Act* (Lump Sum and Pension Schemes),

except for the management and investment of the funds.

The Board also acts as trustee of the SA Ambulance Service Superannuation Fund and is responsible for administering the Trust Deed and rules.

The Government of South Australia, other state and territory governments and Commonwealth Government have entered into a Heads of Government Agreement that recognises certain public sector schemes are exempt public sector superannuation schemes (and therefore exempt from the Commonwealth's *Superannuation Industry (Supervision) Act 1993* (SIS Act). 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*. In terms of the agreement, the state government has made a commitment to use best endeavours to ensure that the exempt public sector schemes conform to the principles of the Commonwealth's retirement income policy objectives.

Other related agencies (within the Minister's area/s of responsibility)

Super SA

On behalf of the Super SA Board, the State Superannuation Office (Super SA) is responsible for managing SA Public Sector superannuation schemes in line with relevant acts and legislation.

This arises from section 10(3) of the *Superannuation Act 1988*, which 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.

The Board's service level contract with the Chief Executive of the Department of Treasury and Finance sets out specific performance standards. The contract expired on 30 June 2021, and a new one has been approved from 1 July 2021.

The use of consultants, contractors, WHS reporting and executive employment statistics are included in the Department of Treasury and Finance's Annual Report.

Funds SA

Funds are managed by specialist investment manager, Superannuation Funds Management Corporation of South Australia (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 Australian Act 1995*.

The current Memorandum of Agreement between Funds SA and the Office was executed in May 2019. Funds SA provides this service under legislation. The agreement is reviewed on a three yearly basis or when a significant change occurs.

The agency's performance

Performance at a glance

Super SA performance is assessed continuously against the agency's key objectives at every quarter. This will ensure the projects and initiatives carried out through the year are aligned to meet the key objectives.

During the 2020-21 financial year, we have observed:

- Highest annual return in the history of the Fund (Triple S default option)
- Investment returns in the top quartile of our peer competitors

- The proportion of active Triple S members making an additional contribution (either pre or/and post-tax contributions) to their super increased from last year by 1.2 per cent to 24.9 per cent. This has a positive result for the Fund as at an overall industry level member extra contributions were down due to the impact of COVID-19.
- Implemented a new telephony system – in September 2020 Super SA replaced an outdated telephony system with a modern, modular web-based customer experience platform. This delivered improved member service and provided greater flexibility for staff to work remotely and to engage members during COVID. It also supports the Funds' ongoing business continuity planning.

Super SA has been nominated as part of the 2021 Genesys Customer Innovation Awards and is one of three finalists – shortlisted from 20 global nominations - in the 'CX Team Mobiliser' category, which is awarded for best team productivity success story.

Super SA, with the support of DTF ICT, deployed Genesys Cloud in September 2020. Genesys Cloud is a contemporary end-to-end cloud-based contact centre platform, unifying customer and agent experiences across multiple service channels. Due to COVID restrictions, implementation occurred with no 'on-site' presence by the implementation partners, Telstra or CVT, with all scoping and data gathering workshops, technical meetings, testing support and training occurring online.

Super SA is currently using the voice and email channels along with the Genesys workforce management (WFM) and will soon turn-on the live-chat channel. High level benefits realised with the new system include:

- automated triaging and routing of email traffic (including web enquiry forms)
- average speed of answer for emails significantly reduced (from an average of 7-10 days to 1-2 days)
- dynamic forecasting and scheduling capability with mobile app available for staff to view their schedules
- full contact centre remote-working capability
- Ability for contact centre staff to track their own performance against service level targets using visual and fun gamification features
- extensive system administrative control with minimal vendor dependency.

A panel of judges, comprised of industry influencers, previous customer winners and Genesys executives will announce winners later this month – but regardless of the outcome from here, just being nominated is a fantastic achievement and something we're very proud of.

- Online webinar roll out - In late 2020, Super SA launched its first digital webinar program. This is consistent with the fund's commitment to modernise and offer members choice, while helping to respond to COVID-19 parameters. Topics focus on retirement planning and post-retirement products. These themes align

with helping members live their best life in retirement. There's been a significant uptake of webinars, with more than 4,000 registrations and 143 webinars delivered during the reporting period. Webinars are offered at different times and days, with targeted communications to maximise member reach.

- New Financial Advice Model – in January 2021 Super SA introduced a new financial advice service enabling members to receive value for money financial planning services through dedicated financial planners with expertise in Super SA schemes. The Fund has introduced a simple advice service to support members who do not require comprehensive advice
- Data Warehouse – Super SA is strengthening its capability in managing and protecting member data by the development of a modern data warehouse and member analytics
- Updated new Service Level Agreement aligned to industry good practice.

Agency response to COVID-19

In response to the COVID-19 pandemic the State Government identified superannuation as an essential service. Super SA mobilised its workforce and prioritised essential services for members, whilst complying with mandated restrictions and safety protocols. In the interest of member and staff safety, the Member Centre was temporarily closed. Super SA focused its communication across multiple channels to keep members informed.

The Fund actively responded to the Commonwealth Government's COVID-19 Early Release of Superannuation Benefits initiative, to assist members suffering financial hardship due to COVID-19. As at 30 June 2021, 6,777 Triple S members had their applications for the early release of benefits approved and paid.

During the COVID-19 pandemic, Super SA members were unable to fulfil the need to provide original certified Proof of Identity, due to limited access to persons qualified to apply the certification.

Super SA implemented an alternate secure online method, and as a result were able to continue safely paying benefits to members without interruption.

With the COVID-19 lockdowns in South Australia in March and November 2020 creating a need for remote capability, Super SA needed business continuity for outbound and inbound mail to and from members. Super SA engaged its external print provider to provide this, resulting in uninterrupted service in communicating with members and accepting transaction instructions. The outsourcing of the inbound mail service represents a financial saving of approximately \$30,000 per annum.

Agency contribution to whole of Government objectives

Super SA is committed to driving innovation across the delivery of services to the SA Government and its members. The considerable program of work to deliver Fund Selection and Limited Public Offer will deliver choice to members.

Key objective	Agency's contribution
More jobs	<ul style="list-style-type: none">• Not relevant to Super SA
Lower costs	<ul style="list-style-type: none">• Net investment returns comparative to Super SA's six key competitors• Fees – in the most cost efficient quartile of funds
Better Services	<ul style="list-style-type: none">• Fund Selection and Limited Public Offer legislative program

Agency specific objectives and performance

	2020-21 Actual	2020-21 Target	2019-20 Actual Result	2019-20 Target	2018-19 Actual
Achievement of approved service level standards by 30 June each year.	90%	90%	89%	90%	88%
Issue member statements by 31 October to align with industry norms	90%	85%	90%	85%	91%
<i>For the years prior to 2018-19, the target date for the distribution of member statements was 31 August.</i>					
No. of days to issue superannuant payment summaries from 1 July	14	14	14	14	14
Benchmarking of administrative costs with industry standards — remain in the most cost efficient quartile of industry standards* while providing additional services to members.	In the most cost efficient quartile	In the most cost efficient quartile	In the most cost efficient quartile	In the most cost efficient quartile	In the most cost efficient quartile

**Based on last available Chant West Super Fund Fee Survey (March 2021)*

Activity indicators

No. of contributors/ members in state schemes:	2020-21 Forecast	2020-21 Actual	2021-22 Forecast
Members	201,823	212,295	191,657
• Triple S (total)¹	166,768	175,920	156,599
○ Non-contributors	94,934	93,039	73,747
○ Salary Sacrifice contributors only	17,581	17,230	17,713
○ After Tax contributors only	9,593	9,722	9,134
○ Both After Tax and Salary Sacrifice	3,700	3,968	4,044
○ Preserved > \$6000 account balance	29,490	31,206	31,206
○ Preserved < \$6000 account balance²	11,470	20,755	20,755
• Flexible Rollover Product	6,912	6,782	7,198
• Income Stream	10,523	12,122	11,116
• Superannuants	14,077	13,976	13,659
• Other retirement schemes (Pension, Lump Sum, SA Ambulance)³	3,543	3,495	3,085
○ Pension	351	339	259
○ Lump Sum	2,562	2,516	2,216
○ SA Ambulance	630	640	610

¹The Super SA Board have agreed to opt into the Commonwealth's Inactive Low Balance Account regime for Triple S.

²The forecast for 2020-21 assumed that up to 10,000 members will be transferred to the ATO by 30 June 2021. This did not occur in 2020-21 but the forecast for 2021-22 is for 17,000 to transfer to the ATO.

³Comprises both active and preserved members.

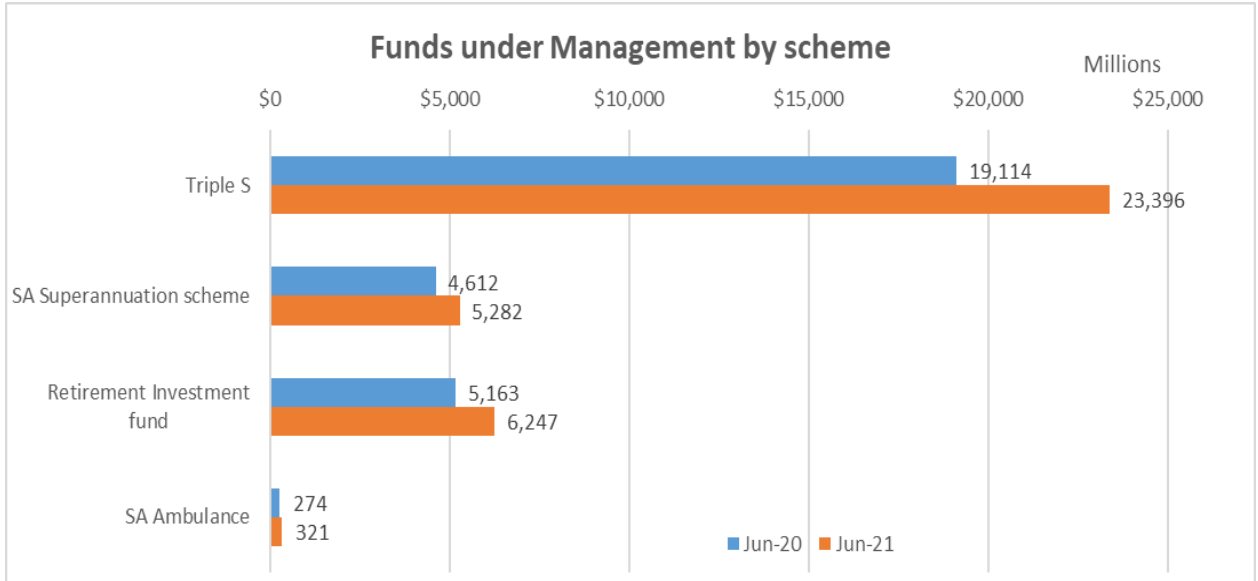
Agency objectives	Indicators	Performance
<p>Future Proofing - Transform the Fund for long-term sustainability</p>	<p>Commence a program of work to support the introduction of legislation into parliament to provide for choice of fund for members of the Triple S scheme.</p>	<p>The <i>Statutes Amendment (Fund Selection and Other Superannuation Matters) Amendment Act 2021</i> received royal assent in May 2021. This will, upon commencement, enable Triple S members to make a “fund selection” that will direct their government employer to make superannuation contributions (employer and salary sacrifice) to a complying fund of their choice.</p> <p>Considerable work by a dedicated project team has been undertaken to plan this major change which will contribute to the modernisation of the Fund.</p> <p>Regulations and other changes are required prior to Fund Selection and portability becoming available for our members.</p>
<p>Competitive Products – to design product / investment options that deliver to member expectations in a competitive environment</p>	<p>Undertake further work to progress the outcomes of a review of insurance services to align with industry standards and the Commonwealth insurance code of conduct.</p>	<p>Work has been undertaken by the Board to de-risk the self-insurance arrangements and consider options to transition away from this approach. Any such transition would require significant legislative change and an Insurance Business Case was prepared by Super SA which is currently being considered by Government.</p>

Agency objectives	Indicators	Performance
<p>Member and Employer Engagement – to enhance the member experience to drive engagement, activation and retention</p>	<p>Develop and implement a member experience transformation program to ensure that service delivery to members meets industry standards, in transitioning to a competitive choice of superannuation fund environment.</p>	<p>Super SA has a number of member engagement and experience initiatives in progress to modernise the Fund and uplift member service.</p> <p>These include</p> <ul style="list-style-type: none"> • replacement of an outdated telephony system in September 2020 • a new financial advice service enabling members to receive value for money financial planning services through dedicated financial planners with expertise in Super SA schemes introduced in January 2021 • introduced online member education webinars • update the current suite of outdated digital education tools, predominantly calculators, with a broader suite of modern, user friendly tools underpinned by quality actuarial services • strengthening its capability in managing and protecting member data by the development of a new data warehouse. The warehouse provides improved reporting and enables the Fund to undertake member data analytics.

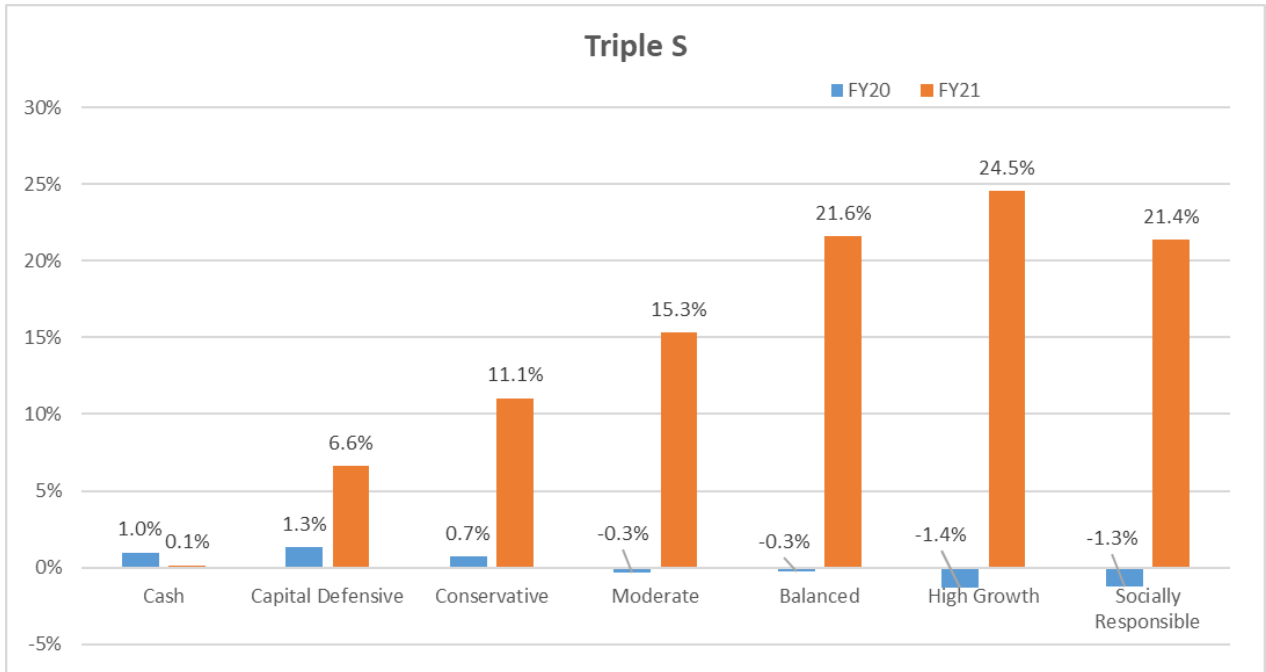
Agency objectives	Indicators	• Performance
<p>Future Proofing - Transform the Fund for long-term sustainability</p>	<p>Strengthen the cyber security and data governance framework to meet industry standards.</p>	<p>We engaged specialist assistance to create a Super SA specific Cyber Security Strategy to further inform and strengthen cyber security.</p> <p>During the current year Super SA has focused on improving data governance maturity in the key areas of data risk, implementing a more systemic and formalised approach to data management and further improving data life-cycle management.</p>

Corporate performance summary

Funds under management



Returns graph



Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2020-2021 are attached to this report.

The total number of members at 30 June 2021 was 212,295 and is consistent with the prior year membership. This figure comprises the following categories of members:

- Triple S active and preserved
- Pension Scheme superannuant, active and preserved
- Lump Sum Scheme active and preserved
- SA Ambulance Service Superannuation Scheme active and preserved
- Super SA Income Stream active, and
- Flexible Rollover Product active.

The value of total assets under management at 30 June 2021 was \$35.3 billion.

Since 30 June 2020, funds under management across the schemes and products administered by the Board rose by \$6.1 billion (21 per cent). This consists of funds under management increasing across the financial year with Triple S Scheme moving from \$19.1 billion to \$23.4 billion, Flexible Rollover Product from \$1.4 billion to \$1.7 billion, the Income Stream from \$3.7 billion to \$4.5 billion, the SA Ambulance Service Superannuation Scheme from \$274 million to \$321 million. The Lump Sum and Pension Schemes moved from \$4.6 billion to \$5.3 billion.

The overall preserved membership increased by 3,659 members to 53,060 members. This increase in preserved membership is driven by an increase in Triple S preserved members, partially offset by a decrease in preserved membership for the remaining schemes.

Below is a summary of the number of preserved members as at 30 June 2021 (preserved membership numbers as at 30 June 2020 is shown for comparison)

	30 June 2020	30 June 2021	change
Members	53,060	49,401	3,659
Triple S (total)	51,961	48,159	3,802
Pension	176	211	(35)
Lump Sum	846	947	(101)
SA Ambulance	77	84	(7)

Other financial information

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

South Australian Superannuation Fund

Geoff Keen, an actuary with Brett & Watson Pty Consulting Actuaries, performed the actuarial review of the South Australian Superannuation Fund (Pension and Lump Sum Schemes) as at 30 June 2019, and the results are contained in a report dated 11 June 2020.

The review was performed to meet the requirements of Section 21 of the *Superannuation Act 1988*, which stipulate that actuarial reviews be undertaken every three years. This Section of the Act requires the Actuary to provide a report on the following aspects:

- the cost of the scheme to the State Government at the time of the report and in the foreseeable future; and
- the proportion of future benefits under Part 5 of the Act that can be met from the Fund.

The Board adopted the following recommendations made by the actuary in respect of the Lump Sum and Pension Schemes:

Pension scheme

- The employer contribution rate for the employer share of the future service cost of the Pension Scheme be maintained at 26.0 per cent of contributors' salaries.
- The Prescribed Proportion of the future Pension Scheme benefits that can be met from the Fund be increased to 15.0 per cent (previously 14%).

Lump Sum Scheme

- The employer contribution rate for the employer share of the future service cost of the Lump Sum Scheme be maintained at 14.75 per cent 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 2022.

Triple S Insurance Pool

A triennial review of the Triple S Insurance Pool as at 30 June 2019 was performed by Ms Catherine Nance, an actuary with PricewaterhouseCoopers (PwC). The report on the review provided for the purposes of Section 17 of the *Southern State Superannuation Act 2009* shows, among other things, that:

- At 30 June 2019, there was a surplus of \$42.1 million in the overall insurance pool in addition to prudential and self-insurance reserves of \$123.1 million. This compares with a surplus of \$36.8 million and reserves of \$104.5 million in 2016, and
- The premiums charged at 30 June 2019 remain appropriate for all products given the current membership profile and claims experience for 2016-2019.

The next actuarial review of the Triple S Insurance Pool is due to be performed as at 30 June 2022.

SA Ambulance Service Superannuation Scheme

Esther Conway, an actuary acting on behalf of Mercer Consulting (Australia) Pty Ltd performed the actuarial review as at 30 June 2020 to meet the requirements of the scheme's governing rules, which stipulate that actuarial reviews are to be undertaken every three years.

As part of the actuarial review, Mercer performed the following:

- Reviewed the scheme's experience for the three year period to 30 June 2020; and
- Recommended contributions to be made by the employer intended to allow the scheme to meet its benefit obligations in an orderly manner, and to reach and maintain an appropriate level of security for members' accrued benefit entitlements.

The Board adopted the following recommendations detailed in the actuary's report dated 20 April 2021.

Scheme

- Review the financing objective annually;
- Reduce the employer contribution rate from 12.0 per cent to 9.5 per cent effective from 1 July 2021.

Self-Insurance

- An increase in the employer contribution rate for the various types of insurance entitlements to 1.11 per cent of base salaries (previously 0.83% of salaries);

- Retain the current premium for voluntary insurance cover of \$1.35 per unit per week;
- Retain the target self-insurance reserve at 200 per cent of expected annual claims; and
- Transfer the self-insurance reserve excess amount of \$2.3 million to the defined benefit assets.

The next actuarial review of the SA Ambulance Superannuation Scheme is due to be performed as at 30 June 2023.

Risk management

Risk and audit at a glance

The Super SA Governance and Risk Team's responsibilities include oversight of risk management, compliance, the Board's anti-money laundering and counter-terrorism financing program, incident management and business continuity management. The Team also manage Internal Audit reviews conducted by an external provider.

Fraud detected in the agency

Category/nature of fraud	Number of instances	Financial Impact to Super SA (\$)
Fraudulent transactions attempted by external parties on member accounts	5	\$ Nil

NB: Fraud reported includes actual and reasonably suspected incidents of fraud.

Strategies implemented to control and prevent fraud

To ensure a strong control environment exists to prevent the occurrence of fraud, the Super SA Office has implemented strong monitoring and validation controls over benefit payments, including verification with members of large benefit payment requests, system based identification of unusual member account activity, validation of proof of identity prior to payment, and independent review and authorisation of all benefit payments.

Regular information is provided to the Super SA Board from internal and external audit, the Audit, Risk and Finance Committee and the Chief Executive.

The Super SA Office maintains the Board's Risk Management Strategy and Plan; a Business Continuity Framework and Plan; an Internal Audit Plan; a Compliance Framework and an Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Program.

Data for previous years is available at:
<https://data.sa.gov.au/data/dataset/departments-of-treasury-and-finance-annual-report-statistics>

Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*:

Nil

Data for previous years is available at:
<https://data.sa.gov.au/data/dataset/departments-of-treasury-and-finance-annual-report-statistics>

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

Reporting required under any other act or regulation

Extension of Time Limits

The Super SA Board has the power to extend time limits under Section 29 of the *Southern State Superannuation Act 2009*, as detailed below. The Board is required to report to the Minister where that action is taken (see below).

Reference	Description	Time Period	No. to be reported to the Minister
Section 25(1a)	An application for review may be made to the Tribunal or the Board (as the case may be) within 3 months after the person receives notice of the decision.		29
Reg. 36AA(1) & SUP 83	The time period a member must apply for an Income Protection benefit	6 months	
Reg 48(8) & (9)	The time period a Triple S member or spouse member has to rollover to the Flexible Rollover Product and continue their Death & TPD or Death Only insurance under the same terms and conditions	60 days	

Other Reporting Requirements

Reference <i>Superannuation Act 1988</i>	Detail	Description	No. to be reported to the Minister
Section 20A(5)	In determining the rate of return for member Contribution Accounts if the Board determines a rate of return that is at variance with the net rate of return achieved by investment of the relevant division of the Fund, the Board must include its reasons for the determination in its report for the relevant financial year.		0
Section 25(2)	If the Minister attributes additional contribution points/months to a contributor The Minister must provide the Board with details of the attribution of contribution points or months and the Board must include those details in its report to the Minister		0
Schedule 3 Administered Schemes	10—Reports (1) Super SA must, in conjunction with each annual report of the Board under this Act, provide a report on the operation of this Schedule in relation to any administered scheme that is within the ambit of a declaration under clause 2(1)(b) during the		0

Reference <i>Superannuation Act 1988</i>	Detail	Description	No. to be reported to the Minister
	<p>financial year to which the annual report relates.</p> <p>(2) A report under subclause (1) must include—</p> <p>(a) a copy of any accounts or financial statements that are required to be audited under this Schedule in respect of each relevant scheme for the financial year; and</p> <p>(b) if a fund has been managed under Part 3 Division 1 in respect of any part of the relevant financial year—a copy of the audited accounts and financial statements for that fund provided by the Superannuation Funds Management Corporation of South Australia.</p>		

Public complaints

Number of public complaints reported

Reporting on the number of complaints received is mandated. If your agency does not have an approved set of complaint categories in place, please use the complaint categories in the table below.

Complaint categories	Sub-categories	Example	Number of Complaints 2020-21
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	1
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	0
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed or absent communication with customer	26
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	11
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard;	0

Complaint categories	Sub-categories	Example	Number of Complaints 2020-21
		not accessible to customers with disabilities	
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	70
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	1
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	36
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	0
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	0
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	0

Complaint categories	Sub-categories	Example	Number of Complaints 2020-21
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	1
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	1
Super SA's specific complaint category / sub-categories (as they are not in the above complaint categories).			
Investments	Investments	Investment fees; Dissatisfaction with investment of assets	7
		Total	154*

*2019-20 Total complaints were 251.

Of the 154 complaints, 62 were related to insurance and 39 of these insurance complaints were regarding a delay. Thirteen complaints were received in regard to insurance premiums (mostly about cover being applied retrospectively and backdated premiums deducted).

Additional Metrics	Total
Number of positive feedback comments	49
Number of negative feedback comments	154 (complaints, see table above)
Total number of feedback comments	203
% complaints resolved within policy timeframes	92%
% complaints resolved within DTF policy timeframes	80%

Data for previous years is available at:
<https://data.sa.gov.au/data/dataset/department-of-treasury-and-finance-annual-report-statistics>

Service Improvements

Service Improvements resulting from complaints or consumer suggestions over 2020-21

- Passing of the Bill in South Australian Parliament which will lead to the introduction of choice of fund and portability for eligible members.
- The office introduced key performance indicators which included a target for decreasing complaints.
- Super SA introduced new values to adhere to in order to provide a better service to our members.
- Updated the delegations to allow particular senior staff to extend the time limit for submission of Board appeals lodged outside of the three month period, rather than it requiring a Board decision.
- Improved wording on letters to members upon preservation of their account to advise that if they had ceased work due to invalidity, they may be eligible to claim their insurance (and any claim must be lodged within two years of ceasing employment).
- Improved wording on the member online portal to alert members of important information and timing when lodging online investment switches.
- Improvement to the wording of investment switch confirmation letters to alert members that the effective dates are different for switches to future contributions compared to switching the accrued balance.
- Continuous enhancements to the administration system.
- An Insurance Business case was submitted to Government exploring several options to improve the product offering and service delivery to members and to minimise risk to Government.

Compliance Statement

Super SA is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector	N
Super SA has communicated the content of PC 039 and the agency’s related complaints policies and procedures to employees.	N

Super SA has its own complaints policy, based on the timelines and processes adopted by the superannuation industry.

Appendix: Audited financial statements 2020-21



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

To the Presiding Member South Australian Superannuation Board

Opinion

I have audited the financial report of the South Australian Superannuation Board for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Superannuation Board as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, the Chief Executive, State Superannuation Office and the Director Finance, State Superannuation Office.

Basis for opinion

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

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

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

The Chief Executive, State Superannuation Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive, State Superannuation Office is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive, State Superannuation Office is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the South Australian Superannuation Board for the financial year ended 30 June 2021.

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

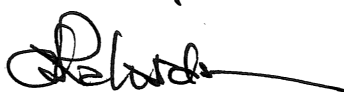
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Superannuation Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive, State Superannuation Office
- conclude on the appropriateness of the Chief Executive, State Superannuation Office's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson

Auditor-General

23 September 2021

South Australian Superannuation Board

Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Income			
Fees and charges	5	37 400	29 354
Interest revenue	6	1	10
Other revenue		75	-
Total income		<u>37 476</u>	<u>29 364</u>
Expenses			
Administration expenses	3	(33 057)	(27 937)
Other expenses	4	(18)	(25)
Total expenses		<u>(33 075)</u>	<u>(27 962)</u>
Total comprehensive result	9	<u>4 401</u>	<u>1 402</u>

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

Statement of Financial Position
as at 30 June 2021

	Note	2021 \$000	2020 \$000
Current assets			
Cash and cash equivalents	11	1 721	4 377
Receivables	7	10 677	18
Non current assets			
Loan receivable	7, 14	559	559
Total assets		<u>12 957</u>	<u>4 954</u>
Current liabilities			
Payables	8	5 375	1 773
Total liabilities		<u>5 375</u>	<u>1 773</u>
Net assets		<u>7 582</u>	<u>3 181</u>
Equity			
Retained earnings	9	559	559
General reserve	9	7 023	2 622
Total equity		<u>7 582</u>	<u>3 181</u>

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

South Australian Superannuation Board

Statement of Changes in Equity
for the year ended 30 June 2021

2021	Note	Retained earnings \$000	Reserves \$000	Total Equity \$000
Opening Balance		559	2 622	3 181
Total comprehensive result		4 401	-	4 401
Transferred to reserves		(4 401)	4 401	-
Closing Balance	9	<u>559</u>	<u>7 023</u>	<u>7 582</u>

2020		Retained earnings \$000	Reserves \$000	Total Equity \$000
Opening Balance		556	1 223	1 779
Total comprehensive result		1 402	-	1 402
Transferred to reserves		(1 399)	1 399	-
Closing Balance	9	<u>559</u>	<u>2 622</u>	<u>3 181</u>

The statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Cash flows from operating activities			
Cash inflows			
Interest received		1	8
Fees and charges paid		29 507	32 327
GST recovered from the ATO		-	85
Cash generated from operations		<u>29 508</u>	<u>32 420</u>
Cash outflows			
Administration expenses paid		(32 095)	(30 203)
Other expenses		(20)	(27)
GST paid to the ATO		(49)	-
Cash (used in) operations		<u>(32 164)</u>	<u>(30 230)</u>
Net cash (used in)/provided by operating activities	11	<u>(2 656)</u>	<u>2 190</u>
Net (decrease)/increase in cash and cash equivalents		(2 656)	2 190
Cash and cash equivalents at the beginning of the period		4 377	2 187
Cash and cash equivalents at the end of the period	11	<u>1 721</u>	<u>4 377</u>

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

South Australian Superannuation Board

Notes to the Financial Statements

1. Objectives and funding

Objectives of the South Australian Superannuation Board

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

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

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

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

2. Significant accounting policies

(a) Statement of compliance

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

The Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Board is a not-for-profit entity. Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Board for the reporting period ending 30 June 2021. Refer to note 2(b).

(b) Impact of standards and statements not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. The assessment of the impact of these new standards and interpretations is set out below.

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

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

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

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

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

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

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

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

AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts

The standard applies to reporting periods beginning on or after 1 January 2021. The standard amends AASB 4 Insurance Contracts (August 2015) and AASB 17 Insurance Contracts (July 2017) as a result of the issuance of International Financial Reporting Standards Amendments to IFRS 17 and extension of the temporary exemption from applying IFRS 9.

The Board has no insurance contracts. The Board has assessed the impact of the new standards on the Board, and has determined there will be no impact on the Board's financial statements.

South Australian Superannuation Board

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

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

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

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

(c) Basis of preparation

The preparation of the financial statements requires:

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

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2021, and comparative information presented.

(d) Comparative information

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

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

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

(e) Rounding

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

(f) Taxation

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

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

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

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

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

(g) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2021 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2021.

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.

South Australian Superannuation Board

(h) *Income and expenses*

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

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

The following are specific recognition criteria:

Income

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

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

Expenses

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

(i) *Current and non-current classification*

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

(j) *Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position includes cash in the Special 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.

(k) *Receivables*

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

Refer to note 14 regarding the Loan Receivable.

(l) *Payables*

Payables include creditors and accrued expenses.

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

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

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

3. Administration expenses

	Note	2021 \$000	2020 \$000
Administration fees		30 536	26 920
Strategic projects	15	2 521	1 017
		33 057	27 937

4. Other expenses

	2021 \$000	2020 \$000
Other expenses ⁽ⁱ⁾	17	25
Election costs	1	-
	18	25

- (i) Other expenses includes amounts paid (or payable) which relate to the Auditor-General's Department work performed under the PFAA. No other services were provided by the Auditor-General's Department. Audit fees for the Board were \$16 600 (2020: \$16 500).

South Australian Superannuation Board

5. Fees and charges

	2021 \$000	2020 \$000
Recovery of administration fees	37 400	29 354

6. Interest revenue

	2021 \$000	2020 \$000
Deposit Account held with the Treasurer	1	7
Loan to Southern Select Super Corporation ⁽ⁱ⁾	-	3
	1	10

(i) Refer note 14.

7. Receivables

	2021 \$000	2020 \$000
Current receivables		
Sundry debtors	83	-
Administration fee recovery	10 576	-
Audit fee recovery	18	18
Total current receivables	10 677	18
Non-current receivables		
Loan receivable ⁽ⁱ⁾	559	559
Total non-current receivables	559	559
Total receivables	11 236	577

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

(i) Refer note 14.

8. Payables

	2021 \$000	2020 \$000
Administration fees payable	4 079	1 469
Strategic project expenses payable	1 271	-
Audit fee payable	18	18
GST input tax payable	7	286
	5 375	1 773

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

9. Retained earnings and reserves

	Opening Balance \$000	Total Comprehensive Result \$000	Transfers (To) Reserve \$000	2021 \$000	2020 \$000
Retained Earnings	559	4 401	(4 401)	559	559
	Opening Balance \$000	Transfers To Reserve \$000	Transfers From Reserve \$000	2021 \$000	2020 \$000
General Reserve ⁽ⁱ⁾	2 622	4 401	-	7 023	2 622

(i) The General Reserve was established in December 2013. The Transfers to Reserve amount represents under spend in office expenditure and interest allocated from July 2020 to June 2021 less strategic projects expenditure.

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

South Australian Superannuation Board

10. Related parties

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

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

(a) Key management personnel

The key management personnel of the Board include the Treasurer, the governing board members, and the Chief Executive and the five members of the Executive Group, State Superannuation Office who have responsibility for the strategic direction and management of the Board.

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

(b) The South Australian Superannuation Board

Gregory Boulton (Presiding Member - Re-appointed 09/09/19)
 Virginia Deegan (Re-appointed 23/07/18)
 Richard Dennis (Appointed 23/07/18)
 Bill Griggs (Re-elected 02/10/18)
 Alison Kimber (Elected 02/10/18)
 Amanda Heyworth (Deputy Member - Appointed 29/11/18)
 Liz Hlipala (Deputy Member - Re-appointed 23/07/18)
 Leah York (Deputy Member - Re-appointed 29/11/18)
 John Wright (Deputy Member - Re-appointed 23/07/18)

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

Virginia Deegan (Convenor - Appointed 23/07/15)
 Gregory Boulton (Appointed 19/12/18)
 Richard Dennis (Appointed 19/12/18)
 John Wright (Appointed 23/07/15)

(d) The South Australian Superannuation Board Member Services Committee

Bill Griggs (Convenor - Appointed 02/10/15)
 Leah York (Appointed 02/10/15)
 Gregory Boulton (Appointed 19/12/18)
 Alison Kimber (Appointed 19/12/18)
 Dascia Bennett (ex officio member November 2017)

(e) Compensation

	2021	2020
	\$000	\$000
Salaries and other short-term employee benefits	246	240

Compensation costs are included in administration expenses.

11. Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash and deposits in the Board's Special Deposit Account held with the Treasurer. 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:

	2021	2020
	\$000	\$000
Cash and cash equivalents	1 721	4 377
Reconciliation of total comprehensive result to net cash provided by operating activities:		
Total comprehensive result	4 401	1 402
Movement in operational assets and liabilities		
(Increase) in receivables	(10 659)	(2)
Increase in payables	3 602	790
Net cash provided by operating activities	(2 656)	2 190

South Australian Superannuation Board

12. Financial instruments

The Board holds all cash in a Special 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.

Interest Rate Risk

Cash and cash equivalents, which represents cash held in a Special Deposit Account 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.

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

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

13. Events after the reporting period

There were no significant events after the reporting period.

14. Southern Select Corporation Loan Arrangement

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

The terms of the loan are set out in Schedule 2 of the *Public Corporations (Southern Select Super Corporation) Regulations 2012* (the Regulations) and the tri-partite Funding Deed between the Board, the 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 2020-21 the Fund did not have a net surplus, but due to the current zero SA Government interest rate there was no interest capitalised (2020: \$3 000).

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 2020-21 there was no principal repayment required (refer to the Fund's Financial Report) (2020: \$Nil).

15. Strategic Projects

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

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

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

16. Coronavirus (COVID-19) impact

Background

COVID-19, which is a respiratory illness caused by a virus, was declared a world wide pandemic by the World Health Organisation in March 2020. COVID-19 has had a significant impact on the domestic and global economy and equity, debt and commodity markets.

Super SA has considered the impact of COVID-19 and provided advice to the Board in preparing its financial statements. Given the dynamic and evolving nature of COVID-19 as well as limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of assets and liabilities may arise in the future. Any such impacts will be accounted for in future accounting periods.

Processes applied

In preparing these financial statements the Board considered the impact of COVID-19 in the:

- evaluation of any areas of judgment or estimation uncertainty;
- stress testing scenarios, which are an integral component of Board's risk management framework, to assess the potential impacts of the COVID-19 pandemic on liquidity; and
- determination of the completeness and appropriateness of financial statement disclosures.

Risk management

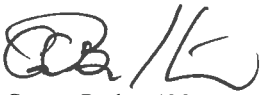
The Board continues to apply its risk management framework and continues to monitor the impact of COVID-19 on its risk profile. The Board is focused on the effects of the global COVID-19 pandemic and is monitoring it as it unfolds.

South Australian Superannuation Board

Certification of the financial report

We certify that the:


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



Gregory Boulton AM
PRESIDING MEMBER
SA SUPERANNUATION BOARD



Dascia Bennett
CHIEF EXECUTIVE
STATE SUPERANNUATION OFFICE



Mark Hordacre
DIRECTOR FINANCE
STATE SUPERANNUATION OFFICE

Date 19/9/21



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

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

Opinion

I have audited the financial report of the South Australian Superannuation Scheme for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Superannuation Scheme as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The consolidated financial report comprises:

- a Statement of Financial Position as at 30 June 2021
- an Income Statement for the year ended 30 June 2021
- a Statement of Changes in Member Benefits for the year ended 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, the Chief Executive, State Superannuation Office and the Director Finance, State Superannuation Office.

Basis for opinion

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

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

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

The Chief Executive, State Superannuation Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive, State Superannuation Office is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive, State Superannuation Office is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 20AB(2) of the *Superannuation Act 1998*, I have audited the financial report of the South Australian Superannuation Scheme for the financial year ended 30 June 2021.

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

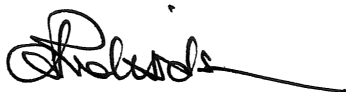
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Superannuation Scheme's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive, State Superannuation Office
- conclude on the appropriateness of the Chief Executive, State Superannuation Office's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson

Auditor-General

23 September 2021

South Australian Superannuation Scheme

Statement of Financial Position as at 30 June 2021

	Note	2021 \$000	2020 \$000
Assets			
Cash and cash equivalents	16	9 472	28 964
Contributions receivable	5	1 116	1 130
Receivables	6	5 017	4 528
Investments	7	5 282 288	4 612 448
Total Assets		5 297 893	4 647 070
Liabilities			
Benefits Payable		10 561	27 262
Payables	9	2 323	105
Total liabilities excluding member benefits		12 884	27 367
Net assets available for member benefits	18	5 285 009	4 619 703
Member benefits			
Defined benefit member liabilities		8 165 734	8 424 560
Defined contribution member liabilities		600 169	554 488
Total member benefits	4	8 765 903	8 979 048
Total net assets/(liabilities)		(3 480 894)	(4 359 345)
Equity			
Defined benefits that are (under) funded		(3 480 894)	(4 359 345)
Total Equity		(3 480 894)	(4 359 345)

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

Income Statement

for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Changes in investments measured at fair value		1 056 704	(22 058)
Interest revenue		5	39
Other revenue		43	-
Total revenue		1 056 752	(22 019)
Investment expenses	10	(18 302)	(33 787)
Higher education expense	13	(8 342)	(8 971)
Administration expenses	11	(7 924)	(4 308)
Total expenses		(34 568)	(47 066)
Result from superannuation activities		1 022 184	(69 085)
Net change in defined benefit member liabilities		(30 980)	67 007
Allocation (from)/to defined contribution members accounts		(112 753)	4 251
Net operating result		878 451	2 173

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

South Australian Superannuation Scheme

Statement of Changes in Member Benefits
for the year ended 30 June 2021

2021	Note	Defined Benefit Component \$000	Defined Contribution Component \$000	Totals \$000
Opening balance as at 1 July 2020		8 424 560	554 488	8 979 048
Contributions for Past Service Liability	14	416 064	-	416 064
Employer contributions	15	27 264	-	27 264
Public Authority employer contributions		31 824	-	31 824
Member contributions		189	10 378	10 567
Transfers from other super entities		3	466	469
Net contributions		475 344	10 844	486 188
Benefits to members		(765 150)	(77 916)	(843 066)
Net benefits allocated, comprising:				
Net investment income		-	113 041	113 041
Administration fees		-	(288)	(288)
Net change in member liabilities		30 980	-	30 980
Closing balance as at 30 June 2021		8 165 734	600 169	8 765 903

2020	Note	Defined Benefit Component \$000	Defined Contribution Component \$000	Totals \$000
Opening balance as at 1 July 2019		8 818 519	624 520	9 443 039
Contributions for Past Service Liability	14	383 140	-	383 140
Employer contributions	15	30 853	-	30 853
Public Authority employer contributions		37 159	-	37 159
Member contributions		655	11 567	12 222
Transfers from other super entities		3	527	530
Net contributions		451 810	12 094	463 904
Benefits to members		(778 762)	(77 875)	(856 637)
Net benefits allocated, comprising:				
Net investment income		-	(3 956)	(3 956)
Administration fees		-	(295)	(295)
Net change in member liabilities		(67 007)	-	(67 007)
Closing balance as at 30 June 2020		8 424 560	554 488	8 979 048

The statement of changes in member benefits should be read in conjunction with the accompanying notes.

South Australian Superannuation Scheme

Statement of Changes in Equity for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
(Under) funded benefits opening balance 1 July		(4 359 345)	(4 361 518)
Net operating result		878 451	2 173
(Under) funded benefits closing balance 30 June		(3 480 894)	(4 359 345)

The statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
GST recoup		568	300
Other income		5	48
Higher education expenses		(8 342)	(8 971)
Administration expenses paid		(6 289)	(4 677)
Net cash flows from operating activities	16	(14 058)	(13 300)
Receipts from the sale of investments from Funds SA		1 250 981	854 008
Payments to Funds SA for the purchase of investments		(882 419)	(421 764)
Net cash flows from investing activities		368 562	432 244
Employer contributions		27 121	30 839
Past service liability contributions		415 995	384 133
Commonwealth and Public Authorities contributions		33 039	37 361
Member contributions		10 556	12 159
Transfers from other superannuation entities		466	300
Pension benefits to members		(653 162)	(638 466)
Benefit payments to members		(208 011)	(222 713)
Net cash flows from financing activities		(373 996)	(396 387)
Net change in cash		(19 492)	22 557
Cash at the beginning of the financial period		28 964	6 407
Cash at the end of the financial period	16	9 472	28 964

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

South Australian Superannuation Scheme

Notes to the Financial Statements

1. Objectives and funding

(a) *South Australian Superannuation Scheme*

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

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

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

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

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

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

(b) *South Australian Superannuation Board*

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

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

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

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

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

(d) *Funding arrangements*

Under section 20B of the Act, any payment made to a contributor must be made out of the Consolidated Account or a Special Deposit Account 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 2021 all payments were made from the Special Deposit Account. Employer contributions for the year have been made at the rate determined by the scheme actuary.

The Treasurer may also seek reimbursement of the employer portion of any such payments from certain employer bodies under agreements made between the Treasurer and/or the Board and those employer bodies. The employer portion of benefits is met from the Account established by the Treasurer to record employer superannuation contributions. The employer portion of payments may be in relation to State Government Departments, Statutory Authorities and former State Government employees now employed by the Commonwealth Government. Employer contributions for these agencies were 26 per cent (2020: 26 per cent) for old scheme contributors and 14.75 per cent (2020: 14.75 per cent) 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

(i) State government departments

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

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

(ii) Statutory authorities

Where the employer 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 Treasurer. 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.

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

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

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

2. Significant accounting policies

(a) Basis of accounting

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

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

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

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

(b) Impact of standards and statements not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. The assessment of the impact of these new standards and interpretations is set out below.

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

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

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

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

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

South Australian Superannuation Scheme

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

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

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

AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts

The standard applies to reporting periods beginning on or after 1 January 2021. The standard amends AASB 4 Insurance Contracts (August 2015) and AASB 17 Insurance Contracts (July 2017) as a result of the issuance of International Financial Reporting Standards Amendments to IFRS 17 and extension of the temporary exemption from applying IFRS 9.

The Scheme has no insurance contracts. The Board has assessed the impact of the new standards on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

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

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

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

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

(c) Financial assets and liabilities

(a) Classification

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

Financial assets and liabilities held for trading

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

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

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

Other financial liabilities

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

(b) Recognition

The Scheme recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Scheme commits to purchase or sell the asset.

(c) Initial Recognition

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

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

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

(d) Subsequent measurement

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

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(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Scheme.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Scheme uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to note 7.

(f) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

(g) Receivables and payables

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

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

(h) Benefits payable

Benefits payable are valued at fair value and relate to members who have ceased employment and provided the Scheme with appropriate notification on or prior to 30 June 2021 but paid after 30 June 2021. These also include pension payments payable on or prior to 30 June 2021 but paid after 30 June 2021.

(i) Revenue recognition

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

Changes in fair values

Changes in the fair value of investments invested with Funds SA are calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point. All changes are recognised in the income statement.

Interest

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

(j) Taxation

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

(k) Goods and services tax (GST)

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

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

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

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

(l) Foreign currency

The functional and presentation currency of the Scheme is Australian dollars, which is the Scheme's primary currency. The Scheme's performance is evaluated and its liquidity managed in Australian dollars. Therefore, the Australian dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

South Australian Superannuation Scheme

(m) Investments

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

(i) Inflation Linked Securities A

The Inflation Linked Securities A 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 are managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

(vi) Diversified Strategies Growth 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 2018). 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. The Coronavirus Special Valuations Guidance March 2020 have been applied in this financial year.

(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 option actively incorporates the consideration of environmental, social and governance factors in their investment decisions and also avoids investing in companies operating in areas of high negative social impact. Previously the Socially Responsible investment option was externally managed by the product provider AMP Capital. As of February 2021, the Socially Responsible Investment is being managed by Funds SA.

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(n) Operation of investment portfolio

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

- High Growth
- Growth (closed 3 February 2021)
- Balanced
- Moderate
- Conservative
- Capital Defensive
- Cash
- 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 Defined Benefit (DB) High Growth Strategy.

Growth to Balanced transition

In August 2020, Super SA and Funds SA undertook a review into the default option. A key change was to increase the Long-Term Strategic Asset Allocation (LTSAA) levels of growth assets within the default Balanced option from 65 per cent to 75 per cent. This change included altering the LTSAA and range for the Growth investment option by increasing the exposure to growth assets. While originally expecting this change to be implemented over multiple years, recent shifts within investment markets have meant the Growth option LTSAA change occurred more quickly than anticipated and resulted in the Growth investment option having growth asset allocations resembling those of the High Growth investment option. The Balanced option has a similar risk profile to the previous LTSAA of the Growth option before the review, with a LTSAA of 75 per cent growth assets. The Growth investment option ceased to be available to investors with all Growth option investments transitioned into the Balanced investment option on 3 February 2021.

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

(o) Member liabilities

Member liabilities are measured at the amount of accrued benefits.

Defined benefit member liabilities are measured as the amount of a portfolio of investments that would be needed, as at the reporting date, to yield future net cash inflows that would be sufficient to meet accrued benefits as at that date when they are expected to fall due.

Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date.

(p) Significant accounting judgements, estimates and assumptions

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

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

Fair value of investments

When the fair values of the investments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including a discounted cash flow model. The inputs in these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of these investments.

Valuation of defined benefits member liabilities

The amount of member liabilities in relation to defined benefits has been determined using actuarial valuation techniques and assumptions. An actuarial valuation involves making various assumptions about the future. Actual developments in the future may differ from these assumptions. The assumptions include member turnover, future investment returns, pension indexation rates, mortality rates and future salary increases. Due to the complexities involved in the valuation and its long term nature, defined benefit member liabilities are highly sensitive to changes in these assumptions. Assumptions are reviewed at each reporting date.

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

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

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(q) Climate change financial risks

The Board acknowledges the likelihood of upcoming climate risk disclosure requirements, such as those that may be recommended by the draft Australian Prudential Regulation Authority (APRA) Prudential Practice Guide CPG229 Climate Change Financial Risks. The Board will work towards appropriate disclosures in the 2021-22 financial year.

3. Defined contribution member liabilities

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

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

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

4. Defined benefit member liabilities

The Scheme engages Mr Geoffrey Keen, Fellow of the Institute of Actuaries of Australia from Brett & Watson Pty Ltd to measure the defined benefits members' liabilities and the employer funded defined benefit component in respect of new scheme contributors.

The actuarial valuation of member liabilities reflects the actuarial assessment of the benefits accrued up to the reporting date and payable to members on retirement, resignation, death and disability. For the old scheme contributors and the employer funded defined benefit component in respect of new scheme contributors, the accrued liabilities are the present values of expected future benefit payments arising from membership of the Scheme up to 30 June 2021.

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

The key assumptions used to determine the values of accrued benefits were:

- The future rate of investment earnings (net of investment taxes and fees): 6.5 per cent per annum (2020: 6.5 per cent);
- The future rate of salary growth: 2.5 per cent per annum (2020: 2.5 per cent); and
- Long term inflation (CPI): 2.0 per cent per annum (2020: 2.0 per cent).

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

	2021		2020	
	Defined Benefit \$000	Defined Contribution \$000	Defined Benefit \$000	Defined Contribution \$000
Member liabilities	8 165 734	600 169	8 765 903	8 979 048

	2021		2020	
	Old Scheme \$000	New Scheme \$000	Old Scheme \$000	New Scheme \$000
SA Superannuation Fund	1 110 437	600 169	1 145 739	554 488
SA Superannuation Scheme contribution account:				
Employer contribution accounts	1 081 945	286 206	1 116 334	289 872
SA Government employer account	4 918 642	510 449	5 072 230	528 334
Public authorities	253 927	4 128	264 832	7 219
	7 364 951	1 400 952	7 599 135	1 379 913
				8 979 048

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

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

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

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

Scenario	Member liability result ^(a) \$M	Change in member benefit liability \$M	Change in member benefit liability %
Base Case	8 166	-	-
Discount rate plus 0.5%	7 857	(309)	(3.8)
Discount rate less 0.5%	8 498	332	4.1
Salary increase rate plus 0.5%	8 184	18	0.2
Salary increase rate less 0.5%	8 148	(18)	(0.2)
Pension increase rate plus 0.5%	8 493	327	4.0
Pension increase rate less 0.5%	7 859	(307)	(3.8)
Mortality rate plus 10%	7 999	(167)	(2.0)
Mortality rate less 10%	8 348	182	2.2

(a) Excludes Lump Sum Scheme accumulation liabilities

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

Vested benefits

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

	Old Scheme \$000	New Scheme \$000	2021 Total \$000	Old Scheme \$000	New Scheme \$000	2020 Total \$000
SA Superannuation Fund	1 111 435	600 169	1 711 604	1 146 941	554 488	1 701 429
SA Superannuation Scheme contribution account:						
Employer contribution accounts	1 083 802	324 027	1 407 829	1 118 853	327 007	1 445 860
SA Government employer account	4 922 377	602 337	5 524 714	5 076 314	618 155	5 694 469
Public authorities	253 927	4 585	258 512	264 954	7 863	272 817
	7 371 541	1 531 118	8 902 659	7 607 062	1 507 513	9 114 575

5. Contributions receivable

	2021 \$000	2020 \$000
Member contributions	266	256
Employer contributions	850	874
	1 116	1 130

6. Receivables

	2021 \$000	2020 \$000
Benefit repayments	190	273
GST recoup from ATO	180	90
Other receivables	56	59
Prepaid benefits	1 891	260
Past service receivable	194	125
Public authorities	2 417	3 658
Temporary disability	89	63
	5 017	4 528

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7. Fair value of financial instruments

Classification of financial Instruments under the fair value hierarchy

AASB 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

Valuation technique

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

There were no changes in valuation techniques during the year.

	2021	2020
	\$000	\$000
Financial assets at fair value through profit or loss - Level 2		
Level 1 and level 3 are not relevant to the Scheme		
Unlisted managed investment schemes	5 282 288	4 612 448
Funds SA	5 282 288	4 612 448

8. Value and movement of investments by investment option

	2021	Movement	2020
	\$000	\$000	\$000
High Growth A	8 472	(14 947)	23 419
Growth A (closed 3 February 2021)	-	(391 741)	391 741
Balanced A	518 518	456 022	62 496
Moderate A	22 995	(1 993)	24 988
Conservative A	22 314	(1 728)	24 042
Capital Defensive A	12 694	3 168	9 526
Cash A	11 912	(5 742)	17 654
Socially Responsible	1 961	1 826	135
DB High Growth Strategy	4 683 422	624 975	4 058 447
Investments at 30 June	5 282 288	669 840	4 612 448

9. Payables

	2021	2020
	\$000	\$000
Audit fees	88	84
Administration expenses	2 235	-
Returned benefit payments	-	21
	2 323	105

10. Investment expenses

	2021	2020
	\$000	\$000
Investment expenses	18 302	33 787

Investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's investment. As a result of a Funds SA accounting policy change, effective in the current period, 2020-21 results report direct investment expenses, and exclude any indirect costs of performance and imputed fees. Prior year results are not directly comparable.

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11. Administration expenses

	2021	2020
	\$000	\$000
Administration expenses ⁽ⁱ⁾	7 815	4 164
Other expenses ⁽ⁱⁱ⁾	109	144
	7 924	4 308

(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. In addition the Board recovers the Scheme's share of the Strategic Projects costs \$Nil (2020: \$137 000).

(ii) Other expenses include Auditor's remuneration. Refer note 12.

12. Auditor's remuneration

	2021	2020
	\$000	\$000
Audit fees paid or payable	79	78

Audit fees paid (or payable), \$78 600 GST exclusive (2020: \$78 100), relate to the Auditor-General's Department work performed under the PFAA. No other services were provided by the Auditor General's Department.

13. Higher education superannuation costs

	2021	2020
	\$000	\$000
Higher education superannuation costs	8 342	8 971

These amounts are paid to the Commonwealth Government that related to the South Australian share of the 2021 higher education superannuation costs under the Commonwealth – State agreement. This agreement provides that the employer component of the superannuation benefits payable to former employees of South Australian universities who were members of one of the main State Schemes, be shared.

14. Contributions for past service liability

	2021	2020
	\$000	\$000
SA Government	415 870	378 492
SA Water	-	4 399
Forestry SA	194	249
	416 064	383 140

15. Employer contributions

	2021	2020
	\$000	\$000
State government departments	18 292	21 154
Statutory authorities – state government entities	7 879	9 568
Statutory authorities – non-state government entities	1 093	131
	27 264	30 853

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16. Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash and deposits in the Scheme's Special Deposit Account held with 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:

	2021	2020
	\$000	\$000
Cash and cash equivalents	9 472	28 964
Reconciliation of operating result to net cash from operating activities		
Net operating result	878 451	2 173
Adjustments for:		
Change in investments measured at fair value	(1 056 704)	22 058
Investment expenses	18 302	33 787
(Increase) in receivables	(79)	(60)
Increase in payables	2 239	-
Allocation to members' accounts	143 733	(71 258)
Net flows from operating activities	(14 058)	(13 300)

17. Financial risk management objectives and policies

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

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

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

- market risk
- credit risk
- liquidity risk.

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

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

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

The 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 as investments include assets denominated in foreign currencies.

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

- Foreign currency exposures in the Diversified Strategies Growth Tax-Exempt, Diversified Strategies Income and Long Term Fixed Interest asset classes are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the International Equities Tax-Exempt and International Equities Passive Tax-Exempt asset classes are 30 per cent 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.

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(ii) Interest rate risk

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

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

Funds SA manages interest rate risk through:

- Ensuring asset allocations of different investment products are consistent with the time horizon of each
- 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 fair value with changes in fair value recognised in the income statement, all changes in market conditions will directly affect investment revenue.

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

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

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

(iv) Investments sensitivity analysis

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

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

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
2021				
Investment Option				
High Growth A	7.6	10.9	15 946	1 738
Growth A (closed 3 February 2021)	7.6	10.9	195 871	21 350
Balanced A	7.0	10.0	290 507	29 051
Moderate A	5.6	7.2	23 992	1 727
Conservative A	4.5	5.1	23 178	1 182
Capital Defensive A	3.3	3.6	11 110	400
Cash A	0.3	1.0	14 783	148
Socially Responsible	6.0	10.3	1 048	108
DB High Growth Strategy	7.6	10.1	4 370 935	441 464
				Potential impact of market risk (+/-) on Income Statement
	Expected Average Return	Market Risk	Average Funds Under Management	
	%	%	\$000	\$000
2020				
Investment Option				
High Growth A	7.7	11.1	26 275	2 917
Growth A	7.7	11.1	431 989	47 951
Balanced A	7.2	10.1	63 127	6 376
Moderate A	6.4	7.4	24 617	1 822
Conservative A	5.7	5.4	23 224	1 254
Capital Defensive A	5.0	3.8	9 167	348
Cash A	3.3	1.0	11 274	113
Socially Responsible	6.4	10.3	962	99
DB High Growth Strategy	7.7	10.2	4 265 857	435 117

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

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

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

(b) Credit risk

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

The fair 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. Funds SA is the Scheme's only significant exposure to any individual counterparty or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

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

(c) Liquidity risk

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

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

- By giving careful consideration to the expected net cash redemption requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions.
- A large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

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

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

	Less than 3 Months \$000	Total Contractual Cash Flows \$000	Carrying Amount Liabilities \$000
2021			
Benefits payable	10 561	10 561	10 561
Payables ⁽ⁱ⁾	-	-	-
Vested benefits ⁽ⁱⁱ⁾	8 902 659	8 902 659	8 902 659
Total	8 913 220	8 913 220	8 913 220
2020			
Benefits payable	27 262	27 262	27 262
Payables ⁽ⁱ⁾	21	21	21
Vested benefits ⁽ⁱⁱ⁾	9 114 575	9 114 575	9 114 575
Total	9 141 858	9 141 858	9 141 858

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

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

(d) Derivative financial instruments

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

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

South Australian Superannuation Scheme

18. Net assets available for member benefits

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

	Old Scheme \$000	New Scheme \$000	2021 Total \$000	2020 Total \$000
SA Superannuation Fund Account (employee component)				
Funds held at 1 July	1 490 069	541 014	2 031 083	2 214 099
Contributions	189	10 378	10 567	12 222
Transfers from other super entities	3	466	469	530
Changes in investments measured at fair value	349 177	113 008	462 185	(9 757)
Interest	1	1	2	11
Other	-	43	43	-
	<u>349 370</u>	<u>123 896</u>	<u>473 266</u>	<u>3 006</u>
Benefits Paid and Payable	94 783	77 916	172 699	170 347
Investment expenses	6 016	2 015	8 031	14 433
Administration expenses	1 777	594	2 371	1 242
	<u>102 576</u>	<u>80 525</u>	<u>183 101</u>	<u>186 022</u>
Funds held at 30 June	<u>1 736 863</u>	<u>584 385</u>	<u>2 321 248</u>	<u>2 031 083</u>
SA Superannuation Scheme Contribution Account (employer component)				
			2021 \$000	2020 \$000
Funds held at 1 July			2 588 620	2 867 422
Employer contributions:				
State Government departments			18 292	21 154
Statutory Authorities			8 972	9 699
Contribution for past service liability			416 064	383 140
			<u>443 328</u>	<u>413 993</u>
Changes in investments measured at fair value			594 519	(12 301)
Bank interest and other revenue:				
Public authorities			31 815	37 136
Interest			3	28
Temporary disability			9	23
			<u>1 069 674</u>	<u>438 879</u>
Benefits paid and payable:				
Old scheme contributors			553 839	562 015
New scheme contributors			116 528	124 275
			<u>670 367</u>	<u>686 290</u>
Investment expenses			10 271	19 354
Higher education superannuation costs			8 342	8 971
Administration expenses			5 553	3 066
			<u>694 533</u>	<u>717 681</u>
Funds held at 30 June			<u>2 963 761</u>	<u>2 588 620</u>
Net assets available for member benefits			<u>5 285 009</u>	<u>4 619 703</u>

19. Coronavirus (COVID-19) impact

Background

COVID-19, which is a respiratory illness caused by a virus, was declared a world wide pandemic by the World Health Organisation in March 2020. COVID-19 has had a significant impact on the domestic and global economy and equity, debt and commodity markets.

Super SA has considered the impact of COVID-19 and provided advice to the Board in preparing its financial statements. Given the dynamic and evolving nature of COVID-19 as well as limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Scheme's assets and liabilities may arise in the future. Any such impacts will be accounted for in future accounting periods.

The impact of COVID-19 on the macroeconomic outlook, including an explanation of the matters considered in determining the Scheme's assumptions in the valuation of defined benefit member liabilities, is outlined in Note 4 to the financial statements. Given the relative uncertainty of the impact of COVID-19 and its social and economic consequences, these assumptions represent reasonable and supportable forward looking views as at the reporting date.

South Australian Superannuation Scheme

COVID-19 Early Release of Superannuation Scheme

On 22 March 2020 the Australian Government announced the COVID-19 Early Release of Superannuation Scheme (ERS) as a temporary measure to stimulate the Australian economy. This scheme allowed eligible members to access up to \$10 000 of their superannuation in both financial years 2019-20 and 2020-21.

The Scheme does not permit the release of current contributors' defined benefits on hardship and compassionate grounds including COVID-19; however, they can take money from any rollover account (if such an account exists). The total rollover balance at 30 June 2021 comprises an insignificant proportion of the overall defined benefit liabilities and as such, any payments that could be made under the Government's COVID-19 Early Release Scheme are immaterial.

For the year ended 30 June 2021 there was \$Nil (2020: \$25 000) paid in Lump Sum member benefits under the ERS.

Processes applied

In preparing these financial statements the Board considered the impact of COVID-19 in the:

- evaluation of any areas of judgment or estimation uncertainty in addition to those disclosed above;
- adoption of significant assumptions and market inputs used in:
 - valuing the Scheme's investments (in particular, unlisted investments);
 - valuing the Scheme's defined benefit member liabilities; and
 - preparing disclosures for the fair value of financial assets and liabilities and financial risk management;
- review of external market communications to identify other COVID-19 related impacts;
- review of public forecasts and experience from previous economic downturns;
- assessment of the fair value of the Scheme's assets and liabilities;
- stress testing scenarios, which are an integral component of the Board's risk management framework, to assess the potential impacts of the COVID-19 pandemic on the Scheme's portfolio valuation and liquidity; and
- determination of the completeness and appropriateness of financial statement disclosures.

Consideration of the Statement of Financial Position and further disclosures

Key items within the statement of financial position and related disclosures impacted by COVID-19 are as follows:

Financial instruments at fair value through profit and loss

Given recent market volatility, Funds SA as the Scheme's investment manager reviewed the appropriateness of inputs to its valuation of financial instruments as well as performing out of cycle valuations. The impact of changes in valuation inputs has also been considered in terms of the classification of financial instruments in the fair value hierarchy, transfers within the fair value hierarchy and the sensitivity analysis. The Scheme's investments include a portfolio of unlisted equity investments which, in accordance with the Scheme's accounting policies, are measured at fair value. The determination of investments carrying value included a consideration of the impact of COVID-19.

Defined benefit member liabilities

Given recent market volatility, the Board on the advice of consulting actuaries reviewed the appropriateness of the significant assumptions used in its valuation of defined benefit member liabilities and disclosures of changes in these assumptions and the impact these may have on the Scheme's defined benefit deficit.

The likely main financial impact of the COVID-19 pandemic on the Scheme is if future investment returns were to be significantly reduced. The assumed investment return both in the long term and for the year ending 30 June 2020 was made to allow for the likely impact of the COVID-19 pandemic, with no further changes being required to be made for the year ending 30 June 2021. While the assumed CPI inflation rate was reduced in 2019-20, the assumed investment return was also reduced by the same amount, offsetting the impact of the reduced CPI inflation rate. No change to either the CPI inflation rate or the assumed investment return rate was required for 2020-21. Refer to Note 4 for more information.

Risk management

The Board's risk management framework continues to be applied across the Scheme's operations. The Board continues to monitor the impact of COVID-19 on the Scheme's risk profile. Non financial risks emerging from global movement restrictions, and remote working by our staff, counterparties and service providers have been identified, assessed, managed and governed through timely application of the Board's risk management framework.

The Board is focused on the effects of the global COVID-19 pandemic and is monitoring it as it unfolds, specifically:

- The Board manages the Scheme's cash flow on a daily basis, and prepares for events that may affect the liquidity position;
- The Investment Manager, Funds SA, actively manages investments in line with the long-term investment strategy, and monitors and responds to movements in global investment markets; and
- Funds SA stress-test liquidity for a range of possible scenarios.

20. Segment information

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

South Australian Superannuation Scheme

21. Related parties

(a) Key management personnel

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

(b) Compensation

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

(c) Transactions with key management personnel and other related parties

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

(d) Transactions with other government entities

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

22. Events after the reporting period

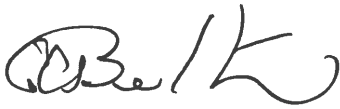
There were no significant events after the reporting period.

South Australian Superannuation Scheme

Certification of the financial report

We certify that the:

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



Gregory Boulton AM
PRESIDING MEMBER
SA SUPERANNUATION BOARD



Dascia Bennett
CHIEF EXECUTIVE
STATE SUPERANNUATION OFFICE



Mark Hordacre
DIRECTOR FINANCE
STATE SUPERANNUATION OFFICE

Date 19/9/21



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

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

Opinion

I have audited the financial report of the Southern State Superannuation Scheme for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Southern State Superannuation Scheme as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Financial Position for the year ended 30 June 2021
- an Income Statement for the year ended 30 June 2021
- a Statement of Changes in Member Benefits for the year ended 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, the Chief Executive, State Superannuation Office and the Director Finance, State Superannuation Office.

Basis for opinion

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

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

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

The Chief Executive, State Superannuation Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive, State Superannuation Office is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy decisions the government has made which affect the continued existence of the entity. The Chief Executive, State Superannuation Office is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 15(3) of the *Southern State Superannuation Act 2009*, I have audited the financial report of the Southern State Superannuation Scheme for the financial year ended 30 June 2021.

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Southern State Superannuation Scheme's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive, State Superannuation Office
- conclude on the appropriateness of the Chief Executive, State Superannuation Office's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson

Auditor-General

23 September 2021

Southern State Superannuation Scheme

Statement of Financial Position as at 30 June 2021

	Note	2021 \$000	2020 \$000
Assets			
Cash and cash equivalents	17	22 037	7 171
Receivables	6	11 883	3 881
Contributions receivable	7	50 821	28 380
Investments	4	23 396 050	19 114 102
Total assets		23 480 791	19 153 534
Liabilities			
Benefits payable		42 069	41 629
Payables	8	7 437	192
Provision for PAYG withholding tax		205	491
Insurance liabilities		19 772	21 126
Total liabilities excluding member benefits		69 483	63 438
Net assets available for member benefits		23 411 308	19 090 096
Member benefit liabilities	3	23 100 589	18 935 303
Total net assets		310 719	154 793
Equity			
Death, invalidity and income protection insurance reserve	9	142 943	161 746
Administration fee reserve	10	25 196	405
Operational risk reserve	11	22 439	36 702
Investment allocation under/(over)	13	120 141	(44 060)
Total equity		310 719	154 793

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

Income Statement for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Net changes in investments measured at fair value		4 115 463	(20 257)
Interest revenue		8	119
Other revenue		478	20
Total revenue		4 115 949	(20 118)
Investment expenses	14	(72 669)	(99 297)
Administration expenses	15	(19 621)	(17 629)
Transfers to other schemes		(9 083)	-
Total expenses		(101 373)	(116 926)
Result from superannuation activities		4 014 576	(137 044)
Net insurance activities		1 046	(3 376)
Result from operating activities		4 015 622	(140 420)
Net benefits allocated to members accounts	12	(3 858 110)	88 574
Net operating result		157 512	(51 846)

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

Southern State Superannuation Scheme

Statement of Changes in Member Benefits
for the year ended 30 June 2021

	2021	2020
	\$000	\$000
Opening balance as at 1 July	18 935 303	18 725 165
Employer contributions	1 257 092	1 203 833
Member contributions	105 374	108 998
Transfers from other super entities	466 468	549 105
Government co-contributions	811	801
Net contributions	1 829 745	1 862 737
Benefits to members	(1 517 223)	(1 561 073)
Insurance premiums charged to members	(49 214)	(48 412)
Insurance benefits credited to members	42 968	45 460
Amounts allocated to members from reserves	900	-
Net benefits allocated to members, comprising:		
Net investment income	3 879 480	(72 406)
Administration fees	(21 370)	(16 168)
Closing balance as at 30 June	23 100 589	18 935 303

The statement of changes in member benefits should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the year ended 30 June 2021

	Admin Fee	Insurance	Operational	(Under)/over	Total Equity
	Reserve	Reserve	Risk Reserve	allocated	
	\$000	\$000	\$000	benefits	\$000
	Note 10	Note 9	Note 11	\$000	\$000
2021					
Opening Balance	405	161 746	36 702	(44 060)	154 793
Net operating result	3 629	31 466	6 042	116 375	157 512
Net transfers to/(from) reserves/equity	21 162	(50 269)	(20 305)	47 826	(1 586)
Closing Balance	25 196	142 943	22 439	120 141	310 719
2020					
Opening Balance	1 970	165 063	35 485	4 121	206 639
Net operating result	(1 565)	(1 817)	(283)	(48 181)	(51 846)
Net transfers (from)/to reserves/equity	-	(1 500)	1 500	-	-
Closing Balance	405	161 746	36 702	(44 060)	154 793

The statement of changes in equity should be read in conjunction with the accompanying notes.

Southern State Superannuation Scheme

Statement of Cash Flows
for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
GST Recoup		2 302	1 353
Other income		64	166
Insurance administration expenses paid		(6 764)	(4 677)
Administration expenses paid		(14 118)	(19 143)
Net cash flows from operating activities	17	<u>(18 516)</u>	<u>(22 301)</u>
Receipts from the sale of investments from Funds SA		1 885 742	769 307
Payments to Funds SA for the purchase of investments		(2 133 297)	(1 019 716)
Net cash flows from investing activities		<u>(247 555)</u>	<u>(250 409)</u>
Employer contributions		1 233 171	1 208 493
Member contributions		104 948	109 064
Government co-contributions		811	801
Transfers from other superannuation entities		466 851	547 396
Benefit payments to members		(1 515 738)	(1 614 638)
Transfer from Insurance Reserve		(9 083)	-
Payments from Operational Risk Reserve		(23)	(113)
Net cash flows from financing activities		<u>280 937</u>	<u>251 003</u>
Net change in cash		14 866	(21 707)
Cash at beginning of the financial period		7 171	28 878
Cash at end of the financial period	17	<u>22 037</u>	<u>7 171</u>

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

Southern State Superannuation Scheme

Notes to the Financial Statements

1. Objectives and funding

(a) *Southern State Superannuation Scheme*

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

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

An employer is required to pay contributions to the Treasurer under section 21 of the Act. The employer contributes 9.50 per cent (2020: 9.50 per cent) of salary where the member has elected to contribute less than 4.5 per cent of salary. Where the member has elected to contribute 4.5 per cent or more of salary, the employer must contribute at a rate of 10 per cent.

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

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

(b) *South Australian Superannuation Board*

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

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

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

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

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

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

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

For further information on the investment of the Fund, 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 (DTF) established for that purpose. During the current reporting period contributions were made to the Special Deposit Account.

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.

Southern State Superannuation Scheme

2. Significant accounting policies

(a) *Basis of accounting*

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

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

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

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. The assessment of the impact of these new standards and interpretations is set out below.

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

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

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

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

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

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

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

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

AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts

The standard applies to reporting periods beginning on or after 1 January 2021. The standard amends AASB 4 Insurance Contracts (August 2015) and AASB 17 Insurance Contracts (July 2017) as a result of the issuance of International Financial Reporting Standards Amendments to IFRS 17 and extension of the temporary exemption from applying IFRS 9.

The insurance disclosures for superannuation entities are contained in AASB 1056, therefore AASB 4 and AASB 17 do not apply. The Board has assessed the impact of the new standards on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

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

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

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

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

Southern State Superannuation Scheme

(c) *Financial assets and liabilities*

(a) **Classification**

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

Financial assets and liabilities held for trading

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

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

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

Other financial liabilities

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

(b) **Recognition**

The Scheme recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Scheme commits to purchase or sell the asset.

(c) **Initial Recognition**

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

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

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

(d) **Subsequent measurement**

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

(e) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Scheme.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Scheme uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to financial statement note 4.

(f) **Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

(g) **Receivables and payables**

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

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

Southern State Superannuation Scheme

(h) Benefits payable

Benefits payable are valued at fair value and relate to members who have ceased employment and provided the Scheme with appropriate notification on or prior to 30 June 2021 but paid after 30 June 2021. These also include income protection payments payable on or prior to 30 June 2021 but paid after 30 June 2021.

(i) Insurance liabilities

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

Insurance activities

	2021 \$000	2020 \$000
Insurance contract revenue	49 214	48 412
Insurance contract claims expenses	(42 968)	(45 460)
Decrease/(Increase) in insurance liabilities	1 354	(1 941)
Net result from insurance activities	7 600	1 011

Significant estimates made in measuring insurance contract asset and liabilities

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

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

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

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

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

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

(j) Revenue recognition

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

Changes in fair values

Changes in the fair value of investments invested with Funds SA are calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point. All changes are recognised in the income statement.

Interest

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

(k) Taxation

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

(l) Goods and services tax (GST)

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

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

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

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

Southern State Superannuation Scheme

(m) Foreign currency

The functional and presentation currency of the Scheme is Australian dollars, which is the Scheme's primary currency. The Scheme's performance is evaluated and its liquidity managed in Australian dollars. Therefore, the Australian dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(n) Investments

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

(i) Inflation Linked Securities A

The Inflation Linked Securities A 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 are managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

(vi) Diversified Strategies Growth 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 2018). 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. The Coronavirus Special Valuations Guidance March 2020 have been applied in this financial year.

(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.

Southern State Superannuation Scheme

(ix) Socially Responsible Investment

The Socially Responsible Investment option actively incorporates the consideration of environmental, social and governance factors in their investment decisions and also avoids investing in companies operating in areas of high negative social impact. Previously the Socially Responsible investment option was externally managed by the product provider AMP Capital. As of February 2021, the Socially Responsible Investment is being managed by Funds SA.

(o) **Operation of investment portfolio**

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

- High Growth
- Growth (closed 3 February 2021)
- Balanced
- Moderate
- Conservative
- Capital Defensive
- Cash
- Socially Responsible Investment

Growth to High Growth transition

In August 2020, Super SA and Funds SA undertook a review into the default option. A key change was to increase the Long-Term Strategic Asset Allocation (LTSAA) levels of growth assets within the default Balanced option from 65 per cent to 75 per cent. This change included altering the LTSAA and range for the Growth investment option by increasing the exposure to growth assets. While originally expecting this change to be implemented over multiple years, recent shifts within investment markets have meant the Growth option LTSAA change occurred more quickly than anticipated and resulted in the Growth investment option having growth asset allocations resembling those of the High Growth investment option. The Growth investment option ceased to be available to investors with all Growth option investments transitioned into the High Growth investment option on 3 February 2021.

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

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

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

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

Fair value of investments

When the fair values of the investments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including a discounted cash flow model. The inputs in these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of these investments.

(q) **Climate change financial risks**

The Board acknowledges the likelihood of upcoming climate risk disclosure requirements, such as those that may be recommended by the draft Australian Prudential Regulation Authority (APRA) Prudential Practice Guide CPG229 Climate Change Financial Risks. The Board will work towards appropriate disclosures in the 2021-22 financial year.

3. **Member benefit liabilities**

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

	2021	2020
	\$000	\$000
Member benefits	23 100 589	18 935 303
As compared to net assets available for member benefits	<u>23 411 308</u>	<u>19 090 096</u>

Southern State Superannuation Scheme

4. Fair value of financial instruments

Classification of financial Instruments under the fair value hierarchy

AASB 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

Valuation technique

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

There were no changes in valuation techniques during the year.

	2021	2020
	\$000	\$000
Financial assets at fair value through profit or loss - Level 2		
Level 1 and level 3 are not relevant to the Scheme		
Unlisted managed investment schemes	23 396 050	19 114 102
Funds SA	<u>23 396 050</u>	<u>19 114 102</u>

5. Value and movement of investments by investment option

	2021	Movement	2020
	\$000	\$000	\$000
High Growth A	2 890 431	1 454 976	1 435 455
Growth A (closed 3 February 2021)	-	(713 320)	713 320
Balanced A	18 739 091	3 630 993	15 108 098
Moderate A	574 516	129 939	444 577
Conservative A	489 397	69 857	419 540
Capital Defensive A	248 881	(28 884)	277 765
Cash A	329 619	(310 347)	639 966
Socially Responsible	124 115	48 734	75 381
Investments at 30 June	<u>23 396 050</u>	<u>4 281 948</u>	<u>19 114 102</u>

6. Receivables

	2021	2020
	\$000	\$000
Refund from ATO for GST	550	438
Interest	-	2
Funds SA receivables	8 402	-
Benefit repayments	837	654
Other receivables	426	1 800
Rollovers receivable	1 668	987
	<u>11 883</u>	<u>3 881</u>

7. Contributions receivable

	2021	2020
	\$000	\$000
Member contributions	1 539	1 069
Employer contributions	49 282	27 311
	<u>50 821</u>	<u>28 380</u>

Southern State Superannuation Scheme

8. Payables

	2021	2020
	\$000	\$000
Audit fees	94	94
Administration expenses	7 343	-
Other payables	-	98
	7 437	192

9. Insurance Reserve

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

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

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

To be eligible for the Income Protection Insurance benefit, a member must be an active member, working full-time or part-time and receiving an employer contribution. Casual employees not automatically provided with Income Protection Insurance 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.

	2021	2020
	\$000	\$000
Opening Balance of Insurance Reserve	161 746	165 063
Investment earnings on Insurance Reserve ⁽ⁱ⁾	31 718	(326)
Premiums and charges	49 214	48 412
Benefit payments	(42 968)	(45 460)
Administration expenses ⁽ⁱⁱ⁾	(6 498)	(4 443)
Operating Result	31 466	(1 817)
Transfer (from) Reserve ⁽ⁱⁱⁱ⁾	(50 269)	(1 500)
Closing balance of Reserve	142 943	161 746

(i) The Insurance Reserve is notionally invested in the Balanced option. The rate of return on earnings in 2021 was 21.63 per cent (2020: (0.3) per cent).

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

(iii) The amount relates to the Board approved transfers out of accumulated investment earnings to the Scheme's Administration Fee Reserve (\$41.2 million), Flexible Rollover Product (\$1.1 million), Income Stream (\$7.9 million), Parliamentary Superannuation Scheme (\$81 000) and Super SA Select (\$26 000).

Southern State Superannuation Scheme

10. Administration Fee Reserve

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

	2021	2020
	\$000	\$000
Opening Balance of Administration Fee Reserve	405	1 970
Investment earnings on Administration Fee Reserve ⁽ⁱ⁾	1 568	(20)
Administration fees	21 370	16 168
Administration expenses ⁽ⁱⁱ⁾	(19 309)	(17 713)
Operating Result	3 629	(1 565)
Transfer to Reserve ⁽ⁱⁱⁱ⁾	21 162	-
Closing balance of Reserve	25 196	405

(i) The Administration Fee Reserve is notionally invested in the Balanced option. The rate of return on earnings in 2021 was 21.63 per cent (2020: (0.3) per cent).

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

(iii) The amount relates to the Board approved transfers in of accumulated investment earnings from the Scheme's Insurance Reserve (\$41.2 million) less a transfer out to offset the Scheme's historical over investment allocation (\$21.6 million). In addition a surplus attributable to sundry interest and fees was recognised as a transfer in to the Reserve (\$1.6 million).

11. Operational Risk Reserve

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

	2021	2020
	\$000	\$000
Opening Balance of Operational Risk Reserve	36 702	35 485
Investment Revenue on Operational Risk Reserve ⁽ⁱ⁾	6 942	(129)
Payments from Reserve	(900)	(154)
Operating Result	6 042	(283)
Transfer (from)/to Reserve ⁽ⁱⁱ⁾	(20 305)	1 500
Closing balance of Reserve	22 439	36 702

(i) The Operational Risk Reserve is notionally invested in the Balanced Option. The rate of return on earnings in 2021 was 21.63 per cent (2020: (0.3) per cent).

(ii) The amount relates to the Board approved transfer out to offset the Scheme's historical over investment allocation.

12. Allocated to members' accounts

The value of funds which have been formally allocated to investor accounts equals the member benefits. The formal allocation of earnings to investors' accounts has been determined for the 2020-21 financial year.

13. Unallocated to members' accounts

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

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

14. Investment expenses

	2021	2020
	\$000	\$000
Investment expenses	72 669	99 297

Investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's investment. As a result of a Funds SA accounting policy change, effective in the current period, 2020-21 results report direct investment expenses, and exclude any indirect costs of performance and imputed fees. Prior year results are not directly comparable.

Southern State Superannuation Scheme

15. Administration expenses

	2021	2020
	\$000	\$000
Administration expenses ⁽ⁱ⁾	19 523	17 497
Other expenses ⁽ⁱⁱ⁾	98	132
	19 621	17 629

(i) Regulation 16 provides for an administrative charge to be debited each year to members' employer contribution accounts and section 10 of the Act provides that administration costs will be paid from the Fund. The purpose of the administration charge is to provide for existing and future costs of administering the Scheme. The amount of the charge is determined by the Board. For the year ended 30 June 2021, the charge was \$1.35 per week per member for all members, active and non-active. In addition, an asset based fee of 0.05 per cent of members' account balances is charged monthly and capped at \$325 per annum. However, the charge for a member with an aggregate balance of \$1 000 or less, is the lesser of the charges applicable to members, or the amount of investment earnings credited to the member's account with a minimum of \$10. These charges are included on member annual statements. For the year ended 30 June 2021 the amount charged to members' employer contribution accounts was \$21.4 million (2020: \$16.2 million).

(ii) Other expenses include Auditor's remuneration (refer Note 16).

16. Auditors' remuneration

	2021	2020
	\$000	\$000
Audit fees paid or payable	79	78

Audit fees paid (or payable), \$78 700 GST exclusive (2020: \$78 300), relate to the Auditor General's Department work performed under the PFAA. No other services were provided by the Auditor General's Department.

17. Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash and deposits in the Scheme's Special Deposit Account held with 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:

	2021	2020
	\$000	\$000
Cash and cash equivalents	22 037	7 171
Reconciliation of operating result to net cash from operating activities		
Net operating result	157 512	(51 846)
Adjustments for:		
Change in investments measured at fair value	(4 115 463)	20 257
Investment expenses	72 669	99 297
Insurance recognition	(7 600)	(1 011)
Transfer from Insurance Reserve	9 083	-
(Increase) in receivables	(170)	(424)
Increase in payables	7 343	-
Allocation to/(from) members' accounts	3 858 110	(88 574)
Net cash outflows from operating activities	(18 516)	(22 301)

18. Financial risk management objectives and policies

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

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

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

- market risk
- credit risk
- liquidity risk.

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

Southern State Superannuation Scheme

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 as investments include assets denominated in foreign currencies.

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

- Foreign currency exposures in the Diversified Strategies Growth Tax-Exempt, Diversified Strategies Income and Long Term Fixed Interest asset classes are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the International Equities Tax-Exempt and International Equities Passive Tax-Exempt asset classes are 30 per cent 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.

(ii) Interest rate risk

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

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

Funds SA manages interest rate risk through:

- Ensuring asset allocations of different investment products are consistent with the time horizon of each
- 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 fair value with changes in fair value recognised in the income statement, all changes in market conditions will directly affect investment revenue.

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

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

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

Southern State Superannuation Scheme

(iv) Investments sensitivity analysis

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

The Funds SA statistics shown below are net of investment management fees and gross of tax. These investment statistics have zero per cent tax rate applied and exclude franking credits.

2021	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
Investment Option	%	%	\$000	\$000
High Growth A	7.6	10.9	2 162 943	235 761
Growth A (closed 3 February 2021)	7.6	10.9	356 660	38 876
Balanced A	7.0	10.0	16 923 595	1 692 359
Moderate A	5.6	7.2	509 547	36 687
Conservative A	4.5	5.1	454 469	23 178
Capital Defensive A	3.3	3.6	263 323	9 480
Cash A	0.3	1.0	484 793	4 848
Socially Responsible	6.0	10.3	99 748	10 274

2020	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
Investment Option	%	%	\$000	\$000
High Growth A	7.7	11.1	1 448 065	160 735
Growth A	7.7	11.1	723 174	80 272
Balanced A	7.2	10.1	15 343 532	1 549 697
Moderate A	6.4	7.4	395 187	29 244
Conservative A	5.7	5.4	386 880	20 891
Capital Defensive A	5.0	3.8	247 588	9 408
Cash A	3.3	1.0	433 068	4 331
Socially Responsible	6.4	10.3	71 182	7 332

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

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

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

(b) **Credit risk**

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

The fair 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. Funds SA is the Scheme's only significant exposure to any individual counterparty or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

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

Southern State Superannuation Scheme

(c) Liquidity risk

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

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

- By giving careful consideration to the expected net cash redemption requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions.
- A large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

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

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

	Less than 3 Months	Total	Carrying
		Contractual Cash Flows	Amount Liabilities
2021			
Benefits payable	\$000	\$000	\$000
Payables ⁽ⁱ⁾	42 069	42 069	42 069
Vested benefits ⁽ⁱⁱ⁾	-	-	-
Total	23 100 589	23 100 589	23 100 589
2020			
Benefits payable	\$000	\$000	\$000
Payables ⁽ⁱ⁾	41 629	41 629	41 629
Vested benefits ⁽ⁱⁱ⁾	98	98	98
Total	18 935 303	18 935 303	18 935 303

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

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

(d) Derivative financial instruments

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

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

19. Coronavirus (COVID-19) impact

Background

COVID-19, which is a respiratory illness caused by a virus, was declared a world wide pandemic by the World Health Organisation in March 2020. COVID-19 has had a significant impact on the domestic and global economy and equity, debt and commodity markets.

Super SA has considered the impact of COVID-19 and provided advice to the Board in preparing its financial statements. Given the dynamic and evolving nature of COVID-19 as well as limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Scheme's assets and liabilities may arise in the future. Any such impacts will be accounted for in future accounting periods.

COVID-19 Early Release of Superannuation Scheme

On 22 March 2020 the Australian Government announced the COVID-19 Early Release of Superannuation Scheme (ERS) as a temporary measure to stimulate the Australian economy. This scheme allowed eligible members to access up to \$10 000 of their superannuation in both financial years 2019-20 and 2020-21.

For the year ended 30 June 2021 the Scheme paid \$59.4 million (2020: \$45.2 million) in member benefits under the ERS.

Southern State Superannuation Scheme

Processes applied

In preparing these financial statements the Board considered the impact of COVID-19 in the:

- evaluation of any areas of judgment or estimation uncertainty in addition to those disclosed above;
- adoption of significant assumptions and market inputs used in:
 - valuing the Scheme's investments (in particular, unlisted investments); and
 - preparing disclosures for the fair value of financial assets and liabilities and financial risk management;
- review of external market communications to identify other COVID-19 related impacts;
- review of public forecasts and experience from previous economic downturns;
- assessment of the fair value of the Scheme's assets and liabilities;
- stress testing scenarios, which are an integral component of the Board's risk management framework, to assess the potential impacts of the COVID-19 pandemic on the Scheme's portfolio valuation and liquidity; and
- determination of the completeness and appropriateness of financial statement disclosures.

Consideration of the Statement of Financial Position and further disclosures

Key items within the statement of financial position and related disclosures impacted by COVID-19 are as follows:

Financial instruments at fair value through profit and loss

Given recent market volatility, Funds SA as the Scheme's investment manager reviewed the appropriateness of inputs to its valuation of financial instruments as well as performing out of cycle valuations. The impact of changes in valuation inputs has also been considered in terms of the classification of financial instruments in the fair value hierarchy, transfers within the fair value hierarchy and the sensitivity analysis. The Scheme's investments include a portfolio of unlisted equity investments which, in accordance with the Scheme's accounting policies, are measured at fair value. The determination of investments carrying value included a consideration of the impact of COVID-19.

Risk management

The Board's risk management framework continues to be applied across the Scheme's operations. The Board continues to monitor the impact of COVID-19 on the Scheme's risk profile. Non financial risks emerging from global movement restrictions, and remote working by our staff, counterparties and service providers have been identified, assessed, managed and governed through timely application of the Board's risk management framework.

The Board is focused on the effects of the global COVID-19 pandemic and is monitoring it as it unfolds, specifically:

- The Board manages the Scheme's cash flow on a daily basis, and prepares for events that may affect the liquidity position;
- The Investment Manager, Funds SA, actively manages investments in line with the long-term investment strategy, and monitors and responds to movements in global investment markets; and
- Funds SA stress-test liquidity for a range of possible scenarios.

20. Segment information

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

21. Related parties

(a) Key management personnel

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

(b) Compensation

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

(c) Transactions with key management personnel and other related parties

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

(d) Transactions with other government entities

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

22. 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:

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



Gregory Boulton AM
PRESIDING MEMBER
SA SUPERANNUATION BOARD



Dascia Bennett
CHIEF EXECUTIVE
STATE SUPERANNUATION OFFICE



Mark Hordacre
DIRECTOR FINANCE
STATE SUPERANNUATION OFFICE

Date 19/9/21



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

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

Opinion

I have audited the financial report of the Super SA Retirement Investment Fund for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Super SA Retirement Investment Fund as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Financial Position as at 30 June 2021
- an Income Statement for the year ended 30 June 2021
- a Statement of Changes in Member Benefits for the year ended 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, the Chief Executive, State Superannuation Office and the Director Finance, State Superannuation Office.

Basis for opinion

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

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

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

The Chief Executive, State Superannuation Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive, State Superannuation Office is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy decisions the government has made which affect the continued existence of the entity. The Chief Executive, State Superannuation Office is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 15(3) of the *Southern State Superannuation Act 2009*, I have audited the financial report of the Super SA Retirement Investment Fund for the financial year ended 30 June 2021.

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

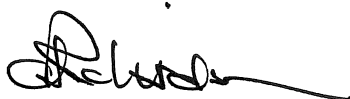
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Super SA Retirement Investment Fund's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive, State Superannuation Office
- conclude on the appropriateness of the Chief Executive, State Superannuation Office's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson

Auditor-General

23 September 2021

Super SA Retirement Investment Fund

Statement of Financial Position

as at 30 June 2021

	Note	2021 \$000	2020 \$000
Assets			
Cash and cash equivalents	12	32 615	38 046
Receivables	4	7 022	1 285
Investments	5	6 246 946	5 162 752
Total Assets		6 286 583	5 202 083
Liabilities			
Benefits payable		8 821	10 527
Payables	7	1 249	3 465
Insurance liabilities		925	865
Provision for PAYG withholding tax		23	48
Income tax payable	11(b)	47 543	17 148
Deferred tax liabilities	11(c)	24 695	10 192
Total liabilities excluding member benefits		83 256	42 245
Net assets available for member benefits		6 203 327	5 159 838
Member benefits			
Income Stream (IS) member benefit liabilities	3	4 463 727	3 746 243
Flexible Rollover Product (FRP) member benefit liabilities	3	1 687 357	1 402 081
Total member benefits		6 151 084	5 148 324
Total net assets		52 243	11 514
Equity			
Administration Fee Reserve	13	22 861	19 785
Insurance Reserve	14	757	1 833
Operational Risk Reserve	15	9 995	13 641
Investment allocation under/(over)	17	18 630	(23 745)
Total equity		52 243	11 514

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

Income Statement

for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Change in investments measured at fair value		911 931	(32 060)
Interest revenue		11	181
Other income		4 572	8 352
Transfers from other schemes		8 976	-
Total revenue		925 490	(23 527)
Investment expenses	8	(18 579)	(25 779)
Administration expenses	9	(4 254)	(3 834)
Total expenses		(22 833)	(29 613)
Result from superannuation activities		902 657	(53 140)
Net insurance activities		790	(428)
Result from operating activities		903 447	(53 568)
Net benefits allocated to IS members accounts		(607 179)	21 826
Net benefits allocated to FRP members accounts		(210 715)	9 764
Operating result before income tax		85 553	(21 978)
Income tax (expense)/benefit	11(a)	(43 288)	11 512
Net operating result		42 265	(10 466)

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

Super SA Retirement Investment Fund

Statement of Changes in Member Benefits as at 30 June 2021

2021	Note	Flexible Rollover Product \$000	Income Stream \$000	Totals \$000
Opening Balance as at 1 July 2020	3	1 402 081	3 746 243	5 148 324
Member contributions		75 764	-	75 764
Government co-contributions		64	-	64
Spouse contributions		297	-	297
Rollovers from other schemes		361 362	707 403	1 068 765
Income tax on rollovers		(34 552)	(51 780)	(86 332)
Net contributions		402 935	655 623	1 058 558
Benefits to members		(327 968)	(545 477)	(873 445)
Insurance premiums charged to members		(501)	-	(501)
Amounts allocated to members from reserves		95	159	254
Net benefits comprising:				
Net investment income		212 619	611 062	823 681
Administration fees		(1 904)	(3 883)	(5 787)
Closing Balance as at 30 June 2021	3	1 687 357	4 463 727	6 151 084

2020	Note	Flexible Rollover Product \$000	Income Stream \$000	Totals \$000
Opening Balance as at 1 July 2019	3	1 298 897	3 595 496	4 894 393
Member contributions		70 580	-	70 580
Government co-contributions		72	-	72
Spouse contributions		300	-	300
Rollovers from other schemes		442 710	829 894	1 272 604
Income tax on rollovers		(41 396)	(58 830)	(100 226)
Net contributions		472 266	771 064	1 243 330
Benefits to members		(359 558)	(598 491)	(958 049)
Insurance premiums charged to members		(501)	-	(501)
Insurance benefits credited to members		741	-	741
Net benefits comprising:				
Net investment income		(8 283)	(16 524)	(24 807)
Administration fees		(1 481)	(5 302)	(6 783)
Closing Balance as at 30 June 2020	3	1 402 081	3 746 243	5 148 324

The statement of changes in member benefits should be read in conjunction with the accompanying notes.

Super SA Retirement Investment Fund

Statement of Changes in Equity for the year ended 30 June 2021

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

	Admin Fee Reserve	Insurance Reserve	Operational Risk Reserve	(Under)/over allocated benefits	Total Equity
	\$000	\$000	\$000	\$000	\$000
	Note 13	Note 14	Note 15		
2020					
Opening Balance	19 111	2 063	11 465	(10 659)	21 980
Net operating result	1 524	(230)	1 326	(13 086)	(10 466)
Net transfers (from)/to reserves/equity	(850)	-	850	-	-
Closing Balance	19 785	1 833	13 641	(23 745)	11 514

The statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
GST recoup		294	271
Other income		14	213
Income tax		1 609	10 881
Administration expenses paid		(3 318)	(4 170)
Net cash flows from operating activities	12	(1 401)	7 195
Receipts from the sale of investments from Funds SA		1 401 296	1 039 397
Payments to Funds SA for the purchase of investments		(1 594 484)	(1 304 923)
Net cash flows from investing activities		(193 188)	(265 526)
Member contributions		75 779	70 565
Spouse contributions		297	300
Government co-contributions		64	72
Net transfers from other superannuation entities		1 065 555	1 275 784
Transfers from other schemes		8 976	-
Payments from the Operational Risk Reserve		(5)	(12)
Income Stream payments		(544 506)	(609 103)
Flexible Rollover Product payments		(330 670)	(365 742)
Contributions tax paid		(86 332)	(100 226)
Net cash flows from financing activities		189 158	271 638
Net change in cash		(5 431)	13 307
Cash at beginning of the financial period		38 046	24 739
Cash at end of the financial period	12	32 615	38 046

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

Super SA Retirement Investment Fund

Notes to the Financial Statements

1. Objectives and funding

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

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

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

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

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

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

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

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

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

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

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

(b) *South Australian Superannuation Board*

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

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

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

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

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

(d) *Funding arrangements*

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

2. Significant accounting policies

(a) *Basis of accounting*

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

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

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

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

Super SA Retirement Investment Fund

(b) Impact of standards and statements not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. The assessment of the impact of these new standards and interpretations is set out below.

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

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

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

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

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

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

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

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

AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts

The standard applies to reporting periods beginning on or after 1 January 2021. The standard amends AASB 4 Insurance Contracts (August 2015) and AASB 17 Insurance Contracts (July 2017) as a result of the issuance of International Financial Reporting Standards Amendments to IFRS 17 and extension of the temporary exemption from applying IFRS 9.

The insurance disclosures for superannuation entities are contained in AASB 1056, therefore AASB 4 and AASB 17 do not apply. The Board has assessed the impact of the new standards on the Fund, and has determined there will be no impact on the Fund's financial statements.

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

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

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

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

(c) Financial assets and liabilities

(a) Classification

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

Financial assets and liabilities held for trading

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

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

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

Other financial liabilities

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

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(b) Recognition

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Fund commits to purchase or sell the asset.

(c) Initial Recognition

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

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

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

(d) Subsequent measurement

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

(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to financial statement note 5.

(f) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

(g) Receivables and payables

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

(h) Benefits payable

Benefits payable are valued at fair value and relate to members who are eligible to receive payment and provided the Fund with appropriate notification on or prior to 30 June 2021 but paid after 30 June 2021.

(i) Insurance liabilities

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

(j) Revenue recognition

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

Changes in fair values

Changes in the fair value of investments invested with Funds SA are calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point. All changes are recognised in the income statement.

Super SA Retirement Investment Fund

Interest

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

(k) Taxation

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

Current tax

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

Deferred tax

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

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

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

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

(l) Goods and services tax (GST)

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

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

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

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

(m) Foreign currency

The functional and presentation currency of the Fund is Australian dollars, which is the Fund's primary currency. The Fund's performance is evaluated and its liquidity managed in Australian dollars. Therefore, the Australian dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(n) Investments

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

(i) Inflation Linked Securities B

The Inflation Linked Securities B 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.

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(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 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 are managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

(vi) Diversified Strategies Growth 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 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 2018). 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. The Coronavirus Special Valuations Guidance March 2020 have been applied in this financial year.

(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 option actively incorporates the consideration of environmental, social and governance factors in their investment decisions and also avoids investing in companies operating in areas of high negative social impact. Previously the Socially Responsible investment option was externally managed by the product provider AMP Capital. As of February 2021, the Socially Responsible Investment is being managed by Funds SA.

Super SA Retirement Investment Fund

(o) Operation of investment portfolio

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

- High Growth
- Growth (closed 3 February 2021)
- Balanced
 - Moderate
 - Conservative
- Capital Defensive
- Cash
- Socially Responsible Investment

Growth to High Growth transition

In August 2020, Super SA and Funds SA undertook a review into the default option. A key change was to increase the Long-Term Strategic Asset Allocation (LTSAA) levels of growth assets within the default Balanced option from 65 per cent to 75 per cent. This change included altering the LTSAA and range for the Growth investment option by increasing the exposure to growth assets. While originally expecting this change to be implemented over multiple years, recent shifts within investment markets have meant the Growth option LTSAA change occurred more quickly than anticipated and resulted in the Growth investment option having growth asset allocations resembling those of the High Growth investment option. The Growth investment option ceased to be available to investors with all Growth option investments transitioned into the High Growth investment option on 3 February 2021.

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

(p) Significant accounting judgements, estimates and assumptions

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

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

Fair value of investments

When the fair values of the investments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including a discounted cash flow model. The inputs in these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of these investments.

(q) Climate change financial risks

The Board acknowledges the likelihood of upcoming climate risk disclosure requirements, such as those that may be recommended by the draft Australian Prudential Regulation Authority (APRA) Prudential Practice Guide CPG229 Climate Change Financial Risks. The Board will work towards appropriate disclosures in the 2021-22 financial year.

3. Member benefit liabilities

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

	Flexible Rollover		Income Stream		Totals	
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Member benefits	1 687 357	1 402 081	4 463 727	3 746 243	6 151 084	5 148 324
As compared to net assets available for member benefits	1 708 177	1 409 486	4 495 150	3 750 352	6 203 327	5 159 838

Super SA Retirement Investment Fund

4. Receivables

	Flexible Rollover				Totals	
	Product		Income Stream			
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Refund from ATO for GST	29	21	74	58	103	79
Interest	-	1	-	2	-	3
Funds SA receivables	2 755	-	4 084	-	6 839	-
Other receivables	38	15	42	38	80	53
Contributions receivable	-	15	-	-	-	15
Rollovers receivable	-	1 050	-	85	-	1 135
	2 822	1 102	4 200	183	7 022	1 285

5. Fair value of financial instruments

Classification of financial instruments under the fair value hierarchy

AASB 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

Valuation technique

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

There were no changes in valuation techniques during the year.

Financial assets at fair value through profit or loss - Level 2	Flexible Rollover				Totals	
	Product		Income Stream			
	2021	2020	2021	2020	2021	2020
Level 1 and level 3 are not relevant to the Fund	\$000	\$000	\$000	\$000	\$000	\$000
Unlisted managed investment schemes	1 742 837	1 420 307	4 504 109	3 742 445	6 246 946	5 162 752
Funds SA	1 742 837	1 420 307	4 504 109	3 742 445	6 246 946	5 162 752

6. Value and movement of investments by investment option

Income Stream

	2021	Movement	2020
	\$000	\$000	\$000
High Growth	369 058	287 545	81 513
Growth (closed 3 February 2021)	-	(204 002)	204 002
Balanced	1 940 587	466 715	1 473 872
Moderate	740 244	188 244	552 000
Conservative	558 356	131 642	426 714
Capital Defensive	200 283	(21 032)	221 315
Cash	118 441	(131 399)	249 840
Socially Responsible	55 165	17 397	37 768
Investments at 30 June	3 982 134	735 110	3 247 024

Super SA Retirement Investment Fund

Income Stream (Transition to Retirement)

	2021 \$000	Movement \$000	2020 \$000
High Growth	57 343	35 753	21 590
Growth (closed 3 February 2021)	-	(27 782)	27 782
Balanced	283 999	16 385	267 614
Moderate	95 532	15 538	79 994
Conservative	49 446	9 353	40 093
Capital Defensive	9 510	(7 851)	17 361
Cash	15 823	(21 109)	36 932
Socially Responsible	10 322	6 267	4 055
Investments at 30 June	521 975	26 554	495 421

Flexible Rollover

	2021 \$000	Movement \$000	2020 \$000
High Growth	262 960	186 534	76 426
Growth (closed 3 February 2021)	-	(121 473)	121 473
Balanced	863 821	227 313	636 508
Moderate	216 998	47 321	169 677
Conservative	179 550	38 859	140 691
Capital Defensive	95 529	482	95 047
Cash	92 155	(67 842)	159 997
Socially Responsible	31 824	11 336	20 488
Investments at 30 June	1 742 837	322 530	1 420 307

Total

	2021 \$000	Movement \$000	2020 \$000
High Growth	689 361	509 832	179 529
Growth (closed 3 February 2021)	-	(353 257)	353 257
Balanced	3 088 407	710 413	2 377 994
Moderate	1 052 774	251 103	801 671
Conservative	787 352	179 854	607 498
Capital Defensive	305 322	(28 401)	333 723
Cash	226 419	(220 350)	446 769
Socially Responsible	97 311	35 000	62 311
Investments at 30 June	6 246 946	1 084 194	5 162 752

7. Payables

	Flexible Rollover		Income Stream		Totals	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Audit fees payable	12	13	37	35	49	48
Administration fees	288	-	912	-	1 200	-
Rollovers refundable	-	328	-	3 089	-	3 417
	300	341	949	3 124	1 249	3 465

8. Investment expenses

	Flexible Rollover		Income Stream		Totals	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Investment expenses	5 100	7 039	13 479	18 740	18 579	25 779

Investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Fund based on the Fund's investments. As a result of a Funds SA accounting policy change, effective in the current period, 2020-21 results report direct investment expenses, and exclude any indirect costs of performance and imputed fees. Prior year results are not directly comparable.

Super SA Retirement Investment Fund

9. Administration expenses

	Flexible Rollover				Totals	
	Product		Income Stream		2021	2020
	2021	2020	2021	2020		
Administration expenses	1 006	1 007	3 196	2 759	4 202	3 766
Other expenses ⁽ⁱ⁾	12	19	40	49	52	68
	1 018	1 026	3 236	2 808	4 254	3 834

(i) Other expenses include Auditor's remuneration. Refer note 10.

10. Auditors' remuneration

	2021	2020
	\$000	\$000
Audit fees paid or payable	45	44

Audit fees paid (or payable), \$44 600 GST exclusive (2020: \$44 300), relate to the Auditor-General's Department work performed under the PFAA. No other services were provided by the Auditor General's Department.

11. Income tax

	Flexible Rollover				Totals	
	Product		Income Stream		2021	2020
	2021	2020	2021	2020		
Major components of income tax benefit/(expense)						
(a) Current income tax (expense)/benefit						
Current tax charge	(15 713)	(3 963)	(12 976)	4 263	(28 689)	300
Adjustment to current tax for prior periods	(112)	(68)	16	113	(96)	45
Relating to the originating and reversal of temporary differences	(9 678)	6 729	(4 825)	4 438	(14 503)	11 167
Income tax (expense)/benefit	(25 503)	2 698	(17 785)	8 814	(43 288)	11 512
Reconciliation between income tax expenses and the accounting profit before Net operating result before tax						
Net operating result before tax	39 508	(5 422)	46 045	(16 556)	85 553	(21 978)
Tax applicable at the rate of 15% (2020: 15%)	(5 926)	813	(6 907)	2 483	(12 833)	3 296
Tax effect of expenses that are not assessable/or deductible in determining taxable income:						
Non deductible expenses	-	-	(91)	(53)	(91)	(53)
Tax effect of income/(losses) that are not assessable or deductible in determining taxable income:						
Investment revenue	8 722	(2 392)	52 459	(166)	61 181	(2 558)
Exempt pension income	-	-	20 807	(4 751)	20 807	(4 751)
Tax effect of other adjustments:						
Imputation and foreign tax credits	3 307	2 849	6 941	7 913	10 248	10 762
(Over)/under provision prior period	(112)	(68)	16	113	(96)	45
Self-Insurance deduction	76	62	-	-	76	62
Net benefit allocated to members	(31 546)	1 429	(91 101)	3 275	(122 647)	4 704
Deductible financial planning fees	(24)	5	-	-	(24)	5
Income tax (expense)/benefit	(25 503)	2 698	(17 785)	8 814	(43 379)	11 512

Super SA Retirement Investment Fund

Income tax cont.	Flexible Rollover				Totals	
	Product		Income Stream			
	2021	2020	2021	2020		
	\$000	\$000	\$000	\$000	\$000	
(b) Current tax liabilities						
Balance at beginning of year	9 152	1 200	7 996	5 412	17 148	6 612
Income tax paid - current period	(28 852)	(36 207)	(38 626)	(36 920)	(67 478)	(73 127)
Income tax paid - prior periods	(9 264)	(1 268)	(7 981)	(14 951)	(17 245)	(16 219)
Current years income tax provision	50 265	45 359	64 757	54 568	115 022	99 927
Under/(Over) provision prior period	112	68	(16)	(113)	96	(45)
Current tax liabilities	21 413	9 152	26 130	7 996	47 543	17 148

(c) Deferred tax liabilities/(assets)

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

Accrued expenses	(2)	(2)	(1)	(1)	(3)	(3)
Unrealised capital losses/(gains) carried forward (discounted)	21 125	11 447	3 573	(1 252)	24 698	10 195
Deferred tax liabilities/(assets)	21 123	11 445	3 572	(1 253)	24 695	10 192

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

12. Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash and deposits in the Flexible Rollover Product and Income Stream Deposit Accounts held with 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				Totals	
	Product		Income Stream			
	2021	2020	2021	2020		
	\$000	\$000	\$000	\$000	\$000	
Cash and cash equivalents	9 536	15 839	23 079	22 207	32 615	38 046

Reconciliation of operating result to net cash from operating activities

Net operating result	14 005	(2 724)	28 260	(7 742)	42 265	(10 466)
Adjustments for:						
Change in investments measured at fair value	(253 295)	7 550	(658 636)	24 510	(911 931)	32 060
Investment expenses	5 100	7 039	13 479	18 740	18 579	25 779
Administration fee received	(1 158)	(777)	(3 414)	(7 575)	(4 572)	(8 352)
Net insurance movement	(441)	438	-	-	(441)	438
(Increase) in receivables	(1 833)	(840)	(4 017)	(236)	(5 850)	(1 076)
Increase/(decrease) in payables	22 625	2 051	20 030	(1 649)	42 655	402
Allocation to members accounts	210 715	(9 764)	607 179	(21 826)	817 894	(31 590)
Net cash (outflows)/inflows from operating activities	(4 282)	2 973	2 881	4 222	(1 401)	7 195

Super SA Retirement Investment Fund

13. Administration Fee Reserve

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

	Flexible Rollover		Income Stream		Totals	
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	(202)	(857)	19 987	19 968	19 785	19 111
Investment earnings ⁽ⁱ⁾	102	-	3 941	(34)	4 043	(34)
Administration fees	1 120	777	3 372	4 599	4 492	5 376
Administration expenses	(990)	(1 022)	(3 158)	(2 796)	(4 148)	(3 818)
Operating result	232	(245)	4 155	1 769	4 387	1 524
Transfer to/(from) Reserve ⁽ⁱⁱ⁾	5 546	900	(6 857)	(1 750)	(1 311)	(850)
Closing balance	5 576	(202)	17 285	19 987	22 861	19 785

- (i) The Administration Reserves are notionally invested in the Balanced Option. The rate of return on earnings were 19.44 per cent (2020: (0.48) per cent) (FRP), 21.30 per cent (2020: (0.20) per cent) (IS) and 19.95 per cent (2020: (0.45) per cent) (TRIS).
- (ii) The Flexible Rollover Product amount relates to the Board approved transfers in of accumulated investment earnings from the Triple S Scheme's Insurance Reserve (\$1.1 million), accumulated investment earnings from the FRP Insurance Reserve (\$1.9 million) and a transfer in to offset the historical under investment allocation (\$1.9 million). In addition a surplus attributable to sundry interest and fees was recognised as a transfer in to the Reserve (\$600 000). The Income Stream amount relates to the Board approved transfers in of accumulated investment earnings from the Triple S Scheme's Insurance Reserve (\$7.9 million) and a transfer out to offset the historical over investment allocation (\$15.7 million). In addition a surplus attributable to sundry interest and fees was recognised as a transfer in to the Reserve (\$950 000).

14. Insurance Reserve

The surplus attributable to the insurance pool for the Flexible Rollover Product was initially recognised in March 2014 as an Insurance Reserve and operates on a self insurance basis. This reserve is credited with insurance deductions from member accounts and debited with the value of benefits paid to members. Insurance is not offered through Income Stream.

	Flexible Rollover		Income Stream		Totals	
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	1 833	2 063	-	-	1 833	2 063
Investment earnings ⁽ⁱ⁾	349	10	-	-	349	10
Premiums and charges	501	501	-	-	501	501
Benefit payments	-	(741)	-	-	-	(741)
Operating result	850	(230)	-	-	850	(230)
Transfer (from) Reserve ⁽ⁱⁱ⁾	(1 926)	-	-	-	(1 926)	-
Closing balance	757	1 833	-	-	757	1 833

- (i) The Insurance Reserve is notionally invested in the Balanced option. The rate of return on earnings was 19.44 per cent (2020: (0.48) per cent).
- (ii) The amount relates to the Board approved transfers out of accumulated investment earnings to the Flexible Rollover Product Administration Fee Reserve.

15. Operational Risk Reserve

The Operational Risk Reserves (ORR) for Income Stream and Flexible Rollover Product were established at 31 December 2012 of 0.20 per cent of funds under management. From April 2016, members were charged a fee (0.04 per cent FRP, 0.05 per cent IS/TRIS) via a reduction to the unit prices in order to build the reserves to a target rate (0.45 per cent FRP, 0.20 per cent IS/TRIS) of funds under management. From March 2018, the fee charged to FRP members was increased from 0.04 per cent to 0.05 per cent, IS/TRIS remained unchanged at 0.05 per cent until June 2019. From July 2019 to December 2019 the fee charged to IS/TRIS members was reduced to 0.025 per cent, from January 2020 the rate was further reduced to 0.0125 per cent and remained unchanged for the year ended 30 June 2021. The FRP rate again remained unchanged at 0.05 per cent for the year.

Super SA Retirement Investment Fund

Operational Risk Reserve cont.

	Flexible Rollover		Income Stream		Totals	
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	3 649	2 971	9 992	8 494	13 641	11 465
Investment earnings ⁽ⁱ⁾	734	(23)	1 858	(49)	2 592	(72)
ORR fee	784	704	511	703	1 295	1 407
Payments from Reserve	(95)	(3)	(159)	(6)	(254)	(9)
Operating result	1 423	678	2 210	648	3 633	1 326
Transfer (from)/to Reserve ⁽ⁱⁱ⁾	-	-	(7 279)	850	(7 279)	850
Closing balance	5 072	3 649	4 923	9 992	9 995	13 641

(i) The ORRs are notionally invested in the Balanced Option. The rate of return on earnings were 19.44 per cent (2020: (0.48) per cent) (FRP), 21.30 per cent (2020: (0.20) per cent) (IS) and 19.95 per cent (2020: (0.45) per cent) (TRIS).

(ii) The amount relates to the Board approved transfer out to offset the Income Stream historical over investment allocation.

16. Financial risk management objectives and policies

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

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

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

- market risk
- credit risk
- liquidity risk.

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 a change in foreign exchange rates.

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

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

- Foreign currency exposures in the Diversified Strategies Growth Taxable, Diversified Strategies Income, Long Term Fixed Interest and Inflation Linked Securities Taxable asset classes are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the International Equities Taxable and International Equities Passive Taxable asset classes are 22 per cent hedged to Australian dollars.

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

Super SA Retirement Investment Fund

(ii) Interest rate risk

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

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

Funds SA manages interest rate risk through:

- Ensuring asset allocations of different investment products are consistent with the time horizon of each
- The use of specialist external investment managers to manage Funds SA’s cash and fixed income portfolios
- The Fund’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 Fund’s financial instruments are valued at fair value with changes in fair value recognised in the income statement, all changes in market conditions will directly affect investment revenue.

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

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

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

(iv) Investments sensitivity analysis

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

Income Stream

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

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
2021				
Investment Option				
High Growth B	7.9	10.9	225 286	24 556
Growth B (closed 3 February 2021)	7.9	10.9	102 001	11 118
Balanced B	7.3	10.0	1 707 230	170 723
Moderate B	5.8	7.1	646 122	45 875
Conservative B	4.7	5.1	492 535	25 119
Capital Defensive B	3.4	3.5	210 799	7 378
Cash B	0.3	1.0	184 141	1 841
Socially Responsible B	6.3	10.2	46 467	4 740

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
2020				
Investment Option				
High Growth B	8.1	11.1	82 858	9 197
Growth B	8.1	11.1	213 632	23 713
Balanced B	7.6	10.2	1 484 658	151 435
Moderate B	6.6	7.4	519 273	38 426
Conservative B	5.8	5.4	423 344	22 861
Capital Defensive B	5.1	3.8	204 665	7 777
Cash B	3.3	1.0	173 941	1 739
Socially Responsible B	6.7	10.3	34 505	3 554

Super SA Retirement Investment Fund

Income Stream Transition to Retirement

The statistics shown below are averages calculated over 10 years, net of investment management fees and gross of tax. These investment statistics have a 15 per cent tax rate applied and includes franking credits.

	Expected Average Return	Market Risk	Average Funds Under Management \$000	Potential impact of market risk on Income Statement (+/-) \$000
2021				
Investment Option	%	%	\$000	\$000
High Growth B	7.0	10.9	39 467	4 302
Growth B (closed 3 February 2021)	7.0	10.9	13 891	1 514
Balanced B	6.4	10.0	275 807	27 581
Moderate B	5.1	7.1	87 763	6 231
Conservative B	4.1	5.1	44 770	2 283
Capital Defensive B	3.0	3.5	13 436	470
Cash B	0.3	1.0	26 378	264
Socially Responsible B	5.9	10.3	7 189	740

	Expected Average Return	Market Risk	Average Funds Under Management \$000	Potential impact of market risk on Income Statement (+/-) \$000
2020				
Investment Option	%	%	\$000	\$000
High Growth B	7.0	11.1	32 499	3 607
Growth B	7.0	11.1	28 573	3 172
Balanced B	6.5	10.2	314 695	32 099
Moderate B	5.7	7.4	80 735	5 974
Conservative B	5.1	5.4	40 847	2 206
Capital Defensive B	4.4	3.8	17 332	659
Cash B	2.8	1.0	25 358	254
Socially Responsible B	5.9	10.3	4 060	418

Flexible Rollover Product

The statistics shown below are averages calculated over 10 years, net of investment management fees and gross of tax. These investment statistics have a 15 per cent tax rate applied and includes franking credits.

	Expected Average Return	Market Risk	Average Funds Under Management \$000	Potential impact of market risk on Income Statement (+/-) \$000
2021				
Investment Option	%	%	\$000	\$000
High Growth B	7.0	10.9	169 693	18 497
Growth B (closed 3 February 2021)	7.0	10.9	60 737	6 620
Balanced B	6.4	10.0	750 165	75 016
Moderate B	5.1	7.1	193 338	13 727
Conservative B	4.1	5.1	160 121	8 166
Capital Defensive B	3.0	3.5	95 288	3 335
Cash B	0.3	1.0	126 076	1 261
Socially Responsible B	5.9	10.3	26 156	2 694

Super SA Retirement Investment Fund

Flexible Rollover Product cont.

2020 Investment Option	Expected Average Return %	Market Risk %	Average Funds Under Management \$000	Potential impact of market risk on Income Statement (+/-) \$000
High Growth B	7.0	11.1	68 525	7 606
Growth B	7.0	11.1	129 587	14 384
Balanced B	6.5	10.2	649 568	66 256
Moderate B	5.7	7.4	171 128	12 663
Conservative B	5.1	5.4	135 720	7 329
Capital Defensive B	4.4	3.8	94 284	3 583
Cash B	2.8	1.0	107 108	1 071
Socially Responsible B	5.9	10.3	17 837	1 837

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

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

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

(b) Credit risk

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

The fair value of financial assets, included in the statement of financial position represents the Fund's maximum exposure to credit risk in relation to those assets. Funds SA is the Fund's only significant exposure to any individual counterparty or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

The Fund does not have any assets which are past due or impaired and there is no concentration of credit risk other than Funds SA.

(c) Liquidity risk

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

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

- By giving careful consideration to the expected net cash redemption requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions.
- A large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

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

Super SA Retirement Investment Fund

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

	Less than 3	Total	Carrying
	Months	Contractual Cash Flows	Amount Liabilities
2021			
Benefits payable	\$000	\$000	\$000
Payables ⁽ⁱ⁾	8 821	8 821	8 821
Vested benefits ⁽ⁱⁱ⁾	-	-	-
Total	6 151 084	6 151 084	6 151 084
2020			
Benefits payable	\$000	\$000	\$000
Payables ⁽ⁱ⁾	10 527	10 527	10 527
Vested benefits ⁽ⁱⁱ⁾	3 417	3 417	3 417
Total	5 148 324	5 148 324	5 148 324

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

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

(d) Derivative financial instruments

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

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

17. Unallocated to members' accounts

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

The Fund also values the investments reported in the financial statements at fair value (refer notes 2(c)(e) and 5), while the unit prices used to determine the member benefit liabilities are based on the underlying investment movements using redemption value (refer note 3). The redemption value is adjusted for disposal costs. This difference in valuation methods is reflected in the investment allocation amount in the statement of financial position.

18. Coronavirus (COVID-19) impact

Background

COVID-19, which is a respiratory illness caused by a virus, was declared a world wide pandemic by the World Health Organisation in March 2020. COVID-19 has had a significant impact on the domestic and global economy and equity, debt and commodity markets.

Super SA has considered the impact of COVID-19 and provided advice to the Board in preparing its financial statements. Given the dynamic and evolving nature of COVID-19 as well as limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Fund's assets and liabilities may arise in the future. Any such impacts will be accounted for in future accounting periods.

COVID-19 Early Release of Superannuation Scheme

On 22 March 2020 the Australian Government announced the COVID-19 Early Release of Superannuation Scheme (ERS) as a temporary measure to stimulate the Australian economy. This scheme allowed eligible members to access up to \$10 000 of their superannuation in both financial years 2019-20 and 2020-21.

For the year ended 30 June 2021 the Fund paid \$945 000 (2020: \$831 000) in member benefits under the ERS.

Super SA Retirement Investment Fund

Processes applied

In preparing these financial statements the Board considered the impact of COVID-19 in the:

- evaluation of any areas of judgment or estimation uncertainty in addition to those disclosed above;
- adoption of significant assumptions and market inputs used in:
 - valuing the Fund's investments (in particular, unlisted investments); and
 - preparing disclosures for the fair value of financial assets and liabilities and financial risk management;
- review of external market communications to identify other COVID-19 related impacts;
- review of public forecasts and experience from previous economic downturns;
- assessment of the fair value of the Fund's assets and liabilities;
- stress testing scenarios, which are an integral component of the Board's risk management framework, to assess the potential impacts of the COVID-19 pandemic on the Fund's portfolio valuation and liquidity; and
- determination of the completeness and appropriateness of financial statement disclosures.

Consideration of the Statement of Financial Position and further disclosures

Key items within the statement of financial position and related disclosures impacted by COVID-19 are as follows:

Financial instruments at fair value through profit and loss

Given recent market volatility, Funds SA as the Fund's investment manager reviewed the appropriateness of inputs to its valuation of financial instruments as well as performing out of cycle valuations. The impact of changes in valuation inputs has also been considered in terms of the classification of financial instruments in the fair value hierarchy, transfers within the fair value hierarchy and the sensitivity analysis. The Fund's investments include a portfolio of unlisted equity investments which, in accordance with the Fund's accounting policies, are measured at fair value. The determination of investments carrying value included a consideration of the impact of COVID-19.

Recoverability of Deferred Tax Balances

In assessing whether a deferred tax asset can be recognised and given the macro-economic conditions arising from COVID-19 existed at the reporting date, the Board has ensured the projections of future taxable earnings is robust and based on reasonable assumptions regarding the Fund's future investment performance and taxable contribution levels.

Risk management

The Board's risk management framework continues to be applied across the Fund's operations. The Board continues to monitor the impact of COVID-19 on the Fund's risk profile. Non financial risks emerging from global movement restrictions, and remote working by our staff, counterparties and service providers have been identified, assessed, managed and governed through timely application of the Board's risk management framework.

The Board is focused on the effects of the global COVID-19 pandemic and is monitoring it as it unfolds, specifically:

- The Board manages the Fund's cash flow on a daily basis, and prepares for events that may affect the liquidity position;
- The Investment Manager, Funds SA, actively manages investments in line with the long-term investment strategy, and monitors and responds to movements in global investment markets; and
- Funds SA stress-test liquidity for a range of possible scenarios.

19. Segment information

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

20. Related parties

(a) Key management personnel

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

(b) Compensation

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

(c) Transactions with key management personnel and other related parties

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

(d) Transactions with other government entities

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

21. Events after the reporting period

There were no significant events after the reporting period.

Super SA Retirement Investment Fund

Certification of the financial report

We certify that the:

- Financial statements of the Super SA Retirement Investment Fund:
 - are in accordance with the accounts and records of the Fund;
 - comply with relevant Treasurer's instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Fund at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Fund for the financial year over its financial reporting and its preparation of financial statements have been effective.



Gregory Boulton AM
PRESIDING MEMBER
SA SUPERANNUATION BOARD



Dascia Bennett
CHIEF EXECUTIVE
STATE SUPERANNUATION OFFICE



Mark Hordacre
DIRECTOR FINANCE
STATE SUPERANNUATION OFFICE

Date 19/9/21



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

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

Opinion

I have audited the financial report of the South Australian Ambulance Service Superannuation Scheme for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Ambulance Service Superannuation Scheme as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Financial Position as at 30 June 2021
- an Income Statement for the year ended 30 June 2021
- a Statement of Changes in Member Benefits for the year ended 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, the Chief Executive, State Superannuation Office and the Director Finance, State Superannuation Office.

Basis for opinion

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

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

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

The Chief Executive, State Superannuation Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive, State Superannuation Office is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive, State Superannuation Office is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 9 of schedule 3 of the *Superannuation Act 1988*, I have audited the financial report of the South Australian Ambulance Service Superannuation Scheme for the financial year ended 30 June 2021.

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Ambulance Service Superannuation Scheme's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive, State Superannuation Office
- conclude on the appropriateness of the Chief Executive, State Superannuation Office's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson

Auditor-General

23 September 2021

South Australian Ambulance Service Superannuation Scheme

Statement of Financial Position as at 30 June 2021

	Note	2021 \$000	2020 \$000
Assets			
Cash and cash equivalents	13	839	493
Receivables	7	11	8
Contributions receivable		5	5
Investments	5, 6	320 722	274 200
Total assets		321 577	274 706
Liabilities			
Benefits payable		30	789
Payables	8	366	336
Insurance liabilities		533	494
Income tax liabilities	14(b)	3 167	1 831
Deferred tax liabilities	14(c)	8 418	5 118
Total liabilities excluding member benefits		12 514	8 568
Net assets available for member benefits		309 063	266 138
Member benefits			
Defined benefit member liabilities	3	198 075	188 303
Defined contribution member liabilities	4	72 294	60 539
Total member benefits		270 369	248 842
Total net assets		38 694	17 296
Equity			
Insurance Reserve	15	1 675	3 295
Operational Risk Reserve	16	830	694
Defined benefits that are over funded		36 189	13 307
Total equity		38 694	17 296

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

Income Statement for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Changes in investments measured at fair value		59 663	24
Interest revenue		-	4
Total revenue		59 663	28
Investment expenses	9	(1 061)	(1 610)
Administration expenses	10	(382)	(380)
Total expenses		(1 443)	(1 990)
Result from superannuation activities		58 220	(1 962)
Net insurance activities		(284)	(471)
Result from operating activities		57 936	(2 433)
Net change in defined benefit member liabilities		(17 542)	(5 769)
Allocation (to)/from defined contribution member accounts		(13 176)	2 409
Result from operating activities before tax		27 218	(5 793)
Income tax (expense)/benefit	14(a)	(5 820)	694
Net operating result		21 398	(5 099)

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

South Australian Ambulance Service Superannuation Scheme

Statement of Changes in Member Benefits
for the year ended 30 June 2021

2021	Note	Defined Benefit Component \$000	Defined Contribution Component \$000	Totals \$000
Opening balance as at 1 July 2020		188 303	60 539	248 842
Employer contributions	12	5 977	2 181	8 158
Member contributions		-	1 155	1 155
Transfers from other super entities		-	297	297
Government co-contributions		-	2	2
Contributions tax		(851)	(311)	(1 162)
Net contributions		5 126	3 324	8 450
Benefits to members		(13 103)	(4 783)	(17 886)
Insurance premiums charged to members		-	(38)	(38)
Insurance benefits credited to members		207	76	283
Net benefits comprising:				
Net investment income		-	13 176	13 176
Net change in member liabilities		17 542	-	17 542
Closing balance as at 30 June 2021		198 075	72 294	270 369
2020	Note	Defined Benefit Component \$000	Defined Contribution Component \$000	Totals \$000
Opening balance as at 1 July 2019		194 188	65 215	259 403
Employer contributions	12	7 423	2 386	9 809
Member contributions		-	1 255	1 255
Transfers from other super entities		-	264	264
Government co-contributions		-	3	3
Contributions tax		(1 066)	(343)	(1 409)
Net contributions		6 357	3 565	9 922
Benefits to members		(18 419)	(5 922)	(24 341)
Insurance premiums charged to members		-	(41)	(41)
Insurance benefits credited to members		408	131	539
Net benefits comprising:				
Net investment income		-	(2 409)	(2 409)
Net change in member liabilities		5 769	-	5 769
Closing balance as at 30 June 2020		188 303	60 539	248 842

The statement of changes in member benefits should be read in conjunction with the accompanying notes.

South Australian Ambulance Service Superannuation Scheme

Statement of Changes in Equity
for the year ended 30 June 2021

	Insurance Reserve \$000 Note 15	Operational Risk Reserve \$000 Note 16	Over/(under) allocated benefits \$000	Total Equity \$000
2021				
Opening balance	3 295	694	13 307	17 296
Net operating result	680	136	20 582	21 398
Net transfers to equity	(2 300)	-	2 300	-
Closing balance	1 675	830	36 189	38 694
2020				
Opening balance	3 406	697	18 292	22 395
Net operating result	(111)	(3)	(4 985)	(5 099)
Closing balance	3 295	694	13 307	17 296

The statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
GST recoup		27	27
Bank interest		-	5
Administration expenses paid		(316)	(406)
Income tax		(1 184)	1 501
Net cash flows from operating activities	13	(1 473)	1 127
Receipts from the sale of investments from Funds SA		16 850	19 720
Payments to Funds SA for the purchase of investments		(4 770)	(7 300)
Net cash flows from investing activities		12 080	12 420
Employer contributions		8 116	10 054
Member contributions		1 150	1 291
Government co-contributions		2	3
Transfers from other superannuation entities		297	264
Benefit payments to members		(18 664)	(23 554)
Contributions tax paid		(1 162)	(1 475)
Net cash flows from financing activities		(10 261)	(13 417)
Net change in cash		346	130
Cash at the beginning of the financial period		493	363
Cash at the end of the financial period	13	839	493

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

South Australian Ambulance Service Superannuation Scheme

Notes to the Financial Statements

1. Objectives and funding

(a) *South Australian Ambulance Service Superannuation Scheme*

On 29 June 2006, the Treasurer declared the South Australian Ambulance Service Superannuation Scheme (the Scheme) a scheme and fund established pursuant to Clause 2 of Schedule 3 of the *Superannuation Act 1988* (the Act). The net assets of the SA Ambulance Service Superannuation Fund (the former scheme) as at 30 June 2006 were transferred to the Scheme. The Scheme is an exempt public sector superannuation scheme in terms of schedule 1AA of the *Superannuation Industry (Supervision) Regulations 1994* (Cwlth). The Scheme is a taxed scheme by virtue of schedule 4 of the *Income Tax Assessment Regulations 1997* (Cwlth).

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

Member and Employer contributions are deposited by the Treasurer into the fund established for the Scheme (the Fund), which is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA). The Scheme was closed to further new members with effect from 1 July 2008.

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

(b) *South Australian Superannuation Board*

Pursuant to Clause 2(1)(d) of Schedule 3 of the Act, the Treasurer declared the South Australian Superannuation Board (the Board) the Trustee of the Scheme from 1 July 2006. As Trustee of the Scheme, the Board is responsible for administering the Trust Deed and Rules.

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

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

Pursuant to Clause 2(1)(c) of Schedule 3 of the Act, the Treasurer declared the Fund to be invested and managed by Funds SA from 1 July 2006.

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

(d) *Funding arrangements*

For the year ended 30 June 2021, contributory members contributed 5 per cent of post tax salary or 5.9 per cent of pre tax salary. Members could also make additional voluntary contributions on either a pre tax or post tax basis. The employer contributed at the rate of 12 per cent of member salaries. For members who were entitled to the SA Ambulance Service Award superannuation benefit under the Scheme, the employer contributed an additional 3 per cent of salaries (3 per cent for Elective Services employees and Emergency Services staff).

Non contributory members are employees employed on a casual basis or those employees who elected prior to 30 June 2006 to not be a defined benefit member. Non contributory members may make voluntary post tax or pre tax contributions. The employer contribution for non contributory members is 9.5 per cent (2020: 9.5 per cent) of salary in order to satisfy the Superannuation Guarantee requirements under Commonwealth law.

The triennial actuarial review as at 30 June 2020 recommended that the current employer contribution for the defined benefit scheme members be reduced from 12 per cent to 9.5 per cent, effective from 1 July 2021. This rate is expected to maintain the value of the Scheme's assets at least equal to 105 per cent of accrued and vested defined benefits until at least 2025. The 9.5 per cent employer contribution will include 1.1 per cent in respect of insurance premiums, an increase from the current rate of 0.83 per cent. For the year ended 30 June 2021 the employer contribution and insurance premiums rates were 12 per cent and 0.83 per cent respectively. The next triennial actuarial review, as at 30 June 2023, is scheduled for the scheme during 2023-24.

The insurance cover for Death, Total and Permanent Disablement, Serious Ill-Health and Income Protection was provided as a self-insurance arrangement within the fund from 1 July 2006. The actuarial review as at 30 June 2020 recommended that the self-insurance contribution of 0.83 per cent be increased to 1.1 per cent effective from 1 July 2021 and that the voluntary contribution rate of \$1.35 per unit per week be maintained. The review also recommended that the self-insurance reserve be maintained at 200 per cent of one year's expected claim costs.

As at 30 June 2021, the asset coverage of vested benefits met the target of 105 per cent.

South Australian Ambulance Service Superannuation Scheme

2. Significant accounting policies

(a) *Basis of accounting*

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

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

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

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. The assessment of the impact of these new standards and interpretations is set out below.

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

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

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

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

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

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

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

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

AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts

The standard applies to reporting periods beginning on or after 1 January 2021. The standard amends AASB 4 Insurance Contracts (August 2015) and AASB 17 Insurance Contracts (July 2017) as a result of the issuance of International Financial Reporting Standards Amendments to IFRS 17 and extension of the temporary exemption from applying IFRS 9.

The insurance disclosures for superannuation entities are contained in AASB 1056, therefore AASB 4 and AASB 17 do not apply. The Board has assessed the impact of the new standards on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

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

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

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

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

South Australian Ambulance Service Superannuation Scheme

(c) **Financial assets and liabilities**

(a) **Classification**

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

Financial assets and liabilities held for trading

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

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

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

Other financial liabilities

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

(b) **Recognition**

The Scheme recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Scheme commits to purchase or sell the asset.

(c) **Initial Recognition**

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

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

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

(d) **Subsequent measurement**

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

(e) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Scheme.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Scheme uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to financial statement note 5.

(f) **Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

(g) **Receivables and payables**

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

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

South Australian Ambulance Service Superannuation Scheme

(h) Benefits payable

Benefits payable are valued at fair value and relate to members who have ceased employment and provided the Scheme with appropriate notification on or prior to 30 June 2021 but paid after 30 June 2021. These also include income protection payments payable on or prior to 30 June 2021 but paid after 30 June 2021.

(i) Insurance liabilities

The Scheme provides death and disability benefits to Contributory Members in Service, members may also purchase voluntary insurance. Premiums for voluntary insurance are deducted from insured members' accounts and are paid into a dedicated insurance reserve in order to meet claims as they arise. An actuarially determined percentage of defined benefit employer contributions are also paid into the reserves. The Scheme ultimately self-insures this risk as the Board believes it is appropriate in light of the Scheme's present membership and reserve levels. The table below outlines the net results of the Scheme's insurance activities during the year:

Insurance activities

	2021	2020
	\$000	\$000
Insurance contract revenue	329	438
Insurance contract claims expenses	(283)	(539)
(Increase)/decrease in insurance liabilities	(39)	27
Net result from insurance activities	7	(74)

Significant estimates made in measuring insurance contract asset and liabilities

The Scheme uses the services of an actuary to determine its insurance contract assets and liabilities. An actuarial valuation involves making various assumptions about the future. Actual events in the future may differ from these assumptions. The most recent actuarial valuation was performed for the triennium ending 30 June 2020. The value of insurance liabilities between actuarial valuation dates is determined by evaluating the expected claims over the next year based on the assumptions adopted at the most recent actuarial valuation.

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

- Mortality and disability rates determined by Super SA based on the experience of a large number of public sector employees in South Australia, adjusted to estimate the Scheme's claim experience;
- The number and amount of insurance claims yet to be reported to the Scheme, relating to the period prior to the reporting year end.

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

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

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

(j) Revenue recognition

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

Changes in fair values

Changes in the fair value of investments invested with Funds SA are calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point. All changes are recognised in the income statement.

Interest

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

South Australian Ambulance Service Superannuation Scheme

(k) Taxation

The Scheme is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* and accordingly the concessional tax rate of 15 per cent has been applied.

Current tax

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

Deferred tax

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

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

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

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

(l) Goods and services tax (GST)

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

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

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

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

(m) Foreign currency

The functional and presentation currency of the Scheme is Australian dollars, which is the Scheme's primary currency. The Scheme's performance is evaluated and its liquidity managed in Australian dollars. Therefore, the Australian dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(n) Investments

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

(i) Inflation Linked Securities B

The Inflation Linked Securities B 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.

South Australian Ambulance Service Superannuation Scheme

(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 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 are managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

(vi) Diversified Strategies Growth 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 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 2018). 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. The Coronavirus Special Valuations Guidance March 2020 have been applied in this financial year.

(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.

(o) Operation of investment portfolio

Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA (refer Note 1 (c)). Funds SA operates a multi layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2021, Funds SA managed the Balanced investment for the fund and reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to the investment discussed in the preceding paragraphs.

(p) Member liabilities

Member liabilities are measured at the amount of accrued benefits.

Defined benefit member liabilities are measured as the amount of a portfolio of investments that would be needed, as at the reporting date, to yield future net cash inflows that would be sufficient to meet accrued benefits as at that date when they are expected to fall due.

Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date.

(q) Significant accounting judgements, estimates and assumptions

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

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

Fair value of investments

When the fair values of the investments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including a discounted cash flow model. The inputs in these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of these investments.

South Australian Ambulance Service Superannuation Scheme

Valuation of defined benefits member liabilities

The amount of member liabilities in relation to defined benefits has been determined using actuarial valuation techniques and assumptions. An actuarial valuation involves making various assumptions about the future. Actual developments in the future may differ from these assumptions. The assumptions include member turnover, future investment returns, pension indexation rates, mortality rates and future salary increases. Due to the complexities involved in the valuation and its long term nature, defined benefit member liabilities are highly sensitive to changes in these assumptions. Assumptions are reviewed at each reporting date.

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

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

(r) Climate change financial risks

The Board acknowledges the likelihood of upcoming climate risk disclosure requirements, such as those that may be recommended by the draft Australian Prudential Regulation Authority (APRA) Prudential Practice Guide CPG229 Climate Change Financial Risks. The Board will work towards appropriate disclosures in the 2021-22 financial year.

3. Defined benefit member liabilities

Actuarial valuations to determine the defined benefit members' accrued liabilities are conducted at least every three years. The most recent actuarial valuation was undertaken by Esther Conway (FIAA), an actuary with Mercer Consulting (Australia) Pty Ltd. The actuarial valuation was undertaken as at 30 June 2020 with the next triennial valuation to be undertaken as at 30 June 2023.

The actuarial valuation of member liabilities reflects the actuarial assessment of the benefits accrued up to the reporting date and payable to members on retirement, resignation, death and disability. The accrued liabilities are the present values of expected future benefit payments arising from membership of the Scheme up to 30 June 2021.

The annual update of the defined benefit member liability has been determined by reference to the expected future salary level increases (2.5 per cent; 2020: 2.5 per cent) and by application of the market-based, risk-adjusted discount rate after tax (4.25 per cent; 2020: 4.25 per cent).

	2021 \$000	2020 \$000
Defined benefit member liabilities	198 075	188 303

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

- i. The assumed discount has been determined by reference to the investment returns expected on an investment portfolio that reflects the opportunities reasonably available to the Scheme in the investment markets, and also reflects the Scheme's actual investments and investment strategy in respect of defined benefit member liabilities.
- ii. The assumed annual salary adjustment has been determined by reference to the Wage Price Index produced by the Australian Bureau of Statistics and in consultation with the employer-sponsor.

The other variables about which assumptions have been made in measuring defined benefit member liabilities and for which changes are not considered reasonably possible, or for which reasonably possible changes would not be expected to have a material effect, include: pension indexation rates, mortality rates and resignations.

The following table outlines the sensitivity estimates of the total member liabilities (both defined benefit (\$198 million) and defined contribution (\$72 million)), provided by the Scheme actuary, on the net earnings and salary growth.

	Member Liability result \$000	Change in member benefit liability \$000	Change in member benefit liability %
Scenario			
Base Case	270 369	-	-
Salary growth less 0.5%	269 219	(1 150)	(0.4)
Net earnings less 0.5%	272 450	2 081	0.8

As advised in Note 1(d), employer contributions for the year have been made at the rate determined by the Scheme actuary.

South Australian Ambulance Service Superannuation Scheme

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.

	2021	2020
	\$000	\$000
Defined benefit vested benefits	198 170	186 404

4. Defined contribution member liabilities

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

	2021	2020
	\$000	\$000
Defined contribution member liabilities	72 294	60 539

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

	2021	2020
	\$000	\$000
Defined benefit vested benefits	198 170	186 404
Defined contribution member liabilities	72 294	60 539
Total vested benefits	270 464	246 943

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

5. Fair value of financial instruments

Classification of financial Instruments under the fair value hierarchy

AASB 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

Valuation technique

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

There were no changes in valuation techniques during the year.

	2021	2020
	\$000	\$000
Financial assets at fair value through profit or loss - Level 2		
Level 1 and level 3 are not relevant to the Scheme		
Unlisted managed investment schemes	320 722	274 200
Funds SA	320 722	274 200

South Australian Ambulance Service Superannuation Scheme

6. Value and movement of investments by investment option

	2021 \$000	2020 \$000
Investments at 1 July	274 200	288 205
Change in Balanced B	46 522	(14 005)
Investments at 30 June	320 722	274 200

7. Receivables

	2021 \$000	2020 \$000
GST recoup from ATO	8	8
Other receivables	3	-
	11	8

8. Payables

	2021 \$000	2020 \$000
Audit fees	26	26
Administration fees	98	-
Unearned revenue	236	283
Provision for PAYG Withholding	3	4
Other payables	3	23
	366	336

9. Investment expenses

	2021 \$000	2020 \$000
Investment expenses	1 061	1 610

Investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's investment. As a result of a Funds SA accounting policy change, effective in the current period, 2020-21 results report direct investment expenses, and exclude any indirect costs of performance and imputed fees. Prior year results are not directly comparable.

10. Administration expenses

	2021 \$000	2020 \$000
Administration expenses ⁽ⁱ⁾	355	348
Other expenses ⁽ⁱⁱ⁾	27	32
	382	380

(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.

(ii) Other expenses include Auditor's remuneration. Refer note 11.

11. Auditors' remuneration

	2021 \$000	2020 \$000
Audit fees paid or payable	25	25

Audit fees paid (or payable), \$25 000 GST exclusive (2020: \$24 900), relate to the Auditor-General's Department work performed under the PFAA. No other services were provided by the Auditor-General's Department.

12. Employer contributions

	2021 \$000	2020 \$000
Employer contributions	7 576	9 015
Insurance premiums	291	397
Administration charges	291	397
	8 158	9 809

South Australian Ambulance Service Superannuation Scheme

13. Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash and deposits in the Scheme's Special Deposit Account held with 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:

	2021 \$000	2020 \$000
Cash and cash equivalents	839	493
Reconciliation of operating result to net cash from operating activities		
Net operating result	21 398	(5 099)
Adjustments for:		
Change in investments measured at fair value	(59 663)	(24)
Investment expenses	1 061	1 610
Insurance recognition	(7)	74
(Increase)/decrease in receivables	(3)	595
Increase in payables	5 023	611
Allocation to members' accounts	30 718	3 360
Net cash (outflows)/inflows from operating activities	(1 473)	1 127

14. Income tax

	2021 \$000	2020 \$000
Major components of income tax benefit/(expense)		
(a) Current income tax (expense)/benefit		
Current tax charge	(2 515)	(1 139)
Adjustment to current tax for prior periods	(4)	128
Relating to the originating and reversal of temporary differences	(3 301)	1 705
Income tax benefit/(expense)	(5 820)	694
Reconciliation between income tax expenses and the accounting profit before income tax		
Net operating result before tax	27 218	(5 793)
Tax applicable at the rate of 15% (2020: 15%)	(4 083)	869
Tax effect of income that are not assessable/or deductible in determining taxable income:		
Investment revenue	2 112	(716)
Tax effect of other adjustments:		
Imputation and foreign tax credits	729	708
Self-Insurance deduction	62	66
Under provision prior period	4	128
Net benefit allocated to members	(4 644)	(361)
Income tax (expense)/benefit	(5 820)	694
(b) Current tax liabilities		
Current years income tax provision	3 167	1 831
Current tax liabilities	3 167	1 831
(c) Deferred tax liabilities		
The amount of deferred tax liability recognised in the Statement of Financial Position at reporting date comprises:		
Accrued expenses	(4)	(4)
Unrealised capital losses carried forward	8 422	5 122
Deferred tax liabilities	8 418	5 118

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

South Australian Ambulance Service Superannuation Scheme

15. Insurance Reserve

The Scheme self insures and provides to Contributory Members in Service a benefit on death or total and permanent disablement (TPD) equal to the normal retirement benefit that would be payable if the member had continued in service to age 60. An income protection equal to 75 per cent of salary is payable for a maximum period of 24 months where a member becomes temporarily disabled before age 60. A member is also entitled to a benefit on Serious Ill Health equal to the greater of the early retirement benefit plus 5 per cent of salary for each year of service, and three times the member's salary. The Serious Ill Health benefit cannot exceed the benefit payable on TPD. The amount of salary is adjusted, if applicable, by the salary adjustment factor.

Members may purchase voluntary death and TPD insurance by applying for up to four units of insurance. The premium for each unit is \$1.35 per week per unit. The amount of cover for each unit is \$75 000 for ages up to 34 last birthday reducing to \$5 000 at age 64 last birthday.

	2021	2020
	\$000	\$000
Opening balance	3 295	3 406
Investment earnings/(loss) ⁽ⁱ⁾	637	(7)
Premiums and charges	329	438
Benefit payments	(283)	(539)
Consultancy expenses	(3)	(3)
Operating result	680	(111)
Transfer (from) Reserve ⁽ⁱⁱ⁾	(2 300)	-
Closing balance	1 675	3 295

(i) The Insurance Reserve is notionally invested in the Balanced option. The rate of return on earnings was 19.69 per cent (2020: (0.48) per cent).

(ii) The amount relates to the Board approved transfer out of accumulated investment earnings to the defined benefit assets.

16. Operational Risk Reserve

The Operational Risk Reserve is to be accumulated to 0.6 per cent of funds under management following a decision of the Board and in line with Prudential Standard SPS114.

	2021	2020
	\$000	\$000
Opening balance	694	697
Investment earnings/(loss) ⁽ⁱ⁾	136	(3)
Operating result	136	(3)
Closing balance	830	694

(i) The Operational Risk Reserve is notionally invested in the Balanced option. The rate of return on earnings was 19.69 per cent (2020: (0.48) per cent).

17. Financial risk management objectives and policies

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

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

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

- market risk
- credit risk
- liquidity risk.

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

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

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

The Board receives regular reports from Funds SA concerning compliance with the Scheme's investment objectives.

South Australian Ambulance Service Superannuation Scheme

(a) Market risk

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

(i) Currency risk

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

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

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

- Foreign currency exposures in the Diversified Strategies Growth Taxable, Diversified Strategies Income, Long Term Fixed Interest and Inflation Linked Securities Taxable asset classes are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the International Equities Taxable and International Equities Passive Taxable asset classes are 22 per cent 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.

(ii) Interest rate risk

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

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

Funds SA manages interest rate risk through:

- Ensuring asset allocations of different investment products are consistent with the time horizon of each
- 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 fair value with changes in fair value recognised in the income statement, all changes in market conditions will directly affect investment revenue.

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

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

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

(iv) Investments sensitivity analysis

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

The statistics shown below are averages calculated over 10 years, net of investment management fees and gross of tax. These investment statistics have a 15 per cent tax rate applied and includes franking credits.

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
2021				
Investment Option	%	%	\$000	\$000
Balanced B	6.4	10.0	297 461	29 746
	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
2020				
Investment Option	%	%	\$000	\$000
Balanced B	6.5	10.2	281 203	28 683

South Australian Ambulance Service Superannuation Scheme

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

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

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

(b) Credit risk

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

The fair 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. Funds SA is the Scheme's only significant exposure to any individual counterparty or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

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

(c) Liquidity risk

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

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

- By giving careful consideration to the expected net cash redemption requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions.
- A large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

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

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

	Less than 3 Months	Total	Carrying
		Contractual Cash Flows	Amount Liabilities
2021	\$000	\$000	\$000
Benefits payable	30	30	30
Payables ⁽ⁱ⁾	236	236	236
Vested benefits ⁽ⁱⁱ⁾	270 464	270 464	270 464
Total	270 730	270 730	270 730
2020	\$000	\$000	\$000
Benefits payable	789	789	789
Payables ⁽ⁱ⁾	283	283	283
Vested benefits ⁽ⁱⁱ⁾	246 943	246 943	246 943
Total	248 015	248 015	248 015

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

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

(d) Derivative financial instruments

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

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

South Australian Ambulance Service Superannuation Scheme

18. Coronavirus (COVID-19) impact

Background

COVID-19, which is a respiratory illness caused by a virus, was declared a world wide pandemic by the World Health Organisation in March 2020. COVID-19 has had a significant impact on the domestic and global economy and equity, debt and commodity markets.

Super SA has considered the impact of COVID-19 and provided advice to the Board in preparing its financial statements. Given the dynamic and evolving nature of COVID-19 as well as limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Scheme's assets and liabilities may arise in the future. Any such impacts will be accounted for in future accounting periods.

The impact of COVID-19 on the macroeconomic outlook, including an explanation of the matters considered in determining the Scheme's assumptions in the valuation of defined benefit member liabilities, is outlined in Note 3 to the financial statements. Given the relative uncertainty of the impact of COVID-19 and its social and economic consequences, these assumptions represent reasonable and supportable forward looking views as at the reporting date.

COVID-19 Early Release of Superannuation Scheme

On 22 March 2020 the Australian Government announced the COVID-19 Early Release of Superannuation Scheme ('ERS') as a temporary measure to stimulate the Australian economy. This scheme allowed eligible members to access up to \$10 000 of their superannuation in both financial years 2019-20 and 2020-21.

For the year ended 30 June 2021 the Scheme paid \$220 000 (2020: \$131 000) in member benefits under the ERS.

Processes applied

In preparing these financial statements the Board considered the impact of COVID-19 in the:

- evaluation of any areas of judgment or estimation uncertainty in addition to those disclosed above;
- adoption of significant assumptions and market inputs used in:
 - valuing the Scheme's investment (in particular, unlisted investments);
 - valuing the Scheme's defined benefit member liabilities; and
 - preparing disclosures for the fair value of financial assets and liabilities and financial risk management;
- review of external market communications to identify other COVID-19 related impacts;
- review of public forecasts and experience from previous economic downturns;
- assessment of the fair value of the Scheme's assets and liabilities;
- stress testing scenarios, which are an integral component of the Board's risk management framework, to assess the potential impacts of the COVID-19 pandemic on the Scheme's portfolio valuation and liquidity; and
- determination of the completeness and appropriateness of financial statement disclosures.

Consideration of the Statement of Financial Position and further disclosures

Key items within the statement of financial position and related disclosures impacted by COVID-19 are as follows:

Financial instruments at fair value through profit and loss

Given recent market volatility, Funds SA as the Scheme's investment manager reviewed the appropriateness of inputs to its valuation of financial instruments as well as performing out of cycle valuations. The impact of changes in valuation inputs has also been considered in terms of the classification of financial instruments in the fair value hierarchy, transfers within the fair value hierarchy and the sensitivity analysis. The Scheme's investments include a portfolio of unlisted equity investments which, in accordance with the Scheme's accounting policies, are measured at fair value. The determination of investments carrying value included a consideration of the impact of COVID-19.

Defined benefit member liabilities

Given recent market volatility, the Board on the advice of consulting actuaries reviewed the appropriateness of the significant assumptions used in its valuation of defined benefit member liabilities and disclosures of changes in these assumptions and the impact these may have on the Scheme's defined benefit surplus.

The likely main financial impact of the COVID-19 pandemic on the Scheme is if future investment returns were to be significantly reduced. The assumed investment return both in the long term and for the year ending 30 June 2020 was made to allow for the likely impact of the COVID-19 pandemic, with no further changes being required to be made for the year ending 30 June 2021. While the assumed CPI inflation rate was reduced in 2019-20, the assumed investment return was also reduced by the same amount, offsetting the impact of the reduced CPI inflation rate. No change to either the CPI inflation rate or the assumed investment return rate was required for 2020-21. Refer to Note 3 for more information.

South Australian Ambulance Service Superannuation Scheme

Risk management

The Board's risk management framework continues to be applied across the Scheme's operations. The Board continues to monitor the impact of COVID-19 on the Scheme's risk profile. Non financial risks emerging from global movement restrictions, and remote working by our staff, counterparties and service providers have been identified, assessed, managed and governed through timely application of the Board's risk management framework.

The Board is focused on the effects of the global COVID-19 pandemic and is monitoring it as it unfolds, specifically:

- The Board manages the Scheme's cash flow on a daily basis, and prepares for events that may affect the liquidity position;
- The Investment Manager, Funds SA, actively manages investments in line with the long-term investment strategy, and monitors and responds to movements in global investment markets; and
- Funds SA stress-test liquidity for a range of possible scenarios.

19. Segment information

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

20. Related parties

(a) Key management personnel

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

(b) Compensation

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

(c) Transactions with key management personnel and other related parties

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

(d) Transactions with other government entities

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

21. Events after the reporting period

There were no significant events after the reporting period.

South Australian Ambulance Service Superannuation Scheme

Certification of the financial report

We certify that the:

- Financial statements of the South Australian Ambulance Service Superannuation Scheme:
 - are in accordance with the accounts and records of the Scheme;
 - comply with relevant Treasurer's instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Scheme at the end of the financial year and the result of its operations and cash flows for the financial year.

- Internal controls employed by the Scheme for the financial year over its financial reporting and its preparation of financial statements have been effective.



Gregory Boulton AM
PRESIDING MEMBER
SA SUPERANNUATION BOARD



Dascia Bennett
CHIEF EXECUTIVE
STATE SUPERANNUATION OFFICE



Mark Hordacre
DIRECTOR FINANCE
STATE SUPERANNUATION OFFICE

Date 19/9/21