

Appendix: Audited financial statements 2022-23

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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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 2023.

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 2023, 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 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, the Acting Chief Executive, State Superannuation Office, and the Director Finance, State Superannuation Office

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of 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 Acting Chief Executive, State Superannuation Office and members of the South Australian Superannuation Board for the financial report

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

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* section 9 of schedule 3 of the *Superannuation Act 1988*, I have audited the financial report of the South Australian Superannuation Board for the financial year ended 30 June 2023.

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

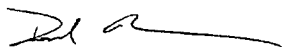
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

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

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

I communicate with the Acting Chief Executive, State Superannuation Office and the members 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.



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

22 September 2023

South Australian Superannuation Board

Statement of Comprehensive Income for the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
Income			
Fees and charges	5	41 658	39 473
Interest	6	163	-
Other income		-	87
Total Income		41 821	39 560
Expenses			
Administration expenses	3	(43 057)	(40 502)
Other expenses	4	(17)	(342)
Total expenses		(43 074)	(40 844)
Total comprehensive result	9	(1 253)	(1 284)

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

Statement of Financial Position as at 30 June 2023

	Note	2023 \$000	2022 \$000
Current assets			
Cash and cash equivalents	11	3 657	10 696
Receivables	7	10 593	5 368
Non current assets			
Loan receivable	7, 14	575	559
Total assets		14 825	16 623
Current liabilities			
Payables	8	9 780	10 325
Total liabilities		9 780	10 325
Net assets		5 045	6 298
Equity			
Retained earnings	9	557	559
General reserve	9	4 488	5 739
Total equity		5 045	6 298

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 2023

2023	Note	Retained earnings \$000	General Reserves \$000	Total Equity \$000
Opening balance		559	5 739	6 298
Total comprehensive result		(1 253)		(1 253)
Transfer to reserves		1 251	(1 251)	-
Closing balance as at 30 June	9	557	4 488	5 045

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

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 2023

	Note	2023 \$000	2022 \$000
Cash flows from operating activities			
Cash inflows			
Interest received		135	-
Fees and charges		40 259	49 348
GST recovered from the ATO		83	-
Cash generated from operations		40 477	49 348
Cash outflows			
Administration expenses paid		(47 501)	(39 558)
Other expenses		(15)	(376)
GST paid to the ATO		-	(439)
Cash (used in) operations		(47 516)	(40 373)
Net cash (used in)/provided by operating activities	11	(7 039)	8 975
Net change in cash		(7 039)	8 975
Cash at the beginning of the financial period		10 696	1 721
Cash at the end of the financial period	11	3 657	10 696

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

South Australian Superannuation Board

Notes to the Financial Statements

1) Objectives and funding

Objectives of the South Australian Superannuation Board

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

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

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

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

2) Significant accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with relevant Australian Accounting Standards, including AASB 1056 Superannuation Entities 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), and Relevant Australian Accounting Standards applicable to not-for-profit entities, as the Board is a not-for-profit entity.

b) New and amended accounting standards

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 financial year and have not been early adopted by the Board other than AASB 2021-2 which was adopted from 1 July 2021. These standards and interpretations are not expected to have a material impact on the Board.

South Australian Superannuation Board

c) Basis of preparation

The preparation of the financial statements requires:

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

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2023, 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).

South Australian Superannuation Board

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 2023 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2023.

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

h) Income and expenses

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

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

The following are specific recognition criteria:

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

Expenses

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

i) Current and non-current classification

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

South Australian Superannuation Board

j) Cash and cash equivalents

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

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

Cash is measured at nominal value.

k) Receivables

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

Refer to Note 14 regarding the Loan Receivable.

l) Payables

Payables include creditors and accrued expenses.

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

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

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

3) Administration expenses

	Note	2023 \$000	2022 \$000
Administration fees		40 240	35 298
Strategic projects	15	2 817	5 204
		<u>43 057</u>	<u>40 502</u>

4) Other expenses

	2023 \$000	2022 \$000
Other expenses ⁽ⁱ⁾	17	18
Election costs	-	324
	<u>17</u>	<u>342</u>

⁽ⁱ⁾ Other expenses include amounts paid (or payable) which relate to the Auditor-General's Department work performed under the PFAA. The Auditor General's Department uses the services of Ernst and Young for the audit. No other services were provided by the Auditor-General's Department. Audit fees for the Board were \$16 700 (2022: \$16 600).

South Australian Superannuation Board

5) Fees and charges

	2023	2022
	\$000	\$000
Recovery of administration fees	41 658	39 473

6) Interest revenue

	2023	2022
	\$000	\$000
Deposit Account held with DTF	147	-
Loan to Southern Select Corporation ⁽ⁱ⁾	16	-
	163	-

(i) Refer Note 14.

7) Receivables

	2023	2022
	\$000	\$000
Current receivables		
Interest Receivable	12	-
Sundry debtors	1 718	18
Administration fee recovery	8 863	5 350
Audit fee recovery	-	-
Total current receivables	10 593	5 368
Non current receivables		
Loan receivable ⁽ⁱ⁾	575	559
Total non current receivables	575	559
Total receivables	11 168	5 927

All current receivables will be settled within 12 months of the reporting date. There is no anticipated impairment loss on receivables as presented.

⁽ⁱ⁾ Refer Note 14

8) Payables

	2023	2022
	\$000	\$000
Administration fee payable	8 784	6 285
Strategic project expenses payable	981	3 604
Audit fee payable	18	18
GST input tax payable	(6)	418
	9 778	10 325

South Australian Superannuation Board

9) Retained earnings and reserves

	Opening Balance \$000	Total Comprehensive Result \$000	Transfers From Reserve \$000	2023 \$000	2022 \$000
Retained Earnings	559	(1 253)	1 251	557	559
	Opening Balance \$000	Total Comprehensive Result \$000	Transfers To Retained Earnings \$000	2023 \$000	2022 \$000
General Reserve ⁽ⁱ⁾	5 739	-	(1 251)	4 488	5 739

⁽ⁱ⁾ The General Reserve was established in December 2013. The Transfers to Retained Earnings from Reserve amount represents strategic projects expenditure funded by the Board from July 2022 to June 2023.

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

10) Related parties

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

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

a) Key management personnel

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

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

South Australian Superannuation Board

b) The South Australian Superannuation Board

Kevin Foley (Presiding Member - Appointed 02/12/2022, Resigned 18/07/2023)

June Roache (Presiding Member – Appointed 27/07/2023)

Virginia Deegan (Re-appointed 23/07/2021, Appointment term ended 22/07/2023)

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

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

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

Gregory Boulton (Appointment term ended 08/09/2022)

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

Virginia Deegan (Convenor – Appointed 23/07/2015, Appointment term ended 22/07/2023)

Alison Kimber (Convenor – Appointed 23/07/2023)

Richard Dennis (Appointed 19/12/2018)

Kevin Foley (Appointed 07/12/2022)

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

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

Alison Kimber (Appointed 19/12/2018)

Kevin Foley (Appointed 07/12/2022, Resigned 18/07/2023)

e) Compensation

	2023	2022
	\$000	\$000
Salaries and other short-term employee benefits	221	238

Compensation costs are included in administration expenses.

South Australian Superannuation Board

11) Reconciliation of cash and cash equivalents

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

	2023 \$000	2022 \$000
Cash and cash equivalents	3 657	10 696

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

Total comprehensive result	(1 253)	(1 284)
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Movement in operational assets and liabilities

(Increase) in receivables	(5 241)	5 309
Increase in payables	(545)	4 950
Net cash provided by operating activities	(7 039)	8 975

12) Financial instruments

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

Interest Rate Risk

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

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

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

13) Events after the reporting period

Ms June Roach was appointed Presiding Member of Super SA Board from 27 July 2023, following Mr Kevin Foley's resignation as Presiding Member on 18 July 2023.

Ms Alison Kimber was appointed Convenor of Super SA Board Audit, Risk and Finance Committee from 23 July 2023, following Ms Virginia Deegan's term ended 22 July 2023.

South Australian Superannuation Board

14) Southern Select Corporation Loan Arrangement

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

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

The repayment of the loan by the Trustee from the Fund, together with interest, will be in accordance with Schedule 2 of the Regulations. If at the end of the financial year the Fund has a net surplus, defined as Net Assets exceeding Liability for Accrued Benefits Allocated to Members' Accounts, the interest receivable in that year must be received on or before 31 July of the following financial year. If the Fund does not have a net surplus at the end of the financial year, the interest receivable for that year will be capitalised into the principal amount receivable. At the end of 2022-23 the Fund did not have a net surplus, therefore the amount of interest capitalised into the principle amount was \$16 400 (2022: \$Nil).

Principal repayments are required when administration fees charged to members of the Fund for the financial year exceed the cost of the administration of the Fund (other than investment management charges). For 2022-23 there was no principal repayment required (refer to the Fund's Financial Report) (2022: \$Nil).

15) Strategic Projects

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

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

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

South Australian Superannuation Board

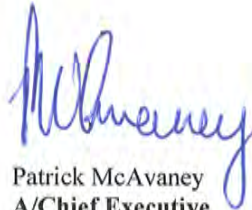
Certification of the financial statement

We certify that the:

- financial statements of the Board:
 - are in accordance with the accounts and records of the Board,
 - comply with relevant Treasurer's instructions,
 - comply with relevant accounting standards, and
 - present a true and fair view of the financial position of the Board 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.



June Roache
Presiding Member
SA Superannuation Board



Patrick McAvaney
A/Chief Executive
State Superannuation Office



Mark Hordacre
Director Finance
State Superannuation Office

Date 14/9/23

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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

Opinion

I have audited the financial report of the South Australian Superannuation Scheme for the financial year ended 30 June 2023.

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 2023, 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 2023
- an Income Statement for the year ended 30 June 2023
- a Statement of Changes in Member Benefits for the year ended 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, the Acting Chief Executive, State Superannuation Office and the Director, Finance, State Superannuation Office.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of 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 Acting Chief Executive, State Superannuation Office and the members of the South Australian Superannuation Board for the financial report

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

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 20AB(2) of the *Superannuation Act 1998*, I have audited the financial report of the South Australian Superannuation Scheme for the financial year ended 30 June 2023.

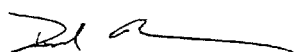
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Superannuation Scheme's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Chief Executive, State Superannuation Office
- conclude on the appropriateness of the Acting Chief Executive, State Superannuation Office's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with Acting Chief Executive, State Superannuation Office and the members 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.



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

22 September 2023

South Australian Superannuation Scheme

Statement of Financial Position

as at 30 June 2023

	Note	2023 \$000	2022 \$000
Assets			
Cash and cash equivalents	16	14 565	11 366
Contributions receivable	5	923	765
Receivables	6	9 203	4 245
Investments	7	4 594 672	4 712 875
Total assets		4 619 363	4 729 251
Liabilities			
Benefits payable		9 629	7 838
Payables	9	4 027	120
Total liabilities excluding member benefits		13 656	7 958
Net assets available for member benefits	18	4 605 707	4 721 293
Defined benefit member liabilities		8 407 140	8 306 884
Defined contribution member liabilities		459 505	495 039
Total net assets	4	8 866 645	8 801 923
		(4 260 938)	(4 080 630)
Equity			
Defined benefits deficit		(4 260 938)	(4 080 630)
Total equity		(4 260 938)	(4 080 630)

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

Income Statement

for the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
Net changes in investments measured at fair value		387 468	(83 180)
Interest revenue		406	-
Total revenue		387 874	(83 180)
Investment expenses	10	(17 445)	(19 088)
Higher education expense	13	(9 139)	(9 136)
Administration expenses	11	(8 186)	(8 115)
Total expenses		(34 770)	(36 339)
Results from superannuation activities		353 104	(119 519)
Net change in defined benefit member liabilities		(498 091)	(505 077)
Allocation (from)/to defined contribution members		(35 321)	24 860
Net operating result		(180 308)	(599 736)

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 2023

2023	Note	Defined Benefit Component \$000	Defined Contribution Component	Totals \$000
Opening balance as at 1 July		8 306 884	495 039	8 801 923
Contributions for Past Service Liability	14	359 969	-	359 969
Employer contributions	15	19 390	-	19 390
Public Authority employer contributions		28 951	-	28 951
Member contributions		219	7 837	8 056
Transfers from other super entities		51	457	508
Net contributions		408 580	8 294	416 874
Benefits to members		(806 415)	(79 149)	(885 564)
Net benefits allocated to members, comprising:				
Net investment income		-	35 561	35 561
Administration fees		-	(240)	(240)
Net change in member liabilities		498 091	-	498 091
Closing balance as at 30 June		8 407 140	459 505	8 866 645

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

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 2023

	2023	2022
	\$000	\$000
(Under) funded benefits opening balance 1 July	(4 080 630)	(3 480 894)
Net operating result	(180 308)	(599 736)
(Under) funded benefits closing balance 1 July	(4 260 938)	(4 080 630)

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 2023

	Note	2023	2022
		\$000	\$000
GST recoup		1 327	1 477
Other income		350	43
Higher education expenses		(9 139)	(9 136)
Administration expenses paid		(7 935)	(11 792)
Net cash flows from operating activities	16	(15 397)	(19 408)
Receipts from the sale of investments from Funds SA		884 308	848 395
Payments to Funds SA for the purchase of investments		(400 052)	(381 250)
Net cash flows from investing activities		484 256	467 145
Employer contributions		19 261	23 385
Past service liability contributions		359 969	370 847
Commonwealth and Public Authorities contributions		27 980	28 914
Member contributions		8 002	9 555
Transfers from other superannuation entities		508	225
Pension benefits to members		(666 462)	(644 730)
Benefit payments to members		(214 916)	(234 039)
Net cash flows from financing activities		(465 658)	(445 843)
Net change in cash		3 199	1 894
Cash at the beginning of the financial period		11 366	9 472
Cash at the end of the financial period	16	14 565	11 366

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

South Australian Superannuation Scheme

Notes to the Financial Statements

1) Objectives and funding

a) *South Australian Superannuation Scheme*

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

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

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

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

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

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

b) *South Australian Superannuation Board*

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

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

South Australian Superannuation Scheme

c) *Superannuation Funds Management Corporation of South Australia*

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

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

d) *Funding Arrangements*

Under section 20B of the Act, any payment made to a contributor must be made out of the Consolidated Account or a Special Deposit Account held with DTF established for that purpose. The Treasurer may subsequently reimburse the Consolidated Account or the Special Deposit Account from the Fund the proportion of any such payment charged against the contributor's contribution account. The prescribed proportion of that payment or benefit payments to be charged to the old scheme contributor's accounts is determined by the Board in accordance with section 47C and 47D of the Act. During the year ended 30 June 2023 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 (2022: 26 per cent) for old scheme contributors and 14.75 per cent (2022: 14.75 per cent) for new scheme contributors.

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

(i) State government departments

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

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

South Australian Superannuation Scheme

(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.

South Australian Superannuation Scheme

2) Significant accounting policies

a) *Basis of accounting*

The financial statements have been prepared in accordance with relevant Australian Accounting Standards, including AASB 1056 Superannuation Entities 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.

These financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

These financial statements are prepared on a 12-month reporting period, 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) *New and amended accounting standards*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 financial year and have not been early adopted by the Scheme other than AASB 2021-2 which was adopted from 1 July 2021. These standards and interpretations are not expected to have a material impact on the Scheme.

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.

South Australian Superannuation Scheme

(b) Recognition

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

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

(c) Initial recognition

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

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

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

(d) Subsequent measurement

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

(e) Fair value measurement

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

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

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

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

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

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

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

(f) Cash and cash equivalents

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

South Australian Superannuation Scheme

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 when the Scheme becomes obliged to make future payments in respect of the purchase of these goods or services.

(h) Benefits payable

Benefits payable are valued at fair value and relate to members who have ceased employment and provided the Scheme with appropriate notification on or prior to 30 June 2023 but paid after 30 June 2023. These also include income protection payments payable on or prior to 30 June 2023 but paid after 30 June 2023.

(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 these financial statements.

(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.

South Australian Superannuation Scheme

(l) Foreign currency

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

(m) Investments

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

(i) Inflation Linked Securities Tax-Exempt

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

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

(ii) Property Tax-Exempt

The Property Tax-Exempt portfolio comprises two sub sectors:

Listed Property Trusts

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

Unlisted property vehicles

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

(iii) Australian Equities Tax-Exempt

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

South Australian Superannuation Scheme

(iv) International Equities Tax-Exempt

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

(v) Fixed Interest

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

(vi) Diversified Strategies Growth Tax-Exempt

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

Private Markets Tax-Exempt

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

Core Infrastructure Tax-Exempt

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

(vii) Diversified Strategies Income

The Diversified Strategies Income asset class incorporates three sub sectors:

Defensive Alternatives

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

South Australian Superannuation Scheme

Credit

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

Growth Alternatives

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

(viii) Cash

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

(ix) Socially Responsible

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

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

(n) Operation of investment portfolio

Funds SA is responsible for the investment and management of the Fund pursuant to strategies formulated by Funds SA (refer Note 1 (c)). Funds SA operates a multi layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2023, Funds SA managed seven (2022: seven) distinct investment options for the Scheme which were available to investors, each differing by strategic asset allocation:

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

South Australian Superannuation Scheme

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

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

(o) Member liabilities

Member liabilities are measured at the amount of accrued benefits.

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

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

(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.

It is also important to note that fair values are accepted directly from Funds SA.

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.

South Australian Superannuation Scheme

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

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

(q) Climate change financial risks

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

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

3) Defined contribution member liabilities

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

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

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

4) Defined benefit member liabilities

The present value of the accrued defined benefit members' liabilities and the employer funded defined benefit component of the liabilities in respect of new scheme contributors has been determined by Ms E Conway, FIAA of Mercer Consulting (Australia) Pty Ltd in the South Australia Superannuation Scheme – AASB 1056 Liability at 30 June 2023 final report dated 25 August 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. 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 2023.

South Australian Superannuation Scheme

The expected future benefit payments have been determined using the 2022 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): 7.0 per cent per annum (2022: 6.5 per cent),
- The future rate of salary growth:
 - non teachers: first two years: 2.0 per cent per annum; long term salary increase 4.0 per cent per annum (2022: 2.5 per cent)
 - teachers: 4.0 per cent per annum, and
- Inflation (CPI):
 - first year: 4.0 per cent
 - long term: 2.5 per cent per annum (2022: long term: 2.0 per cent per annum).

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

	2023			2022		
	Defined Benefit \$000	Defined Contribution \$000	Total \$000	Defined Benefit \$000	Defined Contribution \$000	Total \$000
Member liabilities	8 407 140	459 505	8 866 645	8 306 884	495 039	8 801 923
	2023			2022		
	Old Scheme \$000	New Scheme \$000	Total \$000	Old Scheme \$000	New Scheme \$000	Total \$000
SA Superannuation Fund	1 164 805	459 505	1 624 310	1 151 936	495 039	1 646 975
SA Superannuation Scheme contribution accounts:						
Employer contribution accounts	1 144 172	222 742	1 366 914	1 118 915	250 120	1 369 035
SA Government employer account	5 193 806	421 114	5 614 920	5 061 000	467 713	5 528 713
Public authorities	256 968	3 533	260 501	253 086	4 114	257 200
	7 759 751	1 106 894	8 866 645	7 584 937	1 216 986	8 801 923

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.

South Australian Superannuation Scheme

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

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

Scenario	Member liability result ^(a) \$M	Change in member benefit liability \$M	Change in member benefit liability %
Base Case	8 407	-	-
Discount rate plus 0.5%	8 101	(305)	(3.6)
Discount rate less 0.5%	8 734	327	3.9
Salary increase rate plus 0.5%	8 417	10	0.1
Salary increase rate less 0.5%	8 397	(10)	(0.1)
Pension increase rate plus 0.5%	8 718	311	3.7
Pension increase rate less 0.5%	8 114	(292)	(3.5)
Mortality rate plus 10%	8 208	(198)	(2.4)
Mortality rate less 10%	8 624	217	2.6

a) Excludes Lump Sum Scheme accumulation liabilities

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

Vested benefits

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

	2023			2022		
	Old Scheme \$000	New Scheme \$000	Total \$000	Old Scheme \$000	New Scheme \$000	Total \$000
SA Superannuation Fund	1 165 826	459 505	1 625 331	1 153 149	495 039	1 648 188
SA Superannuation Scheme contribution accounts:						
Employer contribution accounts	1 145 370	246 190	1 391 560	1 121 008	280 096	1 401 104
SA Government employer account	5 200 204	468 010	5 668 214	5 065 609	536 162	5 601 771
Public authorities	256 968	3 956	260 924	253 086	4 474	257 560
	7 768 368	1 177 661	8 946 029	7 592 852	1 315 771	8 908 623

South Australian Superannuation Scheme

5) Contributions receivable

	2023	2022
	\$000	\$000
Member contributions	215	161
Employer contributions	708	604
	923	765

6) Receivables

	2023	2022
	\$000	\$000
Interest receivable	56	-
Benefit repayments	562	440
GST recoup from ATO	98	241
Other receivables	4	28
Prepaid benefits	42	36
Past service receivable	194	194
Public authorities	4 163	3 216
Temporary disability	114	90
Funds SA receivable	3 970	-
	9 203	4 245

7) Fair value of financial instruments

Classification of financial Instruments under the fair value hierarchy

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

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

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

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

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

South Australian Superannuation Scheme

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.

	2023	2022
	\$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	4 594 672	4 712 875
Funds SA	4 594 672	4 712 875

8) Value and movement of investments by investment option

	2023	Movement	2022
	\$000	\$000	\$000
High Growth Tax-Exempt	2 163	1 478	685
Balanced Tax-Exempt	411 415	(18 116)	429 531
Moderate Tax-Exempt	18 583	(136)	18 719
Stable (previously known as Conservative Tax-Exempt)	17 994	(134)	18 128
Capital Defensive Tax-Exempt	9 383	(908)	10 291
Cash Tax-Exempt	9 474	(891)	10 365
Socially Responsible	1 599	5	1 594
DB High Growth Strategy	4 124 061	(99 501)	4 223 562
Investments at 30 June	4 594 672	(118 203)	4 712 875

9) Payables

	2023	2022
	\$000	\$000
Audit fees	85	84
Administration expenses	1 395	-
PAYG tax withheld	2 547	
Prepaid Member Contributions	-	25
Returned benefit payments	-	11
	4 027	120

10) Investment expenses

	2023	2022
	\$000	\$000
Investment expenses	17 445	19 088

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

South Australian Superannuation Scheme

11) Administration expenses

	2023	2022
	\$000	\$000
Administration expenses ⁽ⁱ⁾	8 071	7 911
Other expenses ⁽ⁱⁱ⁾	115	204
	8 186	8 115

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

⁽ⁱⁱ⁾ Other expenses include Auditors' remuneration. Refer Note 12.

12) Auditors' remuneration

	2023	2022
	\$000	\$000
Audit fees paid or payable	82	80

Audit fees paid (or payable), \$81 800 GST exclusive (2022: \$79 900), relate to the Auditor-General's Department work performed under the PFAA. The Auditor General's Department uses the services of Ernst and Young for the audit. No other services were provided by the Auditor-General's Department.

13) Higher education superannuation costs

	2023	2022
	\$000	\$000
Higher education superannuation costs	9 139	9 136

These amounts are paid to the Commonwealth Government that related to the South Australian share of the 2023 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

	2023	2022
	\$000	\$000
SA Government	359 968	368 988
SA Water	1	2 030
Forestry SA	-	(171)
	359 969	370 847

15) Employer contributions

	2023	2022
	\$000	\$000
State government departments	13 405	16 023
Statutory authorities – state government entities	5 441	6 798
Statutory authorities – non-state government entities	544	293
	19 390	23 114

South Australian Superannuation Scheme

16) Reconciliation of cash and cash equivalents

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

	2022 \$000	2021 \$000
Cash and cash equivalents	14 565	11 366
Reconciliation of net cash from operating activities		
Net operating result	(180 308)	(599 736)
Adjustments for:		
Change in investments measured at fair value	(387 468)	83 180
Investment expenses	17 445	19 088
(Increase) in receivables	161	82
Increase in payables	1 361	(2 239)
Allocation to members' accounts	533 412	480 217
Net cash flows from operating activities	(15 397)	(19 408)

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.

South Australian Superannuation Scheme

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

(a) Market risk

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

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

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

i) Currency risk

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

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

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

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

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

ii) Interest rate risk

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

The 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, and
- the use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.

iii) Other market price risk

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

South Australian Superannuation Scheme

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, and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

iv) Investments sensitivity analysis

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

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

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
2023				
Investment Option				
High Growth Tax-Exempt	8.2	10.7	1 424	152
Balanced Tax-Exempt	7.6	9.0	420 473	37 843
Moderate Tax-Exempt	6.9	6.8	18 651	1 268
Stable Tax-Exempt ⁽ⁱ⁾	6.4	4.8	18 061	867
Capital Defensive Tax-Exempt	5.8	3.2	9 837	315
Cash Tax Exempt	3.2	0.5	9 920	50
Socially Responsible	6.5	8.9	1 597	142
DB High Growth Strategy	8.2	9.6	4 173 812	400 686

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

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

South Australian Superannuation Scheme

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

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

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

(b) Credit risk

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

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

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

(c) Liquidity risk

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

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

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

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

South Australian Superannuation Scheme

The following tables summarise the contractual 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
2023			
Benefits payable	9 629	9 629	9 629
Payables ⁽ⁱ⁾	2 547	2 547	2 547
Vested benefits ⁽ⁱⁱ⁾	8 946 029	8 946 029	8 946 029
Total	8 958 205	8 958 205	8 958 205
2022			
Benefits payable	7 838	7 838	7 838
Payables ⁽ⁱ⁾	36	36	36
Vested benefits ⁽ⁱⁱ⁾	8 908 623	8 908 623	8 908 623
Total	8 916 497	8 916 497	8 916 497

⁽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.

(a) Derivative financial instruments

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

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

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:

	2023			2022		
	Old Scheme	New	Total	Old	New	Total
	\$000	Scheme \$000	\$000	Scheme \$000	Scheme \$000	\$000
SA Superannuation Fund Account (employee component)						
Funds held at 1 July	1 609 519	471 153	2 080 672	1 736 863	584 385	2 321 248
Contributions	219	7 837	8 056	357	9 082	9 439
Transfers from other super entities	51	457	508	-	223	223
Changes in investments measured at fair value	131 978	43 633	175 611	(20 853)	(30 956)	(51 809)
	<u>132 248</u>	<u>51 927</u>	<u>184 175</u>	<u>(20 496)</u>	<u>(21 651)</u>	<u>(42 147)</u>
Benefits Paid and Payable	102 721	79 149	181 870	98 194	89 575	187 769
Investment expenses	6 181	1 347	7 528	6 491	1 734	8 225
Administration expenses	2 217	240	2 457	2 163	272	2 435
	<u>111 119</u>	<u>80 736</u>	<u>191 855</u>	<u>106 848</u>	<u>91 581</u>	<u>198 429</u>
Funds held at 30 June	1 630 648	442 344	2 072 992	1 609 519	471 153	2 080 672

SA Superannuation Scheme Contribution Account (employer component)	2023	2022
	\$000	\$000
Funds held at 1 July	2 640 621	2 963 761
Employer contributions:		
State Government departments	13 405	16 023
Statutory Authorities	5 985	7 091
Contributions for past service liability	359 969	370 847
	<u>379 359</u>	<u>393 961</u>
Change in investments measured at fair value	211 857	(31 371)
Bank interest and other revenue		
Public authorities	28 951	29 714
Interest	406	-
	<u>620 573</u>	<u>392 304</u>
Benefits paid and payable		
Old scheme contributors	578 795	553 745
New scheme contributors	124 898	136 020
	<u>703 693</u>	<u>689 765</u>
Investment expenses	9 917	10 863
Higher education superannuation costs	9 139	9 136
Administration expenses	5 730	5 680
	<u>728 479</u>	<u>715 444</u>
Funds held at 30 June	2 532 715	2 640 621
Net assets available for member benefits	4 605 707	4 721 293

South Australian Superannuation Scheme

19) Segment information

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

20) Related parties

a) Key management personnel

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

b) Compensation

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

c) Transactions with key management personnel and other related parties

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

d) Transactions with other government entities

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

21) Events after the reporting period

There were no significant events after the reporting period.

South Australian Superannuation Scheme

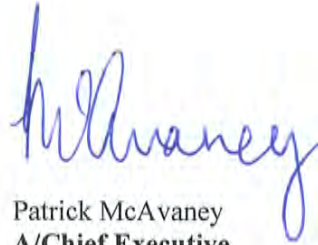
Certification of the financial statement

We certify that the:

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



June Roache
Presiding Member
SA Superannuation Board



Patrick McAvaney
A/Chief Executive
State Superannuation Office



Mark Hordacre
Director Finance
State Superannuation Office

Date 14/9/23

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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

Opinion

I have audited the financial report of the Southern State Superannuation Scheme for the financial year ended 30 June 2023.

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 2023, 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 2023
- an Income Statement for the year ended 30 June 2023
- a Statement of Changes in Member Benefits for the year ended 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, the Acting Chief Executive, State Superannuation Office, and the Director, Finance, State Superannuation Office.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of 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 Acting Chief Executive, State Superannuation Office and members of the South Australian Superannuation Board for the financial report

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

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* 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 2023.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

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

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

I communicate with Acting Chief Executive, State Superannuation Office and members 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.



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

22 September 2023

Southern State Superannuation Scheme

Statement of Financial Position

as at 30 June 2023

	Note	2023 \$000	2022 \$000
Assets			
Cash and cash equivalents	17	41 237	37 673
Receivables	6	6 245	11 045
Contributions receivable	7	48 704	27 373
Investments	4	23 926 822	21 991 553
Total assets		24 023 008	22 067 644
Liabilities			
Benefits payable		29 412	67 994
Payables	8	7 939	4 824
Provision for PAYG withholding tax		674	33
Insurance liabilities		31 394	20 806
Total liabilities excluding member benefits		69 419	93 657
Net assets available for member benefits		23 953 589	21 973 987
Member benefits liabilities	3	23 842 590	21 764 387
Total net assets		110 999	209 600
Equity			
Death, invalidity and income protection insurance reserve	9	160 451	149 294
Administrative fee reserve	10	20 837	16 238
Operational risk reserve	11	30 810	20 870
Investment allocation (under)/over	13	(101 099)	23 198
Total equity		110 999	209 600

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

Income Statement

for the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
Net changes in investments measured at fair value		2 153 910	(1 393 952)
Interest revenue		962	-
Total revenue		2 154 872	(1 393 952)
Investment expenses	14	(66 490)	(74 768)
Administration expenses	15	(19 306)	(21 585)
Transfer to other schemes		-	9 083
Total expenses		(85 796)	(87 270)
Results from superannuation activities		2 069 076	(1 481 222)
Net insurance activities		(14 687)	12
Results from operating activities		2 054 389	(1 481 210)
Net benefits allocated to member accounts	12	(2 149 526)	1 392 127
Net operating result		(95 137)	(89 083)

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 2023

	2023 \$000	2022 \$000
Opening balance as at 1 July	21 764 387	23 100 589
Employer contributions	1 412 235	1 326 900
Member contributions	76 297	111 904
Transfers from other super entities	516 276	523 080
Transfers from other schemes	54	57
Government co-contributions	921	864
Net contributions	2 005 783	1 962 805
Benefits to members	(2 070 335)	(1 899 343)
Insurance premiums charged to members	(57 246)	(52 787)
Insurance benefits credited to members	50 295	45 080
Amounts allocated to members from reserves	180	170
Net benefits allocated to members, comprising:		
Net investment income	2 171 496	(1 370 599)
Administration fees	(21 970)	(21 528)
Closing balance as at 30 June	23 842 590	21 764 387

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 2023

	Admin Fee Reserve	Insurance Reserve	Operational Risk Reserve	(Under)/over allocated benefits	Total Equity
2023	\$000	\$000	\$000	\$000	\$000
Note	10	9	11		
Opening Balance	16 238	149 294	20 870	23 198	209 600
Net operating result	4 599	11 157	9 940	(120 833)	(95 137)
Net transfer to/(from) reserves/equity				(3 464)	(3 464)
Closing Balance	20 837	160 451	30 810	(101 099)	110 999

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

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 2023

	Note	2023 \$000	2022 \$000
GST recoup		5 635	4 367
Other income		859	424
Insurance administration expenses paid		(9 792)	(7 121)
Administration expenses paid		(22 922)	(27 993)
Net cash flows from operating activities	17	(26 220)	(30 323)
Receipts from the sale of investments from Funds SA		1 786 504	1 732 372
Payments to Funds SA for the purchase of investments		(1 629 456)	(1 797 952)
Net cash flows from investing activities		157 048	(65 580)
Employer contributions		1 388 408	1 347 006
Member contributions		75 947	112 849
Government co-contribution		921	864
Transfers from other superannuation entities		516 135	524 505
Benefit payments to members		(2 108 711)	(1 882 759)
Transfer from Insurance Reserve		54	9 083
Payments from Operational Risk Reserve		(18)	(9)
Net cash flows from financing activities		(127 264)	111 539
Net change in cash		3 564	15 636
Cash at the beginning of the financial period		37 673	22 037
Cash at the end of the financial period	17	41 237	37 673

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

Southern State Superannuation Scheme

Notes to the Financial Statements

1) Objectives and funding

a) *Southern State Superannuation Scheme*

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

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

An employer is required to pay contributions to the Treasurer under section 21 of the Act. The employer contributes 10.5 per cent of salary from 1 July 2022 and 11 per cent of salary from 1 July 2023.

Benefits are represented by the balances of all member accounts that are available for employees who meet certain conditions. These conditions may include the following:

- Retirement
- Resignation and meet a condition of release
- Retrenchment
- Election of Transition to Retirement or Early Access to Super while still an employee of the SA Public Sector
- Death or becoming terminally ill
- Termination of their employment due to 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 statement 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.

Southern State Superannuation 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*. Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA.

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

d) *Funding Arrangements*

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

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

e) *Fund Selection, New Transfer and Withdrawal Arrangements*

As of 30 November 2022, eligible Triple S members have more options and flexibility with the introduction of Fund Selection, new transfer and withdrawal arrangements. Fund Selection gives eligible Triple S members, as well as new SA Government employees, the option to choose a superannuation fund for their employer and personal super contributions that suits their needs.

The new transfer arrangements allow eligible Triple S members, who have made a Fund Selection, the option to transfer all or part of their accumulated account balance to a complying superannuation fund of their choice, without needing to terminate SA Government employment. Between 30 November 2022 and 30 June 2023, 431 Triple S members made a full transfer under the new arrangements, totalling \$16.04 million. Additionally, 280 Triple S members made a partial transfer under the new arrangements, totalling \$91.54 million. Triple S members aged 65 and over are also able to access the new withdrawal arrangement, which includes withdrawal payments even while still employed by SA Government (subject to tax). Between 30 November 2022 and 30 June 2023, 352 Triple S members made a withdrawal under the new arrangements, totalling \$17.74 million.

Southern State Superannuation Scheme

As falling accumulation membership impacts scheme sustainability, the Board's strategic plan is focussed on enhancing Super SA's service and product offering in order to retain and attract members in the competitive environment in which it now operates.

2) Significant accounting policies

a) *Basis of accounting*

The financial statements have been prepared in accordance with relevant Australian Accounting Standards, including AASB 1056 Superannuation Entities 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.

These financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

These financial statements are prepared on a 12-month reporting period, 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) *New and amended accounting standards*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 financial year and have not been early adopted by the Scheme other than AASB 2021-2 which was adopted from 1 July 2021. These standards and interpretations are not expected to have a material impact on the 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 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.

Southern State Superannuation Scheme

Other financial liabilities

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

(b) Recognition

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

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

(c) Initial recognition

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

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

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

(d) Subsequent measurement

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

(e) Fair value measurement

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

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

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

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

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

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

Southern State Superannuation Scheme

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

(f) Cash and cash equivalents

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

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

(g) Receivables and payables

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

(h) Benefits payable

Benefits payable are valued at fair value and relate to members who have ceased employment and provided the Scheme with appropriate notification on or prior to 30 June 2023 but paid after 30 June 2023. These also include income protection payments payable on or prior to 30 June 2023 but paid after 30 June 2023.

(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 it is appropriate given the Scheme's present membership and reserve levels. The table below outlines the net results of the Scheme's insurance activities during the year:

Insurance activities

	2023	2022
	\$000	\$000
Insurance contract revenue	57 246	52 787
Insurance contract claims expenses	(50 295)	(45 080)
Decrease/(Increase) in insurance liabilities	(10 588)	(1 034)
Net result from insurance activities	(3 637)	6 673

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 2022. 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.

Southern State Superannuation Scheme

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 these financial statements.

(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.

Southern State Superannuation Scheme

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

(n) Investments

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

(i) Inflation Linked Securities Tax-Exempt

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

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

(ii) Property Tax-Exempt

The Property Tax-Exempt portfolio comprises two sub sectors:

Listed Property Trusts

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

Unlisted property vehicles

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

(iii) Australian Equities Tax-Exempt

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

Southern State Superannuation Scheme

(iv) International Equities Tax-Exempt

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

(v) Fixed Interest

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

(vi) Diversified Strategies Growth Tax-Exempt

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

Private Markets Tax-Exempt

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

Core Infrastructure Tax-Exempt

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

(vii) Diversified Strategies Income

The Diversified Strategies Income asset class incorporates four sub sectors:

Defensive Alternatives

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

Southern State Superannuation Scheme

Credit

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

Investment Grade Credit

The Investment Grade Credit portfolio comprises investments in discretely managed investments 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. Where currency conversions are required, these have been made at the spot market mid rates applicable at balance date.

Growth Alternatives

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

(viii) Cash

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

(ix) Socially Responsible

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

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

(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.

Southern State Superannuation Scheme

For the year ending 30 June 2023, Funds SA managed seven (2022: seven) distinct investment options for the Scheme available to investors, each differing by strategic asset allocation:

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

(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.

It is also important to note that fair values are accepted directly from Funds SA.

(q) Climate change financial risks

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

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

Southern State Superannuation Scheme

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.

	2023	2022
	\$000	\$000
Member benefits	23 842 590	21 764 387
As compared to net assets available for member benefits	23 953 589	21 973 987

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.

	2023	2022
	\$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	23 926 822	21 991 553
Funds SA	23 926 822	21 991 553

Southern State Superannuation Scheme

5) Value and movement of investments by investment option

	2023 \$000	Movement \$000	2022 \$000
High Growth Tax-Exempt	3 047 900	363 292	2 684 608
Balanced Tax-Exempt	18 889 255	1 538 883	17 350 372
Moderate Tax-Exempt	592 763	13 545	579 218
Stable Tax-Exempt	437 625	(12 239)	449 864
Capital Defensive Tax-Exempt	200 205	(20 933)	221 138
Cash Tax-Exempt	553 040	346	552 694
Socially Responsible	206 034	52 375	153 659
Investments at 30 June	23 926 822	1 935 269	21 991 553

6) Receivables

	2023 \$000	2022 \$000
Refund from ATO for GST	196	359
Interest	103	-
Funds SA receivables	4 860	9 760
Benefit repayments	1 084	924
Other receivables	2	2
	6 245	11 045

7) Contributions receivable

	2023 \$000	2022 \$000
Member contributions	945	594
Employer contributions	47 759	26 779
	48 704	27 373

8) Payables

	2023 \$000	2022 \$000
Audit fees	86	84
Administration expenses	7 853	4 740
	7 939	4 824

Southern State Superannuation Scheme

9) Insurance Reserve

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

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

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

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

	2023	2022
	\$000	\$000
Opening Balance of Insurance Reserve	149 294	142 943
Investment earnings on Insurance Reserve ⁽ⁱ⁾	15 256	(10 039)
Premiums and charges	57 246	52 787
Benefit payments	(50 295)	(45 080)
Administration expenses ⁽ⁱⁱ⁾	(11 050)	(8 429)
Operating Result	11 157	(10 761)
Transfer (from) Reserve ⁽ⁱⁱⁱ⁾	-	17 112
Closing balance of Reserve	160 451	149 294

(i) The Insurance Reserve is notionally invested in the Balanced option. The rate of return on earnings in 2023 was 9.6 per cent (2022: -6.39 per cent).

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

(iii) The prior year amount relates to the Board approved reversal of the transfers of accumulated investment earnings to the Scheme's Administration Fee Reserve (2022: \$7.9 million), Flexible Rollover Product (2022: \$1.1 million), Income Stream (2022: \$7.9 million), Parliamentary Superannuation Scheme (2022: \$81 000) and Super SA Select (2022: \$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.

	2023	2022
	\$000	\$000
Opening Balance of Administration Reserve	16 238	25 196
Investment earnings on Administration Fee Reserve ⁽ⁱ⁾	1 845	(1 020)
Administration fees	21 970	21 528
Administration expenses ⁽ⁱⁱ⁾	(19 216)	(21 494)
Operating Result	4 599	(986)
Transfer (from) Reserve ⁽ⁱⁱⁱ⁾	-	(7 972)
Closing balance of Reserve	20 837	16 238

- (i) The Administration Fee Reserve is notionally invested in the Balanced option. The rate of return on earnings in 2023 was 9.6 per cent (2022: -6.39 per cent).
- (ii) The amount relates to the annual service level agreement paid for administering the Scheme (refer Note 15).
- (iii) The prior year amount relates to the Board approved reversal of the transfers of accumulated investment earnings from the Scheme's Insurance Reserve (2022: \$7.9 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 0.13 per cent of funds under management.

	2023	2022
	\$000	\$000
Opening balance of Operational Risk Reserve	20 870	22 439
Investment revenue on Operational Risk Reserve ⁽ⁱ⁾	2 420	(1 399)
Operational Risk Reserve charge ⁽ⁱⁱ⁾	7 700	-
Payments from Reserve	(180)	(170)
Operating Result	9 940	(1 569)
Closing balance of Operational Risk Reserve	30 810	20 870

- (i) The Operational Risk Reserve is notionally invested in the Balanced Option. The rate of return on earnings in 2023 was 9.6 per cent (2022: -6.39 per cent).
- (ii) The Operational Risk Reserve charge was introduced in the 2022-23 financial year by deducting 5 basis points across all members' accounts to fund the Operational Risk Reserve.

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 2022-23 financial year.

Southern State Superannuation Scheme

13) Unallocated to members' accounts

Defined contribution schemes carry a proportion of amounts yet to be allocated. This unallocated amount arises because the financial statement 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 soft close unit prices. This difference in valuation is reflected in the investment allocation amount in the statement of financial position.

14) Investment expenses

	2023 \$000	2022 \$000
Investment expenses	66 490	74 768

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

15) Administration expenses

	2023 \$000	2022 \$000
Administration expenses ⁽ⁱ⁾	19 216	21 494
Other expenses ⁽ⁱⁱ⁾	90	91
	19 306	21 585

⁽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 2023 the amount charged to members' employer contribution accounts was \$19.3 million (2022: \$21.5 million).

⁽ⁱⁱ⁾ Other expenses include Auditors' remuneration. Refer Note 16.

16) Auditors' remuneration

	2023 \$000	2022 \$000
Audit fees paid or payable	82	80

Audit fees paid or payable to the Auditor-General's Department relating to work performed under the PFAA were \$81 900, GST exclusive (2022: \$80 000). The Auditor General's Department uses the services of Ernst and Young for the audit. No other services were provided by the Auditor-General's Department.

Southern State Superannuation Scheme

17) Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash and deposits in the Scheme's Special Deposit Account held with DTF. Cash 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. 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:

	2023 \$000	2022 \$000
Cash and cash equivalents	41 237	37 673
Reconciliation of net cash from operating activities		
Net operating result	(95 137)	(89 083)
Adjustments for:		
Change in investments measured at fair value	(2 153 910)	1 393 952
Investment expenses	66 490	74 768
Insurance recognition	3 637	(6 673)
Transfers from other schemes	54	-
Transfer from Insurance Reserve	-	(9 083)
(Increase)/Decrease in receivables	9	528
Increase/(Decrease) in payables	3 111	(2 605)
Allocation to/(from) members' accounts	2 149 526	(1 392 127)
Net cash flows from operating activities	(26 220)	(30 323)

18) Financial risk management objectives and policies

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

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

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

- market risk
- credit risk
- liquidity risk

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

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

Southern State Superannuation Scheme

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

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

a) Market risk

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

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

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

i) Currency risk

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

The Scheme's currency risk is managed by Funds SA as investments include assets denominated in foreign currencies. Funds SA strategic policy for the management of its foreign currency exposure is as follows:

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

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

Southern State Superannuation Scheme

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, and
- the use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.

iii) Other market price risk

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

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

The 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, and
- 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 the investment for the year ahead. The following tables show the standard deviation around expected nominal returns for the Scheme's investment options.

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

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
2023	%	%	\$000	\$000
Investment Option				
High Growth Tax-Exempt	8.2	10.7	2 866 254	306 689
Balanced Tax-Exempt	7.6	9.0	18 119 814	1 630 783
Moderate Tax-Exempt	6.9	6.8	585 991	39 847
Stable Tax-Exempt ⁽ⁱ⁾	6.4	4.8	443 745	21 300
Capital Defensive Tax Exempt	5.8	3.2	210 672	6 742
Cash Tax-Exempt	3.2	0.5	552 867	2 764
Socially Responsible	6.5	8.9	179 847	16 006

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

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

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

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

Southern State Superannuation Scheme

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

b) Credit risk

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

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

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

c) Liquidity risk

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

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

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

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

Southern State Superannuation Scheme

The following tables summarise the contractual 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.

2023	Less than 3 Months \$000	Total Contractual Cash Flows \$000	Carrying Amount Liabilities \$000
Benefits payable	29 412	29 412	29 412
Vested benefits ⁽ⁱ⁾	23 842 590	23 842 590	23 842 590
Total	23 872 002	23 872 002	23 872 002

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

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

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.

Southern State Superannuation Scheme

19) Segment information

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

20) Related parties

a) Key management personnel

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

b) Compensation

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

c) Transactions with key management personnel and other related parties

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

d) Transactions with other government entities

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

21) Events after the reporting period

There were no significant events after the reporting period.

Southern State Superannuation Scheme

Certification of the financial statements

We certify that the:

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



June Roache
Presiding Member
SA Superannuation Board



Patrick McAvaney
A/Chief Executive
State Superannuation Office



Mark Hordacre
Director Finance
State Superannuation Office

Date14/9/23.....

INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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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 2023.

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 2023, 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 2023
- an Income Statement for the year ended 30 June 2023
- a Statement of Changes in Member Benefits for the year ended 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, the Acting Chief Executive, State Superannuation Office, and the Director, Finance, State Superannuation Office.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of 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 Acting Chief Executive, State Superannuation Office and members of the South Australian Superannuation Board for the financial report

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

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 15(3) of the *Southern State Superannuation Act 2009* I have audited the financial report of the Super SA Retirement Investment Fund for the financial year ended 30 June 2023.

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

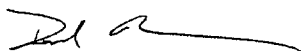
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

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

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

I communicate with Acting Chief Executive, State Superannuation Office and members 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.



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

22 September 2023

Super SA Retirement Investment Fund

Statement of Financial Position

as at 30 June 2023

	Note	2023 \$000	2022 \$000
Assets			
Cash and cash equivalents	12	23 483	24 103
Receivables	4	117	3 809
Investments	5	6 810 916	6 192 727
Total assets		6 834 516	6 220 639
Liabilities			
Benefits payable		14 585	16 349
Payables	7	1 536	1 692
Insurance liabilities		176	493
Provision for PAYG withholding tax		106	69
Income tax payable	11(b)	14 512	7 302
Deferred tax liabilities	11(c)	21 680	6 966
Total liabilities excluding member benefits		52 595	32 871
Net assets available for member benefits		6 781 921	6 187 768
Member benefits			
Income Stream (IS) member benefit liabilities	3	4 829 653	4 383 506
Flexible Rollover Product (FRP) member benefit liabilities	3	1 938 927	1 754 479
Total member benefits		6 768 580	6 137 985
Total net assets		13 341	49 783
Equity			
Administration Fee Reserve	13	16 104	13 720
Insurance Reserve	14	1 670	1 244
Operational Risk Reserve	15	11 383	9 796
Investment allocation (under)/over		(15 816)	25 023
Total equity		13 341	49 783

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

Super SA Retirement Investment Fund

Income Statement

for the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
Net changes in investments measured at fair value		526 215	(340 653)
Interest revenue		938	1
Other revenue		-	-
Transfers from other schemes		-	(8 976)
Total revenue		527 153	(349 628)
Investment expenses	8	(17 823)	(18 935)
Administration expenses	9	(4 193)	(4 223)
Total expenses		(22 016)	(23 158)
Results from superannuation activities		505 137	(372 786)
Net insurance activities		539	982
Result from operating activities		505 676	(371 804)
Net benefits allocated to IS member accounts		(397 247)	239 274
Net benefits allocated to FRP member accounts		(141 389)	84 224
Operating result before income tax		(32 960)	(48 306)
Income tax (expense)/benefit	11(a)	(2 029)	46 909
Net operating result		(34 989)	(1 397)

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

Super SA Retirement Investment Fund

Statement of Changes in Member Benefits for the year ended 30 June 2023

2023		Flexible Rollover Product \$000	Income Stream \$000	Totals \$000
	Note			
Opening balance as at 1 July	3	1 754 479	4 383 506	6 137 985
Member contributions		96 721	-	96 721
Government co-contributions		71	-	71
Spouse contributions		773	-	773
Rollovers from other schemes		493 508	858 646	1 352 154
Income tax on rollovers		(47 878)	(64 465)	(112 343)
Net contributions		543 195	794 181	1 337 376
Benefits to members		(499 903)	(746 050)	(1 245 953)
Insurance premiums charged to members		(700)	-	(700)
Insurance benefits credited to members		405	-	405
Amounts allocated to members from reserves		62	769	831
Net benefits allocated to members, comprising:				
Net investment income		143 642	401 551	545 193
Net change in member liabilities		(2 253)	(4 304)	(6 557)
Closing balance as at 30 June	3	1 938 927	4 829 653	6 768 580

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

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 2023

		Administration Fee Reserve	Insurance Reserve	Operational Risk Reserve	Over/(under) allocated benefits	Total Equity
2023		\$000	\$000	\$000	\$000	\$000
	Note	13	14	15		
Opening balance		13 720	1 244	9 796	25 023	49 783
Net operating result		2 384	426	1 587	(39 385)	(34 988)
Net transfers to equity		-	-	-	(1 454)	(1 454)
Closing balance		16 104	1 670	11 383	(15 816)	13 341

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

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

Super SA Retirement Investment Fund

Statement of Cash Flows

for the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
GST recoup		582	749
Other income		834	80
Income tax		19 897	(11 062)
Administration expenses paid		(4 010)	(5 371)
Net cash flows from operating activities	12	17 303	(15 604)
Receipts from the sale of investments from Funds SA		1 659 808	1 694 404
Payments to Funds SA for the purchase of investments		(1 765 841)	(1 996 697)
Net cash flows from investing activities		(106 033)	(302 293)
Member contributions		96 721	93 137
Spouse contributions		773	778
Government co-contributions		71	82
Net transfers from other superannuation entities		1 351 212	1 423 218
Transfers from other schemes		-	(8 976)
Payments from Operational Risk Reserve		(643)	14
Income Stream payments		(746 581)	(660 124)
Flexible Rollover Product payments		(501 100)	(421 009)
Contributions tax paid		(112 343)	(117 736)
Net cash flows from financing activities		88 110	309 384
Net change in cash		(620)	(8 513)
Cash at the beginning of the financial period		24 103	32 615
Cash at the end of the financial period	12	23 483	24 102

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 is comprised 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 level of insurance through the Triple S Scheme, and provides access to non-preserved benefit amounts.

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

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

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

b) *South Australian Superannuation Board*

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

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

Super SA Retirement Investment Fund

c) Superannuation Funds Management Corporation of South Australia

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

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

d) Funding Arrangements

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

2) Significant accounting policies

a) Basis of accounting

The financial statements have been prepared in accordance with relevant Australian Accounting Standards, including AASB 1056 Superannuation Entities 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.

These financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

These financial statements are presented in Australian currency and all amounts have been rounded to the nearest thousand dollars (\$000).

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

b) New and amending accounting standards

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 financial year and have not been early adopted by the Fund other than AASB 2021-2 which was adopted from 1 July 2021. These standards and interpretations are not expected to have a material impact on the Fund.

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.

Super SA Retirement Investment Fund

Financial assets and liabilities held for trading

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

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

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

Other financial liabilities

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

b) Recognition

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

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

c) Initial Recognition

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

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.

Super SA Retirement Investment Fund

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

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

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

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

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

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

f) Cash and cash equivalents

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

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

g) Receivables and payables

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

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 2023 but paid after 30 June 2023.

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.

Super SA Retirement Investment Fund

j) Revenue recognition

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

Changes in fair values

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

Interest

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

k) Taxation

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

Current tax

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

Deferred tax

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

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.

Super SA Retirement Investment Fund

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

n) Investments

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

(i) Inflation Linked Securities Taxable

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

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

Super SA Retirement Investment Fund

(ii) Property Taxable

The Property Taxable portfolio comprises two sub sectors:

Listed Property Trusts

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

Unlisted property vehicles

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

(iii) Australian Equities Taxable

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

(iv) International Equities Taxable

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

(v) Fixed Interest

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

(vi) Diversified Strategies Growth Taxable

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

Private Markets Taxable

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

Super SA Retirement Investment Fund

Core Infrastructure Taxable

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

(vii) Diversified Strategies Income

The Diversified Strategies Income asset class incorporates four sub sectors:

Defensive Alternatives

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

Credit

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

Investment Grade Credit

The Investment Grade Credit portfolio comprises investments in discretely managed investments 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. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

Growth Alternatives

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

(viii) Cash

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

Super SA Retirement Investment Fund

(ix) Socially Responsible

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

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

o) **Operation of investment portfolio**

Funds SA is responsible for the investment and management of the Fund'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 2023, Funds SA managed seven (2022: seven) distinct investment options for the Fund which were available to investors, each differing by strategic asset allocation:

- High Growth
- Balanced
- Moderate
- Stable
- Capital Defensive
- Cash
- Socially Responsible

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

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

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

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

Fair value of investments

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

Super SA Retirement Investment Fund

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

It is also important to note that fair values are accepted directly from Funds SA.

q) Climate change financial risks

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

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

3) Member benefit liabilities

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

	Flexible Rollover Product		Income Stream		Totals	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Member benefits	1 938 927	1 754 479	4 829 653	4 383 506	6 768 580	6 137 985
As compared to net assets available for member benefits	1 948 054	1 769 073	4 833 867	4 418 695	6 781 921	6 187 768

4) Receivables

	Flexible Rollover Product		Income Stream		Totals	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Refund from ATO for GST	4	12	8	34	12	46
Interest	42	-	62	-	104	-
Funds SA receivables	-	607	-	3 156	-	3 763
Other receivables	-	-	1	-	1	-
Contributions receivables	-	-	-	-	-	-
Rollovers receivable	-	-	-	-	-	-
	46	619	71	3 190	117	3 809

Super SA Retirement Investment Fund

5) Fair value of financial instruments

Classification of financial Instruments under the fair value hierarchy

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

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

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

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

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

Valuation technique

The 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

Level 1 and level 3 are not relevant to the Fund

	Flexible Rollover Product		Income Stream		Totals	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Unlisted managed investment schemes	1 971 610	1 782 423	4 839 306	4 410 304	6 810 916	6 192 727
Funds SA	1 971 610	1 782 423	4 839 306	4 410 304	6 810 916	6 192 727

Super SA Retirement Investment Fund

6) Value and movement of investments by investment option

Income Stream	2023	Movement	2022
	\$000	\$000	\$000
High Growth Taxable	376 997	44 308	332 689
Balanced Taxable	2 081 095	249 356	1 831 739
Moderate Taxable	877 992	99 395	778 597
Stable Taxable	577 523	21 343	556 180
Capital Defensive Taxable	173 937	(4 847)	178 783
Cash Taxable	214 807	(8 204)	223 011
Socially Responsible Investment	91 683	16 119	75 565
Investments at 30 June	4 394 034	417 470	3 976 564

Income Stream (Transition to Retirement)	2023	Movement	2022
	\$000	\$000	\$000
High Growth Taxable	44 803	1 443	43 360
Balanced Taxable	210 687	3 221	207 466
Moderate Taxable	95 128	6 571	88 557
Stable Taxable	51 707	2 149	49 558
Capital Defensive Taxable	8 188	(442)	8 630
Cash Taxable	26 707	2 991	23 716
Socially Responsible Investment	8 052	(4 401)	12 453
Investments at 30 June	445 272	11 532	433 740

Flexible Rollover Product	2023	Movement	2022
	\$000	\$000	\$000
High Growth Taxable	251 025	13 105	237 920
Balanced Taxable	1 037 473	160 670	876 803
Moderate Taxable	221 326	13 696	207 630
Stable Taxable	183 746	3 830	179 916
Capital Defensive Taxable	79 247	(18 906)	98 153
Cash Taxable	156 424	12 954	143 470
Socially Responsible Investment	42 369	3 838	38 531
Investments at 30 June	1 971 610	189 187	1 782 423

Total	2023	Movement	2022
	\$000	\$000	\$000
High Growth Taxable	672 824	58 855	613 969
Balanced Taxable	3 329 255	413 247	2 916 008
Moderate Taxable	1 194 446	119 662	1 074 784
Stable Taxable	812 977	27 323	785 654
Capital Defensive Taxable	261 372	(24 194)	285 566
Cash Taxable	397 938	7 741	390 197
Socially Responsible Investment	142 104	15 555	126 549
Investments at 30 June	6 810 916	618 189	6 192 727

Super SA Retirement Investment Fund

7) Payables

	Flexible Rollover		Income Stream		Totals	
	Product		2023	2022 ⁽ⁱ⁾	2023	2022 ⁽ⁱ⁾
	2023	2022 ⁽ⁱ⁾				
Audit fees payable	14	14	34	34	48	48
Administration fees	411	518	1 077	1 126	1 488	1 644
	425	532	1 111	1 160	1 536	1 692

(i) Presentation of prior year values changed for consistency with current year.

8) Investment expenses

	Flexible Rollover		Income Stream		Totals	
	Product		2023	2022	2023	2022
	2023	2022				
Investment expenses	5 126	5 366	12 697	13 569	17 823	18 935

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

9) Administration expenses

	Flexible Rollover		Income Stream		Totals	
	Product		2023	2022	2023	2022
	2023	2022				
Administration fee	1 083	1 063	3 058	3 109	4 141	4 172
Other expenses ⁽ⁱ⁾	12	15	40	36	52	51
	1 095	1 078	3 098	3 145	4 193	4 223

(i) Other expenses include Auditors' remuneration. Refer Note 10.

10) Auditors' remuneration

	2023	2022
	\$000	\$000
Audit fees paid or payable	47	46

Audit fees paid (or payable), \$46 900 GST exclusive (2022: \$45 700), relate to the Auditor-General's Department work performed under the PFAA. The Auditor General's Department uses the services of Ernst and Young for the audit. No other services were provided by the Auditor-General's Department.

Super SA Retirement Investment Fund

11) Income tax

	Flexible Rollover		Income Stream		Totals	
	Product		2023	2022	2023	2022
	2023	2022				
Major components of tax expense (expense)/benefit						
(a) Current income tax (expense)/benefit						
Current tax charge	520	(858)	12 111	15 069	12 631	14 211
Adjustment to current tax charge for prior periods	(28)	135	84	14 834	56	14 969
Relating to the originating and reversal of temporary differences	(11 910)	13 089	(2 805)	4 640	(14 716)	17 729
Income tax (expense)/benefit	(11 418)	12 366	9 390	34 543	(2 027)	46 909
Reconciliation between income tax expenses and the accounting profit before income tax						
Net operating result before tax	6 019	(18 588)	(38 978)	(29 718)	(32 959)	(48 306)
Tax applicable at the rate of 15% (2022: 15%)	(903)	2 788	5 847	4 458	4 944	7 246
Tax effect of expenses that are not assessable/or deductible in determining taxable income:						
Non deductible expenses	-	-	(247)	(257)	(247)	(257)
Tax effect of income/(losses) that are not assessable/or deductible in determining taxable income:						
Investment revenue	5 780	(10 018)	28 986	(29 183)	34 766	(39 201)
Exempt pension income	-	-	23 519	23 519	23 519	23 519
Tax effect of other adjustments:						
Imputation and foreign tax credits	4 756	6 934	11 071	15 112	15 827	22 046
(Over)/under provision prior period	28	(134)	(84)	(14 834)	(56)	(14 968)
Self insurance deduction	92	80	-	-	92	80
Net benefit allocated to members	(21 173)	12 715	(59 702)	35 728	(80 875)	48 443
Deductible financial planning fees	1	1	-	-	1	1
Income tax (expense)/benefit	(11 419)	12 366	9 390	34 543	(2 029)	46 909
(b) Current tax liabilities						
Balance at beginning of year	8 115	21 413	(813)	26 130	7 302	47 543
Income tax paid - current period	(38 954)	(43 973)	(46 229)	(52 251)	(85 183)	(98 224)
Income tax paid - prior periods	(8 143)	(21 279)	880	(11 296)	(7 263)	(32 575)
Current years income tax provision	47 358	52 088	52 354	51 438	99 712	103 526
(Over)/under provision prior period	28	(134)	(84)	(14 834)	(56)	(14 968)
Current tax liabilities	8 404	8 115	6 108	(813)	14 512	7 302

Super SA Retirement Investment Fund

Flexible Rollover Product		Income Stream		Totals	
2023	2022	2023	2022	2023	2022
\$000	\$000	\$000	\$000	\$000	\$000

(c) Deferred tax liabilities/(assets)

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

Accrued expenses and realised capital losses (discounted)	(1 438)	(2)	(243)	(1)	(1 681)	(3)
Unrealised capital gains /(losses) carried forward (discounted)	21 381	8 036	1 980	(1 067)	23 361	6 969
Deferred tax liabilities/(assets)	19 943	8 034	1 737	(1 068)	21 680	6 966

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

12) Reconciliation of cash and cash equivalents

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

Flexible Rollover Product		Income Stream		Totals		
2023	2022	2023	2022	2023	2022	
\$000	\$000	\$000	\$000	\$000	\$000	
Cash and cash equivalents	12 341	11 395	11 142	12 708	23 483	24 103

Reconciliation of operating result to net cash from operating activities

Net operating result	(5 400)	(6 222)	(29 588)	4 825	(34 989)	(1 397)
Adjustments for:						
Change in investments measured at fair value	(152 737)	96 257	(373 478)	244 396	(526 215)	340 653
Investment expenses	5 126	5 366	12 697	13 569	17 823	18 935
Net insurance movement	(612)	(984)	-	-	(612)	(984)
(Increase) in receivables	460	2 090	3 119	1 010	3 579	3 100
Increase/(decrease) in payables	11 991	(27 428)	7 089	(24 985)	19 080	(52 413)
Allocation to members accounts	141 389	(84 224)	397 247	(239 274)	538 636	(323 498)
Net cash (outflows)/inflows from operating activities	216	(15 145)	17 086	(459)	17 303	(15 604)

Super SA Retirement Investment Fund

13) Administration Fee Reserve

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

	Flexible Rollover Product		Income Stream		Totals	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	4 448	5 576	9 272	17 285	13 720	22 861
Investment earnings ⁽ⁱ⁾	437	(223)	1 040	(649)	1 477	(872)
Administration fees	1 321	1 252	3 726	3 628	5 047	4 880
Administration expenses	(1 082)	(1 064)	(3 058)	(3 109)	(4 140)	(4 173)
Operating result	676	(35)	1 708	(130)	2 384	(165)
Transfer to/(from) Reserve ⁽ⁱⁱ⁾	-	(1 093)	-	(7 883)	-	(8 976)
Closing balance	5 124	4 448	10 980	9 272	16 104	13 720

⁽ⁱ⁾ The Administration Reserves are notionally invested in the Balanced Option. The rate of return on earnings were: FRP: 8.9 per cent (2022: -4.92 per cent), IS: 10.1 per cent (2022: -5.78 per cent) and TRIS: 10.2 per cent (2022: -2.64 per cent).

⁽ⁱⁱ⁾ The Flexible Rollover Product prior year amount relates to the Board approved reversal of the transfers of accumulated investment earnings from the Triple S Scheme's Insurance Reserve (\$1.1 million). The Income Stream amount relates to the Board approved reversal of the transfers of accumulated investment earnings from the Triple S Scheme's Insurance Reserve (\$7.9 million).

14) Insurance Reserve

The surplus attributable to the insurance pool for the Flexible Rollover Product was initially recognised in March 2014 as an Insurance Reserve and operates on a self-insurance basis. This reserve is credited with insurance deductions from member accounts and debited with the value of benefits paid to members. Insurance is not offered through Income Stream.

	Flexible Rollover Product		Income Stream		Totals	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	1 244	757	-	-	1 244	757
Investment earnings ⁽ⁱ⁾	131	(65)	-	-	131	(65)
Premiums and charges	700	552	-	-	700	552
Benefit payments	(405)	-	-	-	(405)	-
Operating result	426	487	-	-	426	487
Transfer to/(from) Reserve ⁽ⁱⁱ⁾	-	-	-	-	-	-
Closing balance	1 670	1 244	-	-	1 670	1 244

⁽ⁱ⁾ The Insurance Reserve is notionally invested in the Balanced option. The rate of return on earnings was: 8.9 per cent (2022: -4.92 per cent).

Super SA Retirement Investment Fund

15) Operational Risk Reserve

The Operational Risk Reserves (ORR) for Income Stream and Flexible Rollover Product were established at 31 December 2012 at 0.20 per cent of funds under management. From April 2016, members were charged a fee (0.04 per cent FRP, 0.05 per cent IS/TRIS) via a reduction to the unit prices in order to build the reserves to a target rate (0.45 per cent FRP, 0.20 per cent IS/TRIS) of funds under management. From March 2018, the fee charged to FRP members was increased from 0.04 per cent to 0.05 per cent, IS/TRIS remained unchanged at 0.05 per cent until June 2019. From July 2019 to December 2019 the fee charged to IS/TRIS members was reduced to 0.025 per cent, from January 2020 the rate was further reduced to 0.0125 per cent and remained unchanged for the year ended 30 June 2023. The FRP rate again remained unchanged at 0.05 per cent for the year.

	Flexible Rollover Product		Income Stream		Totals	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Opening balance	5 678	5 072	4 118	4 923	9 796	9 995
Investment earnings ⁽ⁱ⁾	577	(296)	331	(297)	908	(593)
ORR fee	932	911	578	577	1 510	1 488
Payments from Reserve	(62)	(9)	(769)	(1 085)	(831)	(1 094)
Operating result	1 447	606	140	(805)	1 587	(199)
Transfer to/(from) Reserve	-	-	-	-	-	-
Closing balance	7 125	5 678	4 258	4 118	11 383	9 796

⁽ⁱ⁾ The ORRs are notionally invested in the Balanced Option. The rate of return on earnings were: FRP: 8.9 per cent (2022: -4.92 per cent), IS: 10.1 per cent (2022: -5.78 per cent) and TRIS: 10.2 per cent (2022: -2.64 per cent).

16) Financial risk management objectives and policies

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

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

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

- market risk
- credit risk
- liquidity risk.

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.

Super SA Retirement Investment Fund

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

The Board receives regular reports from Funds SA concerning compliance with the Fund's investment objectives.

a) Market risk

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

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

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

(i) Currency risk

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

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

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

- foreign currency exposures in the Private Markets Tax-Exempt, Private Markets Taxable, Core Infrastructure Tax- Exempt, Core Infrastructure Taxable, Credit, Long Term Fixed Interest and Inflation Linked Securities Taxable asset classes are economically hedged to Australian dollars, and
- foreign currency exposures over the developed markets component of the International Equities Tax-Exempt, International Equities Taxable, International Equities Passive Tax-Exempt and International Equities Passive Taxable asset classes are economically 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 Fund's interest rate risk is managed by Funds SA, as investments include fixed interest securities.

Funds SA manages interest rate risk through:

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

Super SA Retirement Investment Fund

(iii) Other market price risk

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

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

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

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

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

(iv) Investments sensitivity analysis

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

Super SA Retirement Investment Fund

Income Stream

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

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
2023				
Investment Option				
High Growth Taxable	8.5	10.7	354 843	37 968
Balanced Taxable	8.0	9.1	1 956 417	178 034
Moderate Taxable	7.1	6.8	828 295	56 324
Stable Tax Exempt	6.5	4.8	566 852	27 209
Capital Defensive Taxable	5.9	3.2	176 360	5 644
Cash Taxable	3.2	0.5	218 909	1 095
Socially Responsible Investment Taxable	6.8	8.9	83 624	7 443

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
2022				
Investment Option				
High Growth Taxable	7.0	10.4	350 874	36 491
Balanced Taxable	6.3	9.0	1 886 163	169 755
Moderate Taxable	4.8	6.7	759 421	50 881
Stable Tax Exempt	4.0	5.1	557 268	28 421
Capital Defensive Taxable	3.3	3.8	189 533	7 202
Cash Taxable	0.0	0.5	170 726	854
Socially Responsible Investment Taxable	5.4	8.9	65 365	5 817

Super SA Retirement Investment Fund

Income Stream Transition to Retirement

The statistics shown below are averages calculated over 10 years, net of investment management fees and gross of tax. These investment statistics have a 15 per cent tax rate applied and includes franking credits.

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
2023				
Investment Option				
High Growth Taxable	7.4	9.8	44 082	4 320
Balanced Taxable	7.0	8.4	209 077	17 562
Moderate Taxable	6.2	6.3	91 843	5 786
Stable Tax Exempt	5.6	4.4	50 633	2 228
Capital Defensive Taxable	5.0	2.9	8 409	244
Cash Taxable	2.7	0.4	25 212	101
Socially Responsible Investment Taxable	5.9	8.3	10 253	851

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
2022				
Investment Option				
High Growth Taxable	6.2	10.3	50 352	5 186
Balanced Taxable	5.6	9.0	245 733	2 116
Moderate Taxable	4.3	6.7	92 045	6 167
Stable Tax Exempt	3.5	5.1	49 502	2 525
Capital Defensive Taxable	2.9	3.8	9 070	345
Cash Taxable	0.0	0.5	19 770	99
Socially Responsible Investment Taxable	4.7	8.9	11 388	1 014

Super SA Retirement Investment Fund

Flexible Rollover Product

The statistics shown below are averages calculated over 10 years, net of investment management fees and gross of tax. These investment statistics have a 15 per cent tax rate applied and includes franking credits.

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
2023				
Investment Option				
High Growth Taxable	7.4	9.8	244 473	23 958
Balanced Taxable	7.0	8.4	957 138	80 400
Moderate Taxable	6.2	6.3	214 478	13 512
Stable Tax Exempt	5.6	4.4	181 831	8 001
Capital Defensive Taxable	5.0	2.9	88 700	2 572
Cash Taxable	2.7	0.4	149 947	600
Socially Responsible Investment Taxable	5.9	8.3	40 450	3 357

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
2022				
Investment Option				
High Growth Taxable	6.2	10.3	250 440	25 795
Balanced Taxable	5.6	9.0	870 312	78 328
Moderate Taxable	4.3	6.7	212 314	14 225
Stable Tax Exempt	3.5	5.1	179 733	9 166
Capital Defensive Taxable	2.9	3.8	96 841	3 680
Cash Taxable	0.0	0.5	117 813	589
Socially Responsible Investment Taxable	4.7	8.9	35 178	3 131

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

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

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

Super SA Retirement Investment Fund

b) Credit risk

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

The fair value of financial assets, included in the statement of financial position represents the Fund's maximum exposure to credit risk in relation to those assets. Funds SA is the Fund's only significant exposure to any individual counterparty or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

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

c) Liquidity risk

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

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

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

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

Super SA Retirement Investment Fund

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

	Less than 3 Months \$000	Total Contractual Cash Flows \$000	Carrying Amount Liabilities \$000
2023			
Benefits payable	14 585	14 585	14 585
Payables ⁽ⁱ⁾	6	6	6
Vested benefits ⁽ⁱⁱ⁾	6 768 580	6 768 580	6 768 580
Total	6 783 171	6 783 171	6 783 171
2022			
Benefits payable	16 349	16 349	16 349
Payables ⁽ⁱ⁾			
Vested benefits ⁽ⁱⁱ⁾	6 137 985	6 137 985	6 137 985
Total	6 154 334	6 154 334	6 154 334

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

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

d) Derivative financial instruments

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

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

17) Unallocated to members' accounts

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

The Fund also values the investments reported in the financial statements at fair value (refer Notes 2(c)(e) and 5) while the unit prices used to determine the member benefit liabilities are based on soft close unit prices. This difference in valuation is reflected in the investment allocation amount in the statement of financial position.

Super SA Retirement Investment Fund

18) Segment information

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

19) Related parties

a) Key management personnel

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

b) Compensation

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

c) Transactions with key management personnel and other related parties

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

d) Transactions with other government entities

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

20) Events after the reporting period

There were no significant events after the reporting period.

Super SA Retirement Investment Fund

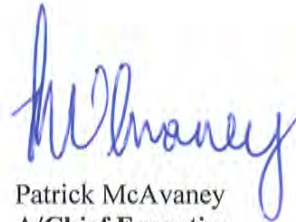
Certification of the financial statement

We certify that the:

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



June Roache
Presiding Member
SA Superannuation Board



Patrick McAvaney
A/Chief Executive
State Superannuation Office



Mark Hordacre
Director Finance
State Superannuation Office

Date 14/9/23

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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

Opinion

I have audited the financial report of the South Australian Ambulance Service Superannuation Scheme for the financial year ended 30 June 2023.

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 2023, 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 2023
- an Income Statement for the year ended 30 June 2023
- a Statement of Changes in Member Benefits for the year ended 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, the Acting Chief Executive, State Superannuation Office, and the Director Finance, State Superannuation Office.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of 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 Acting Chief Executive, State Superannuation Office and the members of the South Australian Superannuation Board for the financial report

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

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 9 of schedule 3 of the Superannuation Act 1988, I have audited the financial report of South Australian Ambulance Service Superannuation Scheme for the financial year ended 30 June 2023.

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 and section 9 of schedule 3 of the Superannuation Act 1988, I have audited the financial report of South Australian Ambulance Service Superannuation Scheme's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Chief Executive, State Superannuation Office
- conclude on the appropriateness of the Acting Chief Executive, State Superannuation Office's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

South Australian Ambulance Service Superannuation Scheme

Statement of Financial Position

as at 30 June 2023

	Note	2023 \$000	2022 \$000
Assets			
Cash and cash equivalents	13	2 681	665
Contributions receivable		9	2
Receivables	7	6	10
Investments	5, 6	293 313	292 747
Total assets		296 009	293 424
Liabilities			
Benefits payable		380	545
Payables	8	284	212
Insurance liabilities		498	523
Income tax liabilities	14(b)	326	1 017
Deferred tax liabilities	14(c)	6 910	4 910
Total liabilities excluding member benefits		8 398	7 207
Net assets available for member benefits		287 611	286 217
Defined benefit member liabilities	3	185 889	192 810
Defined contribution member liabilities	4	68 491	70 673
Total member benefits		254 380	263 483
Total net assets		33 231	22 734
Equity			
Insurance Reserve	15	1 661	1 707
Operational Risk Reserve	16	865	795
Defined benefits surplus		30 705	20 232
Total equity		33 231	22 734

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

Income Statement

for the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
Net changes in investments measured at fair value		27 858	(15 900)
Interest revenue		32	-
Total revenue		27 890	(15 900)
Investment expenses	9	(929)	(1 053)
Administration expenses	10	(417)	(391)
Total expenses		(1 346)	(1 444)
Results from superannuation activities		26 544	(17 344)
Net insurance activities		(653)	(300)
Net operating result		25 891	(17 644)
Net change in defined benefit member liabilities		(10 527)	(1 629)
Allocation (to)/from defined contribution member accounts		(2 914)	397
Results from operating activities before tax		12 450	(18 876)
Income tax (expense)/benefit	14(a)	(1 980)	2 917
Net operating result		10 470	(15 959)

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 2023

2023	Note	Defined Benefit Component \$000	Defined Contribution Component \$000	Totals \$000
Opening balance as at 1 July		192 810	70 673	263 483
Employer contributions	12	6 030	2 222	8 252
Member contributions		-	1 260	1 260
Transfers from other super entities		-	71	71
Government co-contributions		-	1	1
Contributions tax		(851)	(313)	(1 164)
Net contributions		5 179	3 241	8 420
Benefits to members		(23 122)	(8 520)	(31 642)
Insurance premiums charged to members		-	-	-
Insurance benefits credited to members		495	183	678
Net benefits allocated to members, comprising:				
Net investment income		-	2 914	2 914
Net change in member liabilities		10 527	-	10 527
Closing balance as at 30 June		185 889	68 491	254 380

2022	Note	Defined Benefit Component \$000	Defined Contribution Component \$000	Totals \$000
Opening balance as at 1 July		198 075	72 294	270 369
Employer contributions	12	5 500	2 016	7 516
Member contributions		-	1 166	1 166
Transfers from other super entities		-	165	165
Government co-contributions		-	7	7
Contributions tax		(775)	(284)	(1 059)
Net contributions		4 725	3 070	7 795
Benefits to members		(11 872)	(4 351)	(16 223)
Insurance premiums charged to members		-	(36)	(36)
Insurance benefits credited to members		253	93	346
Net benefits comprising:				
Net investment income		-	(397)	(397)
Net change in member liabilities		1 629	-	1 629
Closing balance as at 30 June		192 810	70 673	263 483

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 2023

	Insurance Reserve	Operational Risk Reserve	Over/(under) allocated benefits	Total Equity
2023	\$000	\$000	\$000	\$000
Note	15	16		
Opening balance	1 707	795	20 232	22 734
Net operating result	(46)	70	10 446	10 470
Net transfers to equity	-	-	27	27
Closing balance	1 661	865	30 705	33 231

	Insurance Reserve	Operational Risk Reserve	Over/(under) allocated benefits	Total Equity
2022	\$000	\$000	\$000	\$000
Note	15	16		
Opening balance	1 675	830	36 189	38 694
Net operating result	32	(35)	(15 956)	(15 959)
Net transfers to equity	-	-	(1)	(1)
Closing balance	1 707	795	20 232	22 734

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 2023

	Note	2023 \$000	2022 \$000
GST recoup		56	74
Bank interest received		28	4
Administration expenses paid		(378)	(567)
Income tax		(671)	(2 741)
Net cash flows from operating activities	13	(965)	(3 230)
Receipts from the sale of investments from Funds SA		34 453	16 172
Payments to Funds SA for the purchase of investments		(8 090)	(5 150)
Net cash flows from investing activities		26 363	11 022
Employer contributions		8 233	7 467
Member contributions		1 256	1 160
Government co-contributions		1	7
Transfers from other superannuation entities		71	165
Benefit payments to members		(31 779)	(15 706)
Contributions tax paid		(1 164)	(1 059)
Net cash flows from financing activities		(23 382)	(7 966)
Net change in cash		2 016	(174)
Cash at the beginning of the financial period		665	839
Cash at the end of the financial period	13	2 681	665

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.

Benefits are represented by the balances of all member accounts that are available for employees who meet certain conditions. These conditions may include the following:

- Retirement
- Resignation and meet a condition of release
- Retrenchment
- Election of Transition to Retirement or Early Access to Super while still an employee of the SA Public Sector
- Death or becoming terminally ill
- Termination of their employment due to invalidity.

The balance of individual member entitlements is provided in annual statements provided to each member.

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.

South Australian Ambulance Service Superannuation Scheme

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 2023, 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 (2022: 10 per cent) of salary.

The employer contributions above are in line with the 30 June 2020 triennial actuarial review recommendations and were effective on 1 July 2021. The next triennial actuarial review will be performed as at 30 June 2023.

Provision of insurance cover for Death, Total and Permanent Disablement, Serious Ill-Health and Income Protection under a self-insurance arrangement within the Scheme commenced from 1 July 2006. The weekly voluntary insurance contribution rate was retained at \$1.35 per unit, as part of the triennial actuarial review, the recommended self insurance reserve is to be maintained at 200 per cent of one year's expected claim cost.

The asset coverage of vested benefits as at 30 June 2023 met the target of 105 per cent.

2) Significant accounting policies

a) *Basis of accounting*

The financial statements have been prepared in accordance with relevant Australian Accounting Standards, including AASB 1056 Superannuation Entities 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.

These financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

These financial statements are prepared on a 12-month reporting period, 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.

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**Government
of South Australia**

**SOUTH AUSTRALIAN SUPERANNUATION
BOARD
2022-23 Annual Report**

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

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Date presented to Minister: 29 September 2023

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South Australian Ambulance Service Superannuation Scheme

b) *New and amended accounting standards*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 financial year and have not been early adopted by the Scheme other than AASB 2021-2 which was adopted from 1 July 2021. These standards and interpretations are not expected to have a material impact on the 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 financial liabilities (other than those classified at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

South Australian Ambulance Service Superannuation Scheme

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

(d) Subsequent measurement

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

(e) Fair value measurement

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

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

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

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

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

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

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

(f) Cash and cash equivalents

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

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

(g) Receivables and payables

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

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 2023 but paid after 30 June 2023. These also include income protection payments payable on or prior to 30 June 2023 but paid after 30 June 2023.

(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	2023 \$000	2022 \$000
Insurance contract revenue	487	459
Insurance contract claims expenses	(678)	(346)
(Increase)/decrease in insurance liabilities	25	10
Net result from insurance activities	(166)	123

(j) Significant estimates made in measuring insurance contract asset and liabilities

The Scheme uses the services of an actuary to determine its insurance contract assets and liabilities. An actuarial valuation involves making various assumptions about the future. Actual events in the future may differ from these assumptions. The most recent actuarial valuation was performed for the triennium ending 30 June 2023. 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.

South Australian Ambulance Service Superannuation Scheme

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

(k) Revenue recognition

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

Changes in fair values

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

Interest

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

(l) Taxation

The Scheme is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* and accordingly the concessional tax rate of 15 per cent has been applied.

Current tax

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

Deferred tax

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

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

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.

South Australian Ambulance Service Superannuation Scheme

(m) Goods and services tax (GST)

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

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

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

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

(n) Foreign currency

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

(o) Investments

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

(i) Inflation Linked Securities Taxable

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

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

(ii) Property Taxable

The Property Taxable portfolio comprises two sub sectors:

Listed Property Trusts

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

Unlisted property vehicles

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

South Australian Ambulance Service Superannuation Scheme

(iii) Australian Equities Taxable

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

(iv) International Equities Taxable

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

(v) Fixed Interest

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

(vi) Diversified Strategies Growth Taxable

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

Private Markets Taxable

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

Core Infrastructure Taxable

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

(vii) Diversified Strategies Income

The Diversified Strategies Income asset class incorporates four sub sectors:

Defensive Alternatives

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

South Australian Ambulance Service Superannuation Scheme

Credit

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

Investment Grade Credit

The Investment Grade Credit portfolio comprises investments in discretely managed investments 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. Where currency conversions are required, these have been made at the spot market mid rates applicable at balance date.

Growth Alternatives

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

(viii) Cash

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

(p) Operation of investment portfolio

Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA (refer Note 1 (c)). Funds SA operates a multi-layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2023, 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.

(q) Member liabilities

Member liabilities are measured at the amount of accrued benefits.

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

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

South Australian Ambulance Service Superannuation Scheme

(r) Significant accounting judgements, estimates and assumptions

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

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

Fair value of investments

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

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

It is also important to note that fair values are accepted directly from Funds SA.

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.

(s) Climate change financial risks

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

South Australian Ambulance Service Superannuation Scheme

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

3) Defined benefit member liabilities

Actuarial valuations to determine the defined benefit members' accrued liabilities are conducted at least every three years. The most recent actuarial valuation was undertaken by Esther Conway, Fellow of the Institute of Actuaries of Australia from Mercer Consulting (Australia) Pty Limited. The actuarial valuation was undertaken as at 30 June 2023 with the next triennial valuation to be undertaken as at 30 June 2026.

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 2023.

The annual update of the defined benefit member liability has been determined by reference to the expected future salary level increases (3.5 per cent; 2022: 2.5 per cent) and by application of the market-based, risk-adjusted discount rate after tax (6.0 per cent; 2022: 4.25 per cent).

	2023 \$000	2022 \$000
Defined benefit member liabilities	185 889	192 810

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

- (i) The assumed discount has been determined by reference to the investment returns expected on an investment portfolio that reflects the opportunities reasonably available to the Scheme in the investment markets, and also reflects the Scheme's actual investments and investment strategy in respect of defined benefit member liabilities.
- (ii) The assumed annual salary adjustment has been determined by reference to the Wage Price Index produced by the Australian Bureau of Statistics and in consultation with the employer-sponsor.

The other variables about which assumptions have been made in measuring defined benefit member liabilities and for which changes are not considered reasonably possible, or for which reasonably possible changes would not be expected to have a material effect, include: pension indexation rates, mortality rates and resignations.

South Australian Ambulance Service Superannuation Scheme

The following table outlines the sensitivity estimates of the total member liabilities (both defined benefit (\$186 million) and defined contribution (\$68 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	254 379	-	-
Salary growth less 0.5%	256 215	1 836	0.7
Net earnings less 0.5%	253 318	(1 061)	(0.4)

As advised in Note 1(d), employer contributions for the year have been made at the rate determined by the Scheme actuary.

Vested benefits

Vested benefits are benefits that are not conditional upon continued membership of the Scheme (or any factor other than resignation from the Scheme) and include benefits which members were entitled to receive had they terminated their Scheme membership as at the reporting date.

	2023 \$000	2022 \$000
Defined benefit vested benefits	189 544	190 528

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.

	2023 \$000	2022 \$000
Defined contribution member liabilities	68 491	70 673

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

	2023 \$000	2022 \$000
Defined benefit vested benefits	189 544	190 528
Defined contribution member liabilities	68 491	70 673
Total vested benefits	258 035	261 201

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

South Australian Ambulance Service Superannuation Scheme

5) Fair value of financial instruments

Classification of financial Instruments under the fair value hierarchy

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

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

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

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

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

Valuation technique

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

There were no changes in valuation techniques during the year.

	2023	2022
	\$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	293 313	292 747
Funds SA	293 313	292 747

6) Value and movement of investments by investment option

	2023	2022
	\$000	\$000
Investments at 1 July	292 747	320 722
Change in Balanced Taxable	566	(27 975)
Investments at 30 June	293 313	292 747

South Australian Ambulance Service Superannuation Scheme

7) Receivables

	2023	2022
	\$000	\$000
GST recoup from ATO	4	11
Other receivables	(1)	(1)
Interest receivable	3	-
	6	10

8) Payables

	2023	2022
	\$000	\$000
Audit fees	26	26
Administration expenses	88	-
Unearned revenue	161	177
Provision for PAYG Withholding	9	8
Other payables	-	1
	284	212

9) Investment expenses

	2023	2022
	\$000	\$000
Investment expenses	929	1 053

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

10) Administration expenses

	2023	2022
	\$000	\$000
Administration expenses ⁽ⁱ⁾	391	359
Other expenses ⁽ⁱⁱ⁾	26	32
	417	391

⁽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 Auditors' remuneration. Refer Note 11.

South Australian Ambulance Service Superannuation Scheme

11) Auditors' remuneration

	2023	2022
	\$000	\$000
Audit fees paid or payable	25	25

Audit fees paid (or payable), \$25 200 GST exclusive (2022: \$25 100), relate to the Auditor-General's Department work performed under the PFAA. The Auditor General's Department uses the services of Ernst and Young for the audit. No other services were provided by the Auditor-General's Department.

12) Employer contributions

	2023	2022
	\$000	\$000
Employer contributions	7 278	6 534
Insurance premiums	487	491
Administration charges	487	491
	8 252	7 516

13) Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash and deposits held in a Special Deposit Account with DTF. Cash 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. 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:

	2023	2022
	\$000	\$000
Cash and cash equivalents	2 681	665
Reconciliation of net cash from operating activities		
Net operating result	10 470	(15 959)
Adjustments for:		
Change in investments measured at fair value	(27 858)	15 900
Investment expenses	929	1 053
Insurance recognition	166	(123)
Decrease in receivables	4	1
Increase/(Decrease) in payables	1 883	(5 334)
Allocation to members' accounts	13 441	1 232
Net cash flows from operating activities	(965)	(3 230)

South Australian Ambulance Service Superannuation Scheme

14) Income tax

	2023	2022
	\$000	\$000
Major components of income tax (expense)/ benefit		
(a) Current income tax (expense)/ benefit		
Current tax charge	22	(606)
Adjustment to current tax for prior periods	(2)	15
Relating to the originating and reversal of temporary differences	(2 000)	3 508
Adjustment to deferred tax for prior periods	-	-
Income tax (expense)/ benefit	(1 980)	2 917
Reconciliation between income tax expenses and the accounting profit before income tax		
Net operating result before tax	12 450	(18 876)
Tax applicable at the rate of 15% (2022: 15%)	(1 868)	2 831
Tax effect of income that are not assessable/or deductible in determining taxable income:		
Investment revenue	1 073	(1 172)
Tax effect of other adjustments:		
Imputation and foreign tax credits	857	1 428
Self-Insurance deduction	74	76
(Under)/over provision prior period	2	(15)
Net benefit allocated to members	(2 118)	(231)
Income tax (expense)/benefit	(1 980)	2 917
(b) Current tax liabilities		
Current years income tax provision	326	1 017
Current tax liabilities	326	1 017
(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)
Prepaid contributions/contributions receivable	-	-
Realised capital losses carried forward (discounted)	-	-
Unrealised capital gains/(losses) carried forward (discounted)	6 914	4 914
Deferred tax liabilities	6 910	4 910

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.

	2023	2022
	\$000	\$000
Opening balance	1 707	1 675
Investment earnings/(loss) ⁽ⁱ⁾	145	(75)
Premiums and charges	487	459
Benefit payments	(678)	(346)
Consultancy expenses	-	(6)
Operating result	(46)	32
Transfer (from) Reserve ⁽ⁱⁱ⁾	-	-
Closing balance	1 661	1 707

⁽ⁱ⁾ The Insurance Reserve is notionally invested in the Balanced option. The rate of return on earnings was 8.5 per cent (2022: -4.7 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.

	2023	2022
	\$000	\$000
Opening balance	795	830
Investment earnings/(loss) ⁽ⁱ⁾	70	(35)
Operating result	70	(35)
Transfer to/(from) Reserve	-	-
Closing balance	865	795

⁽ⁱ⁾ The Operational Risk Reserve is notionally invested in the Balanced option. The rate of return on earnings was 8.5 per cent (2022: -4.7 per cent).

South Australian Ambulance Service Superannuation Scheme

17) Financial risk management objectives and policies

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

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

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

- market risk
- credit risk
- liquidity risk

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

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

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

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

a) Market risk

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

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

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

(i) Currency risk

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

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

South Australian Ambulance Service Superannuation Scheme

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

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

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

(ii) Interest rate risk

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

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

Funds SA manages interest rate risk through:

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

(iii) Other market price risk

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

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

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

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

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

South Australian Ambulance Service 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 the investment for the year ahead. The following tables show the standard deviation around expected nominal returns for DB High Growth investment.

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

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
2023	%	%	\$000	\$000
Investment Option				
Balanced Taxable	7.0	8.4	293 030	24 615
	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
2022	%	%	\$000	\$000
Investment Option				
Balanced Taxable	5.6	9.0	306 735	27 606

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

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

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

b) Credit risk

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

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

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

South Australian Ambulance Service Superannuation Scheme

e) Liquidity risk

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

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

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

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

The following tables summarise the contractual 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
2023			
Benefits payable	380	380	380
Payables ⁽ⁱ⁾	161	161	161
Vested benefits ⁽ⁱⁱ⁾	258 035	258 035	258 035
Total	258 576	258 576	258 576
2022			
Benefits payable	545	545	545
Payables ⁽ⁱ⁾	177	177	177
Vested benefits ⁽ⁱⁱ⁾	261 201	261 201	261 201
Total	261 923	261 923	261 923

⁽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.

South Australian Ambulance Service Superannuation Scheme

d) Derivative financial instruments

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

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

18) Segment information

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

19) Related parties

a) Key management personnel

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

b) Compensation

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

c) Transactions with key management personnel and other related parties

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

d) Transactions with other government entities

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

20) Events after the reporting period

There were no significant events after the reporting period.

South Australian Ambulance Service Superannuation Scheme

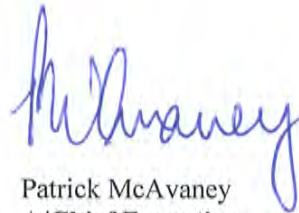
Certification of the financial statement

We certify that the:

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



June Roache
Presiding Member
SA Superannuation Board



Patrick McAvaney
A/Chief Executive
State Superannuation Office



Mark Hordacre
Director Finance
State Superannuation Office

Date14/9/23.....