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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 2024.

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 2024, 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:

- an Income Statement for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Member Benefits for the year ended 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- 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, Super SA and the Director Finance, Super SA.

## 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, Super SA and members of the South Australian Superannuation Board for the financial report**

The Acting Chief Executive, Super SA 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 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 that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Acting Chief Executive, Super SA 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, Super SA 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 2024.

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, Super SA
- conclude on the appropriateness of the Acting Chief Executive, Super SA'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, Super SA 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 2024

# **South Australian Superannuation Scheme**

## **Financial Statements**

For the year ended 30 June 2024

**South Australian Superannuation Scheme**  
**Income Statement**  
*for the year ended 30 June 2024*

	Note	2024 \$'000	2023 \$'000
<b>Income</b>			
Changes in fair value of investments		314 652	387 468
Interest revenue		933	406
<b>Total revenue</b>		<b>315 585</b>	<b>387 874</b>
<b>Expenses</b>			
Investment expenses	10	(16 544)	(17 445)
Higher education expenses	13	(9 120)	(9 139)
Administration expenses	11	(8 566)	(8 186)
<b>Total expenses</b>		<b>(34 230)</b>	<b>(34 770)</b>
<b>Result from superannuation activities</b>		<b>281 355</b>	<b>353 104</b>
Net change in defined benefit member liabilities		(128 708)	(498 091)
Net benefits allocated to defined contribution member accounts		(38 966)	(35 321)
<b>Net operating result</b>		<b>113 681</b>	<b>(180 308)</b>

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

**South Australian Superannuation Scheme**  
**Statement of Financial Position**  
*as at 30 June 2024*

	Note	2024 \$'000	2023 \$'000
<b>Current assets</b>			
Cash and cash equivalents	16	32 870	14 565
Contributions receivable	5	1 049	923
Receivables	6	14 370	9 203
Investments	7	4 471 788	4 594 672
<b>Total assets</b>		<b>4 520 077</b>	<b>4 619 363</b>
<b>Liabilities</b>			
Benefits payable		2 765	9 629
Payables	9	3 298	4 027
<b>Total liabilities excluding member benefits</b>		<b>6 063</b>	<b>13 656</b>
<b>Net assets available for member benefits</b>		<b>4 514 014</b>	<b>4 605 707</b>
<b>Member benefits</b>			
Defined benefit member liabilities	4	8 230 295	8 407 140
Defined contribution member liabilities	4	430 976	459 505
<b>Total member liabilities</b>		<b>8 661 271</b>	<b>8 866 645</b>
<b>Total net assets</b>		<b>(4 147 257)</b>	<b>(4 260 938)</b>
<b>Equity</b>			
Defined benefits deficit		(4 147 257)	(4 260 938)
<b>Total equity</b>		<b>(4 147 257)</b>	<b>(4 260 938)</b>

The Statement of Financial Position 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 2024*

2024	Note	Defined Benefit Members \$'000	Defined Contribution Members \$'000	Totals \$'000
<b>Opening balance as at 1 July</b>		<b>8 407 140</b>	<b>459 505</b>	<b>8 866 645</b>
Contributions for Past Service Liability	14	461 988	-	461 988
Employer contributions	15	16 904	-	16 904
Public Authority employer contributions		30 885	-	30 885
Member contributions		132	6 764	6 896
Transfers from other super entities		-	143	143
<b>Net contributions</b>		<b>509 909</b>	<b>6 907</b>	<b>516 816</b>
Benefits to members		(815 462)	(74 402)	(889 864)
Net benefits to members comprising:				
Net investment income			39 200	39 200
Administration fees			(234)	(234)
Net change in member benefits		128 708	-	128 708
<b>Balance at 30 June</b>		<b>8 230 295</b>	<b>430 976</b>	<b>8 661 271</b>
2023	Note	Defined Benefit Members \$'000	Defined Contribution Members \$'000	Totals \$'000
<b>Opening balance as at 1 July</b>		<b>8 306 884</b>	<b>495 039</b>	<b>8 801 923</b>
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
<b>Net contributions</b>		<b>408 580</b>	<b>8 294</b>	<b>416 874</b>
Benefits to members		(806 415)	(79 149)	(885 564)
Net benefits to members comprising:				
Net investment income		-	35 561	35 561
Administration fees		-	(240)	(240)
Net change in member benefits		498 091	-	498 091
<b>Balance at 30 June</b>		<b>8 407 140</b>	<b>459 505</b>	<b>8 866 645</b>

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

**South Australian Superannuation Scheme**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2024*

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	2024	2023
	\$'000	\$'000
<b>(Under) funded benefits opening balance at 1 July</b>	<b>(4 260 938)</b>	<b>(4 080 630)</b>
Net operating results	113 681	(180 308)
<b>(Under) funded benefits closing balance 1 July</b>	<b>(4 147 257)</b>	<b>(4 260 938)</b>

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



**South Australian Superannuation Scheme**  
**Statement of Cash Flows**  
*for the year ended 30 June 2024*

	2024	2023
	Inflows (Outflows)	Inflows (Outflows)
Note	\$'000	\$'000
<b>Cash flows from operating activities</b>		
<b>Cash inflows</b>		
GST recovered from the ATO	-	1 327
Other income	901	350
<b>Cash generated from operating activities</b>	<b>901</b>	<b>1 677</b>
<b>Cash outflows</b>		
GST paid to the ATO	(5)	-
Higher education expenses	(9 120)	(9 139)
Administration expenses paid	(9 267)	(7 935)
<b>Cash used in operating activities</b>	<b>(18 392)</b>	<b>(17 074)</b>
<b>Net cash provided by operating activities</b>	<b>16 (17 491)</b>	<b>(15 397)</b>
<b>Cash flows from investing activities</b>		
<b>Cash inflows</b>		
Receipts from the sale of investments from Funds SA	431 286	884 308
<b>Cash generated from investing activities</b>	<b>431 286</b>	<b>884 308</b>
<b>Cash outflows</b>		
Payments to Funds SA for the purchase of investments	(16 544)	(400 052)
<b>Cash used in investing activities</b>	<b>(16 544)</b>	<b>(400 052)</b>
<b>Net cash provided by investing activities</b>	<b>414 742</b>	<b>484 256</b>
<b>Cash flows from financing activities</b>		
<b>Cash inflows</b>		
Employer contributions	18 098	19 261
Past service liability contributions	462 103	359 969
Commonwealth and Public Authorities contributions	30 885	27 980
Member contributions	6 869	8 002
Transfers from other superannuation entities	143	508
<b>Cash generated from financing activities</b>	<b>518 098</b>	<b>415 720</b>
<b>Cash outflows</b>		
Pension benefits to members	(865 325)	(666 462)
Benefit payments to members	(31 719)	(214 916)
<b>Cash used in financing activities</b>	<b>(897 044)</b>	<b>(881 378)</b>
<b>Net cash provided by financing activities</b>	<b>(378 946)</b>	<b>(465 658)</b>
<b>Net change in cash</b>	<b>18 305</b>	<b>3 199</b>
Cash at the beginning of the reporting period	14 565	11 366
<b>Cash at the end of the reporting period</b>	<b>16 32 870</b>	<b>14 565</b>

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

# South Australian Superannuation Scheme

## Notes to and forming part of the financial statements

### for the year ended 30 June 2024

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#### 1. Objectives and funding

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

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

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

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

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

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

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

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

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

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

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

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

For further information on the investment of the Scheme's funds, reference should be made to the Fund and the South Australian Superannuation Scheme Contribution Account (the Account) in the annual report of Funds SA.

The investment assets, liabilities, income and expense contained in this financial report are related to the investment activities of Funds SA.

**South Australian Superannuation Scheme**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2024*

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**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 2024 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 (2023: 26 per cent) for old scheme contributors and 14.75 per cent (2023: 14.75 per cent) for new scheme contributors.

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

**(i) State government departments**

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

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

**(ii) Statutory authorities**

Where the employer 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.

## South Australian Superannuation Scheme

### Notes to and forming part of the financial statements

for the year ended 30 June 2024

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

## 2. Material 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*

The scheme has assessed the impact of new and changed Australian Accounting Standards and Interpretations not yet effective.

No Australian Accounting Standards have been early adopted.

### *Financial assets and liabilities*

#### *a) Classification*

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

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

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

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

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

#### *Other financial liabilities*

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

#### *b) Recognition*

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

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

**South Australian Superannuation Scheme**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2024*

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**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 otherwise specified.

**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 Notes 4 and 7.

**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 2024 but paid after 30 June 2024. These also include income protection payments payable on or prior to 30 June 2024 but paid after 30 June 2024.

**South Australian Superannuation Scheme**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2024*

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***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.

***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.

***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.



## South Australian Superannuation Scheme

### Notes to and forming part of the financial statements

for the year ended 30 June 2024

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#### ii) Property Tax-Exempt

The Property Tax-Exempt portfolio comprises two sub sectors:

##### *Listed Property Trusts*

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

##### *Unlisted property vehicles*

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

#### iii) Australian Equities Tax-Exempt

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

#### iv) International Equities Tax-Exempt

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

#### v) Fixed Interest

Fixed Interest portfolios have exposure to domestic and global debt instruments and 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 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.

**South Australian Superannuation Scheme**  
**Notes to and forming part of the financial statements**  
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vii) Diversified Strategies Income

The Diversified Strategies Income asset class incorporates three sub sectors:

*Defensive Alternatives*

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

*Credit*

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

*Growth Alternatives*

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

viii) Cash

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

ix) Socially Responsible

The Socially Responsible portfolio actively incorporates the consideration of environmental, social and governance factors in their investment decisions and avoids investing in companies operating in areas of high negative social impact. The portfolio 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 and international private equity 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. 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. International private equity valuations are generally in accordance with the International Private Equity and Venture Capital Valuation Guidelines Investments.

Where currency conversions have been made at the spot market mid rates applicable at balance date.



**South Australian Superannuation Scheme**  
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***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 2024, Funds SA managed seven (2023: seven) distinct investment options for the Scheme which were available to investors, each differing by strategic asset allocation:

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

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

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

***o) Member liabilities***

Member liabilities are measured at the amount of accrued benefits.

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

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

***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 provided by Funds SA.

## South Australian Superannuation Scheme

### Notes to and forming part of the financial statements

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

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

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

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

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

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

Additionally, as identified in Note 1 (c) 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, Climate Risk Response Plan and Climate Report 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 Scheme uses the services of an actuary to calculate the present value of accrued defined benefit liabilities and the employer funded defined benefit component liabilities based on various future assumptions. A shorthand method was used to estimate these liabilities as at 30 June 2024, expected to yield similar results to a full valuation. The latest full actuarial valuation was performed as at 30 June 2023 by Ms E Conway, FIAA of Mercer Consulting (Australia) Pty Ltd. A full actuarial valuation will be conducted as at 30 June 2024, with results reported in August 2024.

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 2024.

**South Australian Superannuation Scheme**  
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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 (2023: 7.0 per cent),
- The future rate of salary growth:
  - non teachers: first year: 2.0 per cent per annum (2023: 2.0 per cent); long term salary increase 4.0 per cent per annum (2023: 4.0 per cent)
  - teachers: 4.0 per cent per annum (2023: 4.0 per cent), and
- Inflation (CPI):
  - long term: 2.5 per cent per annum (2023: long term: 2.5 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.

	2024			2023		
	Defined Benefit	Defined Contribution	Total	Defined Benefit	Defined Contribution	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Member liabilities	8 230 295	430 976	8 661 271	8 407 140	459 505	8 866 645

	2024			2023		
	Old Scheme	New Scheme	Total	Old Scheme	New Scheme	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SA Superannuation Fund	1 146 871	430 976	1 577 847	1 164 805	459 505	1 624 310
<b>SA Superannuation Scheme contribution accounts:</b>						
Employer contribution accounts	1 132 094	199 628	1 331 722	1 144 172	222 742	1 366 914
SA Government employer account	5 112 036	386 202	5 498 238	5 193 806	421 114	5 614 920
Public authorities	250 180	3 284	253 464	256 968	3 533	260 501
	<b>7 641 181</b>	<b>1 020 090</b>	<b>8 661 271</b>	<b>7 759 751</b>	<b>1 106 894</b>	<b>8 866 645</b>

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

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

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

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

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2023-24

<i>Scenario</i>	Member	Change in	Change in
	liability result	member	member
	\$M	benefit liability	benefit liability
		\$M	%
Base Case	8 661	-	0.0
Discount rate plus 0.5%	8 369	(292)	(3.4)
Discount rate less 0.5%	8 973	312	3.6
Salary increase rate plus 0.5%	8 670	9	0.1
Salary increase less plus 0.5%	8 653	(8)	(0.1)
Pension increase rate plus 0.5%	8 979	318	3.7
Pension increase rate less 0.5%	8 363	(299)	(3.4)
Mortality rates plus 10%	8 460	(201)	(2.3)
Mortality rates less 10%	8 883	221	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.

	2024			2023		
	Old	New	Total	Old	New	Total
	Scheme	Scheme		Scheme	Scheme	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SA Superannuation Fund	1 147 592	430 976	1 578 568	1 165 826	459 505	1 625 331
<b>SA Superannuation Scheme contribution accounts:</b>						
Employer contribution accounts	1 132 579	218 485	1 351 064	1 145 370	246 190	1 391 560
SA Government employer account	5 115 499	426 086	5 541 585	5 200 204	468 010	5 668 214
Public authorities	250 180	3 626	253 806	256 968	3 956	260 924
	<b>7 645 850</b>	<b>1 079 173</b>	<b>8 725 023</b>	<b>7 768 368</b>	<b>1 177 661</b>	<b>8 946 029</b>

**South Australian Superannuation Scheme**  
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**5. Contributions Receivable**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Member contributions	242	215
Employer contributions	807	708
<b>Total contributions receivable</b>	<b>1 049</b>	<b>923</b>

**6. Receivables**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest receivable	88	56
Benefit repayments	633	562
GST recoup from ATO	103	98
Other receivables	3	4
Prepaid benefits	260	42
Past service receivable	130	194
Public authorities	2 870	4 163
Temporary disability	63	114
Funds SA receivable	10 220	3 970
<b>Total receivables</b>	<b>14 370</b>	<b>9 203</b>

**7. Fair value of financial instruments**

***Classification of financial instruments under the fair value hierarchy***

AASB 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined based on 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.

***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.

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets at fair value through profit or loss - Level 2</b>		
Level 1 and level 3 are not relevant to the Scheme		
Unlisted managed investment schemes	4 471 788	4 594 672
<b>Funds SA</b>	<b>4 471 788</b>	<b>4 594 672</b>

**South Australian Superannuation Scheme**  
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**8. Value and movement of investments by investment option**

	2024	Movement	2023
	\$'000	\$'000	\$'000
High Growth Tax-Exempt	99	(2 064)	2 163
Balanced Tax-Exempt	395 164	(16 251)	411 415
Moderate Tax-Exempt	21 992	3 409	18 583
Stable Tax-Exempt	18 133	139	17 994
Capital Defensive Tax-Exempt	9 939	556	9 383
Cash Tax-Exempt	8 098	(1 376)	9 474
Socially Responsible	2 364	765	1 599
DB High Growth Strategy	4 015 999	(108 062)	4 124 061
<b>Investments at 30 June</b>	<b>4 471 788</b>	<b>(122 884)</b>	<b>4 594 672</b>

**9. Payables**

	2024	2023
	\$'000	\$'000
Audit fees	72	85
Administration expenses	707	1 395
PAYG tax withheld	2 519	2 547
<b>Total payables</b>	<b>3 298</b>	<b>4 027</b>

**10. Investment expenses**

	2024	2023
	\$'000	\$'000
Investment expenses	16 544	17 445

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.

**11. Administration expenses**

	2024	2023
	\$'000	\$'000
Administration expenses <sup>(i)</sup>	8 487	8 071
Other expenses <sup>(ii)</sup>	79	115
<b>Total administration expenses</b>	<b>8 566</b>	<b>8 186</b>

*(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.*

**South Australian Superannuation Scheme**  
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**12. Auditors' remuneration**

	2024	2023
	\$'000	\$'000
Audit fees paid or payable	<u>69</u>	<u>82</u>

Audit fees paid (or payable), \$68,500 GST exclusive (2023: \$81 800), relate to the Audit Office of South Australia work performed under the PFAA. The Audit Office of South Australia uses the services of Ernst and Young for the audit. No other services were provided by the Audit Office of South Australia.

**13. Higher education superannuation costs**

	2024	2023
	\$'000	\$'000
Higher education superannuation costs	<u>9 120</u>	<u>9 139</u>

These amounts are paid to the Commonwealth Government that related to the South Australian share of the 2024 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**

	2024	2023
	\$'000	\$'000
SA Government	461 988	359 968
SA Water	-	1
<b>Total contributions for past service liability</b>	<u>461 988</u>	<u>359 969</u>

**15. Employer contributions**

	2024	2023
	\$'000	\$'000
State government departments	11 737	13 405
Statutory authorities – state government entities	4 715	5 441
Statutory authorities – non-state government entities	452	544
<b>Total employer contributions</b>	<u>16 904</u>	<u>19 390</u>

**South Australian Superannuation Scheme**  
**Notes to and forming part of the financial statements**  
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**16. Reconciliation of cash and cash equivalents**

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

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Cash and cash equivalents	32 870	14 565
<b>Total cash and cash equivalents</b>	<b>32 870</b>	<b>14 565</b>
<b>Reconciliation of net cash from operating activities</b>		
Net operating result	113 681	(180 308)
<b>Adjustments for:</b>		
Change in investments measured at fair value	(314 652)	(387 468)
Investment expenses	16 544	17 445
(Increase)/decrease in receivables	(37)	161
Increase/(decrease) in payables	(701)	1 361
Allocation to members' accounts	167 674	533 412
<b>Net cash outflows from operating activities</b>	<b>(17 491)</b>	<b>(15 397)</b>

**17. Financial risk management objectives and policies**

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

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

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

- market risk
- credit risk
- liquidity risk

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

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

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

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



## South Australian Superannuation Scheme

### Notes to and forming part of the financial statements

for the year ended 30 June 2024

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#### 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.

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.

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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 Management Under (+/-) on Income	Potential Impact of Market Risk Statement
	%	%	\$'000	\$'000
<b>2023-24</b>				
<i>Investment option:</i>				
High Growth Tax-Exempt	8.0	11.2	1 131	127
Balanced Tax-Exempt	7.5	9.4	403 290	37 909
Moderate Tax-Exempt	6.8	7.1	20 288	1 440
Stable Tax-Exempt	6.4	4.9	18 064	885
Capital Defensive Tax-Exempt	5.7	3.1	9 661	299
Cash Tax Exempt	3.6	0.5	8 786	44
Socially Responsible	6.7	9.3	1 982	184
DB High Growth Strategy	8.0	9.9	4 070 030	402 933
<b>2022-23</b>				
<i>Investment option:</i>				
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	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

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 Superannuation Scheme**  
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**(c) Liquidity risk**

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

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

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

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

The following tables summarise the 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.

2024	Less than 3	Total contractual	Carrying amount
	months	cash flows	liabilities
	\$'000	\$'000	\$'000
Benefits payable	2 765	2 765	2 765
Payables <sup>(i)</sup>	2 519	2 519	2 519
Vested benefits <sup>(ii)</sup>	8 725 023	8 725 023	8 725 023
<b>Total</b>	<b>8 730 307</b>	<b>8 730 307</b>	<b>8 730 307</b>

2023	Less than 3	Total contractual	Carrying amount
	months	cash flows	liabilities
	\$'000	\$'000	\$'000
Benefits payable	9 629	9 629	9 629
Payables <sup>(i)</sup>	2 547	2 547	2 547
Vested benefits <sup>(ii)</sup>	8 946 029	8 946 029	8 946 029
<b>Total</b>	<b>8 958 205</b>	<b>8 958 205</b>	<b>8 958 205</b>

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

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

**South Australian Superannuation Scheme**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2024*

**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. 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:

	2024			2023		
	Old Scheme \$'000	New Scheme \$'000	Total \$'000	Old Scheme \$'000	New Scheme \$'000	Total \$'000
<b>SA Superannuation Fund Account (employee component)</b>						
<b>Funds held at 1 July</b>	<b>1 630 648</b>	<b>442 344</b>	<b>2 072 992</b>	<b>1 609 519</b>	<b>471 153</b>	<b>2 080 672</b>
Contributions	132	6 764	6 896	219	7 837	8 056
Transfers from other super entities	-	143	143	51	457	508
Changes in investments measured at fair value	105 282	39 885	145 167	131 978	43 633	175 611
	<u>105 414</u>	<u>46 792</u>	<u>152 206</u>	<u>132 248</u>	<u>51 927</u>	<u>184 175</u>
Benefits paid and payable	105 471	74 402	179 873	102 721	79 149	181 870
Investment expenses	5 807	1 269	7 076	6 181	1 347	7 528
Administration expenses	2 338	234	2 572	2 217	240	2 457
	<u>113 616</u>	<u>75 905</u>	<u>189 521</u>	<u>111 119</u>	<u>80 736</u>	<u>191 855</u>
<b>Funds held at 30 June</b>	<b>1 622 446</b>	<b>413 231</b>	<b>2 035 677</b>	<b>1 630 648</b>	<b>442 344</b>	<b>2 072 992</b>

**South Australian Superannuation Scheme**  
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*for the year ended 30 June 2024*

	2024	2023
	\$'000	\$'000
<b>Funds held at 1 July</b>	<b>2 532 715</b>	<b>2 640 621</b>
Employer contributions:		
State Government departments	11 737	13 405
Statutory authorities	5 167	5 985
Contributions for past service liability	461 988	359 969
	<b>478 892</b>	<b>379 359</b>
Change in investments measured at fair value	169 485	211 857
Bank interest and other revenue:		
Public authorities	30 885	28 951
Interest	933	406
	<b>680 195</b>	<b>620 573</b>
Benefits paid and payable:		
Old scheme contributors	595 531	578 795
New scheme contributors	114 461	124 898
	<b>709 992</b>	<b>703 693</b>
Investment expenses	9 468	9 917
Higher education superannuation costs	9 120	9 139
Administration expenses	5 994	5 730
	<b>734 574</b>	<b>728 479</b>
<b>Funds held at 30 June</b>	<b>2 478 336</b>	<b>2 532 715</b>
<b>Net assets available for member benefits</b>	<b>4 514 013</b>	<b>4 605 707</b>

**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, Super SA 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 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.

**South Australian Superannuation Scheme**  
**Certification of the financial statement**  
*for the year ended 30 June 2024*

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**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 South Australian Superannuation Scheme for the financial year over its financial reporting and its preparation of financial statements have been effective.



Patrick McAvaney  
**Acting Chief Executive**  
**Super SA**



Mark Hordacre  
**Director Finance**  
**Super SA**



June Roache  
**Presiding Member**  
**SA Superannuation Board**

Date *16 September 2024*