

South Australian Ambulance Service Superannuation Scheme

Financial report
for the year ended
30 June 2020



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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 2020.

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 2020, 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 2020
- an Income Statement for the year ended 30 June 2020
- a Statement of Changes in Member Benefits for the year ended 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the South Australian Superannuation Board, the Chief Executive, State Superannuation Office and the Director, Finance and Business Transformation, State Superannuation Office.

Basis for opinion

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

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

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

The Chief Executive, State Superannuation Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and 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.

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 2020.

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

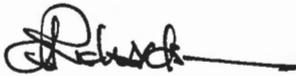
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Ambulance Service Superannuation Scheme's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive, State Superannuation Office
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson
Auditor-General
23 September 2020

South Australian Ambulance Service Superannuation Scheme

Statement of Financial Position
as at 30 June 2020

	Note	2020 \$000	2019 \$000
Assets			
Cash and cash equivalents	13	493	363
Receivables	7	8	9
Contributions receivable		5	3
Investments	5, 6	274 200	288 205
Tax assets	14(b)	-	594
Total assets		274 706	289 174
Liabilities			
Benefits payable		789	3
Payables	8	336	29
Insurance liabilities		494	521
Income tax liabilities	14(b)	1 831	-
Deferred tax liabilities	14(c)	5 118	6 823
Total liabilities excluding member benefits		8 568	7 376
Net assets available for member benefits		266 138	281 798
Member benefits			
Defined benefit member liabilities	3	188 303	194 188
Defined contribution member liabilities	4	60 539	65 215
Total member benefits		248 842	259 403
Total net assets		17 296	22 395
Equity			
Insurance Reserve	15	3 295	3 406
Operational Risk Reserve	16	694	697
Defined benefits that are over funded		13 307	18 292
Total equity		17 296	22 395

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

Income Statement

for the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
Changes in investments measured at fair value		24	22 378
Interest revenue		4	9
Total revenue		28	22 387
Investment expenses	9	(1 610)	(1 655)
Administration expenses	10	(380)	(354)
Total expenses		(1 990)	(2 009)
Result from superannuation activities		(1 962)	20 378
Net insurance activities		(471)	(251)
Result from operating activities		(2 433)	20 127
Net change in defined benefit member liabilities		(5 769)	(11 819)
Allocation to defined contribution member accounts		2 409	(3 102)
Result from operating activities before tax		(5 793)	5 206
Income tax benefit/(expense)	14(a)	694	(1 446)
Net operating result		(5 099)	3 760

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 2020

2020	Note	Defined Benefit Component \$000	Defined Contribution Component \$000	Totals \$000
Opening balance as at 1 July 2019		194 188	65 215	259 403
Employer contributions	12	7 423	2 386	9 809
Member contributions		-	1 255	1 255
Transfers from other super entities		-	264	264
Government co-contributions		-	3	3
Contributions tax		(1 066)	(343)	(1 409)
Net contributions		6 357	3 565	9 922
Benefits to members		(18 419)	(5 922)	(24 341)
Insurance premiums charged to members		-	(41)	(41)
Insurance benefits credited to members		408	131	539
Net benefits comprising:				
Net investment income		-	(2 409)	(2 409)
Net change in member liabilities		5 769	-	5 769
Closing balance as at 30 June 2020		188 303	60 539	248 842
2019	Note	Defined Benefit Component \$000	Defined Contribution Component \$000	Totals \$000
Opening balance as at 1 July 2018		182 902	60 475	243 377
Employer contributions	12	7 780	2 536	10 316
Member contributions		-	1 229	1 229
Transfers from other super entities		-	621	621
Government co-contributions		-	5	5
Contributions tax		(1 169)	(381)	(1 550)
Net contributions		6 611	4 010	10 621
Benefits to members		(7 366)	(2 402)	(9 768)
Insurance premiums charged to members		-	(42)	(42)
Insurance benefits credited to members		222	72	294
Net benefits comprising:				
Net investment income		-	3 102	3 102
Net change in member liabilities		11 819	-	11 819
Closing balance as at 30 June 2019		194 188	65 215	259 403

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 2020

	Insurance Reserve \$000 Note 15	Operational Risk Reserve \$000 Note 16	Over/(under) allocated benefits \$000	Total Equity \$000
2020				
Opening balance	3 406	697	18 292	22 395
Net operating result	(111)	(3)	(4 985)	(5 099)
Closing balance	3 295	694	13 307	17 296
2019				
Opening balance	3 047	651	14 939	18 637
Net operating result	359	46	3 355	3 760
Net transfers (from) equity	-	-	(2)	(2)
Closing balance	3 406	697	18 292	22 395

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 2020

	Note	2020 \$000	2019 \$000
GST Recoup		27	26
Bank interest		5	9
Administration expenses paid		(406)	(379)
Income tax received/(paid)		1 501	(1 037)
Net cash flows from operating activities	13	1 127	(1 381)
Receipts from the sale of investments from Funds SA		19 720	7 810
Payments to Funds SA for the purchase of investments		(7 300)	(7 800)
Net cash flows from investing activities		12 420	10
Employer contributions		10 054	9 930
Member contributions		1 291	1 181
Government co-contributions		3	5
Transfers from other superannuation entities		264	621
Benefit payments to members		(23 554)	(9 769)
Contributions tax paid		(1 475)	(1 113)
Net cash flows from financing activities		(13 417)	855
Net change in cash		130	(516)
Cash at the beginning of the financial period		363	879
Cash at the end of the financial period		493	363

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

South Australian Ambulance Service Superannuation Scheme

Notes to the Financial Statements

1. Objectives and funding

(a) South Australian Ambulance Service Superannuation Scheme

On 29 June 2006, the Treasurer declared the South Australian Ambulance Service Superannuation Scheme (the Scheme) a scheme and fund established pursuant to Clause 2 of Schedule 3 of the *Superannuation Act 1988* (the Act). The net assets of the SA Ambulance Service Superannuation Fund (the former scheme) as at 30 June 2006 were transferred to the Scheme. The Scheme is an exempt public sector superannuation scheme in terms of schedule 1AA of the *Superannuation Industry (Supervision) Regulations 1994* (Cwlth). The Scheme is a taxed scheme by virtue of schedule 4 of the *Income Tax Assessment Regulations 1997* (Cwlth).

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

Member and Employer contributions are deposited by the Treasurer into the fund established for the Scheme (the Fund), which is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA). The Scheme was closed to further new members with effect from 1 July 2008.

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

(b) South Australian Superannuation Board

Pursuant to Clause 2(1)(d) of Schedule 3 of the Act, the Treasurer declared the South Australian Superannuation Board (the Board) the Trustee of the Scheme from 1 July 2006. As Trustee of the Scheme, the Board is responsible for administering the Trust Deed and Rules.

(c) Superannuation Funds Management Corporation of South Australia

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

Pursuant to Clause 2(1)(c) of Schedule 3 of the Act, the Treasurer declared the Fund to be invested and managed by Funds SA from 1 July 2006.

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

(d) Funding arrangements

For the year ended 30 June 2020, 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 (2019: 9.5 per cent) of salary in order to satisfy the Superannuation Guarantee requirements under Commonwealth law.

The triennial actuarial review as at 30 June 2017 recommended that the current employer contribution for the defined benefit scheme members be reduced from 12 per cent to 9.5 per cent, effective from 1 July 2018. This rate is expected to maintain the value of the Scheme's assets at least equal to 105 per cent of accrued and vested defined benefits until at least 2020. The 9.5 per cent employer contribution includes 0.83 per cent in respect of insurance premiums. The next triennial actuarial review, as at 30 June 2020, is scheduled for the scheme during 2020-21.

The insurance cover for Death, Total and Permanent Disablement, Serious Ill-Health and Income Protection was provided as a self-insurance arrangement within the fund from 1 July 2006. The actuarial review as at 30 June 2017 recommended that the self-insurance contribution of 0.83 per cent be maintained and that the voluntary contribution rate of \$1.35 per unit per week also be maintained. The review also recommended that the self-insurance reserve be increased from 100 per cent to 200 per cent of one year's expected claim costs.

As at 30 June 2020, the asset coverage of vested benefits met the target of 105 per cent.

South Australian Ambulance Service Superannuation Scheme

2. Significant accounting policies

(a) Basis of accounting

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

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

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

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

(b) Impact of standards and statements not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting period. The assessment of the impact of these new standards and interpretations is set out below.

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

AASB 16 - Leases

AASB 16 is first applicable for the year ending 30 June 2020. Assets and liabilities are to be reported on the statement of financial position for all leases with a term of more than 12 months, even if they were previously classified as an operating lease.

AASB 1059 – Service Concession Arrangement: Grantors

The objective of AASB 1059 is to prescribe the accounting for a service concession arrangement by a grantor that is a public sector entity. The standard applies to reporting periods beginning on or after 1 January 2020.

The Scheme has no operating leases and is not a service concession grantor. The Board has assessed the impact of the new standards on the Scheme, and has determined there will be no impact on the Scheme's financial statements.

(c) Financial assets and liabilities

(a) Classification

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

Financial assets and liabilities held for trading

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

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

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

Other financial liabilities

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

(b) Recognition

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

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

(c) Initial Recognition

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

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

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

(d) Subsequent measurement

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

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(e) Fair value measurement

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

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

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

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

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

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

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

(f) Cash and cash equivalents

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

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

(g) Receivables and payables

Receivables are carried at nominal amounts due that approximate fair value. Receivables are normally settled within 30 days. Payables are carried at nominal amounts that approximate fair value. They represent liabilities for goods and services provided to the Scheme prior to the end of the financial year that are unpaid 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 2020 but paid after 30 June 2020. These also include income protection payments payable on or prior to 30 June 2020 but paid after 30 June 2020.

(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 dedicated insurance reserves 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

	2020	2019
	\$000	\$000
Insurance contract revenue	438	435
Insurance contract claims expenses	(539)	(294)
Decrease in insurance liabilities	27	1
Net result from insurance activities	(74)	142

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 2017. 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.

South Australian Ambulance Service Superannuation Scheme

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Scheme and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also 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 complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* and accordingly the concessional tax rate of 15 per cent has been applied.

Current tax

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

Deferred tax

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

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

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

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

(l) Goods and services tax (GST)

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

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

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

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

(m) Foreign currency

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

South Australian Ambulance Service Superannuation Scheme

(n) Investments

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

(i) Inflation Linked Securities B

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

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

(ii) Property B

The Property B portfolio comprises two sub sectors:

Listed Property Trusts

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

Unlisted property vehicles

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

(iii) Australian Equities B

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

(iv) International Equities B

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

(v) Short Term and Long Term Fixed Interest

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

(vi) Diversified Strategies Growth B

The Diversified Strategies Growth B portfolio comprises investments in Australian and international private equity funds and Australian and international pooled funds, which are invested and managed by external managers. The valuation of private equity investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Both Australian and international private equity valuations are generally in accordance with the International Private Equity and Venture Capital Valuation Guidelines (December 2018). Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(vii) Diversified Strategies Income

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

(viii) Cash

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

(o) Operation of investment portfolio

Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA (refer Note 1 (c)). Funds SA operates a multi layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2020, 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.

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(p) Member liabilities

Member liabilities are measured at the amount of accrued benefits.

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

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

(q) Significant accounting judgements, estimates and assumptions

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

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

Fair value of investments

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

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

Valuation of defined benefits member liabilities

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

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

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

3. Defined benefit member liabilities

Actuarial valuations to determine the defined benefit members' accrued liabilities are conducted at least every three years. The most recent actuarial valuation was undertaken by Esther Conway (FIAA), an actuary with Mercer Consulting (Australia) Pty Ltd. The actuarial valuation was undertaken as at 30 June 2017 with the next triennial valuation to be undertaken as at 30 June 2020.

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 2020.

The annual update of the defined benefit member liability has been determined by reference to the expected future salary level increases (2.5 per cent; 2019: 3.5 per cent) and by application of the market-based, risk-adjusted discount rate after tax (4.25 per cent; 2019: 5 per cent).

	2020	2019
	\$000	\$000
Defined benefit member liabilities	188 303	194 188
	<u>188 303</u>	<u>194 188</u>

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.

- 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.
- 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.

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The following table outlines the sensitivity estimates of the total member liabilities (both defined benefit (\$189 million) and defined contribution (\$60 million)), provided by the Scheme actuary, on the net earnings and salary growth.

Scenario	Member Liability result \$000	Change in member benefit liability \$000	Change in member benefit liability %
Base Case	248 842	-	-
Salary growth less 0.5%	246 126	(2 716)	(1.1)
Net earnings less 0.5%	253 117	4 275	1.7

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.

	2020 \$000	2019 \$000
Defined benefit vested benefits	186 404	193 848
	<u>186 404</u>	<u>193 848</u>

4. Defined contribution member liabilities

The employee funded, defined contribution component for the defined contribution 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.

	2020 \$000	2019 \$000
Defined contribution member liabilities	60 539	65 215
	<u>60 539</u>	<u>65 215</u>

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

	2020 \$000	2019 \$000
Defined benefit vested benefits	186 404	193 848
Defined contribution member liabilities	60 539	65 215
Total vested benefits	<u>246 943</u>	<u>259 063</u>

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

5. Fair value of financial instruments

Classification of financial instruments under the fair value hierarchy

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

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

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

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

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

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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.

	2020	2019
	\$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	274 200	288 205
Funds SA	<u>274 200</u>	<u>288 205</u>
6. Value and movement of investments by investment option		
	2020	2019
	\$000	\$000
Investments at 1 July	288 205	267 493
Change in Balanced B	(14 005)	20 712
Investments at 30 June	<u>274 200</u>	<u>288 205</u>
7. Receivables		
	2020	2019
	\$000	\$000
GST recoup from ATO	8	8
Other receivables	-	1
	<u>8</u>	<u>9</u>
8. Payables		
	2020	2019
	\$000	\$000
Audit fees payable	26	26
Unearned revenue	283	-
Provision for PAYG withholding tax	4	3
Other payables	23	-
	<u>336</u>	<u>29</u>
9. Investment expense		
	2020	2019
	\$000	\$000
Investment expenses	1 610	1 655
	<u>1 610</u>	<u>1 655</u>
Investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's investment.		
10. Administration expenses		
	2020	2019
	\$000	\$000
Administration expenses ⁽ⁱ⁾	348	318
Other expenses ⁽ⁱⁱ⁾	32	36
	<u>380</u>	<u>354</u>
(i) Administration expenses comprises the costs incurred by the Department of Treasury and Finance in administering the Scheme, which are met in the first instance from the Department of Treasury and Finance Operating Account. The Board recovers a share of the administration cost from the Scheme.		
(ii) Other expenses include Auditor's remuneration. Refer note 11.		

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11. Auditors' remuneration	2020 \$000	2019 \$000
Audit fees paid or payable	25	25
	25	25
Audit fees paid (or payable), \$24 900 GST exclusive (2019: \$24 500), relate to the Auditor-General's Department work performed under the PFAA. No other services were provided by the Auditor-General's Department.		
12. Employer contributions	2020 \$000	2019 \$000
Employer contributions	9 015	9 530
Insurance premiums	397	393
Administration charges	397	393
	9 809	10 316
13. Reconciliation of cash and cash equivalents		
For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits with the Department of Treasury and Finance. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:		
Cash and cash equivalents	493	363
Reconciliation of operating result to net cash from operating activities		
Net operating result	(5 099)	3 760
Adjustments for:		
Change in investments measured at fair value	(24)	(22 378)
Investment expenses	1 610	1 655
Insurance recognition	74	(142)
Decrease/(increase) in receivables	595	(594)
Increase in payables	611	1 397
Allocation to members' accounts	3 360	14 921
Net cash outflows from operating activities	1 127	(1 381)
14. Income tax	2020 \$000	2019 \$000
Major components of income tax benefit/(expense)		
(a) Current income tax benefit/(expense)		
Current tax charge	(1 139)	136
Adjustment to current tax for prior periods	128	(143)
Relating to the originating and reversal of temporary differences	1 705	(1 400)
Adjustment to deferred tax for prior periods	-	(39)
Income tax benefit/(expense)	694	(1 446)
Reconciliation between income tax expenses and the accounting profit before income tax		
Net operating result before tax	(5 793)	5 206
Tax applicable at the rate of 15% (2019: 15%)	869	(781)
Tax effect of income that are not assessable/or deductible in determining taxable income:		
Investment revenue	(716)	(2 005)
Tax effect of other adjustments:		
Imputation and foreign tax credits	708	1 106
Self-Insurance deduction	66	-
Under/(over) provision prior period	128	(182)
Net benefit allocated to members	(361)	416
Income tax benefit/(expense)	694	(1 446)

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	2020	2019
	\$000	\$000
(b) Current tax liabilities (asset)		
Current years income tax provision	1 831	(594)
Current tax liability (asset)	1 831	(594)

(c) Deferred tax liability

The amount of deferred tax liability recognised in the Statement of Financial Position at reporting date comprises:

Accrued expenses	(4)	(4)
Unrealised capital losses carried forward	5 122	6 827
Deferred tax liability	5 118	6 823

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

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.

	2020	2019
	\$000	\$000
Opening balance	3 406	3 047
Investment (loss)/earnings ⁽ⁱ⁾	(7)	223
Premiums and charges	438	435
Benefit payments	(539)	(294)
Consultancy expenses	(3)	(5)
Operating result	(111)	359
Closing balance	3 295	3 406

(i) The Insurance Reserve is notionally invested in the Balanced option. The rate of return on earnings was (0.48) per cent.

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.

	2020	2019
	\$000	\$000
Opening balance	697	651
Investment (loss)/earnings ⁽ⁱ⁾	(3)	46
Operating result	(3)	46
Closing balance	694	697

(i) The Operational Risk Reserve is notionally invested in the Balanced option. The rate of return on earnings was (0.48) per cent.

17. Financial risk management objectives and policies

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

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

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

- market risk
- credit risk
- liquidity risk

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

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

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

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

(a) Market risk

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

(i) Currency risk

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

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

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

- Foreign currency exposures in the diversified strategies (growth), diversified strategies (income) and fixed interest asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the international equities asset class are 40 per cent hedged to Australian dollars. In addition, up to 25 per cent of the international equities asset class may be hedged by the equities managers.

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

(ii) Interest rate risk

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

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

Funds SA manages interest rate risk through:

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

(iii) Other market price risk

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

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

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

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

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

(iv) Investments sensitivity analysis

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

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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 a 15 per cent tax rate applied and includes franking credits.

	Average Return %	Market Risk %	Average Funds Under Management \$000	Potential impact of market risk (+/-) on Income Statement \$000
2020				
Investment Option				
Balanced B	6.5	10.2	281 203	28 683
	Average Return %	Market Risk %	Average Funds Under Management \$000	Potential impact of market risk (+/-) on Income Statement \$000
2019				
Investment Option				
Balanced B	6.2	8.4	277 849	23 339

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

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

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

(b) Credit risk

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

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

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

(c) Liquidity risk

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

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

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

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

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

	Less than 3 Months	Total Contractual Cash Flows	Carrying Amount Liabilities
2020			
Benefits payable	\$000	\$000	\$000
Payables ⁽ⁱ⁾	789	789	789
Vested benefits ⁽ⁱⁱ⁾	283	283	283
	246 943	246 943	246 943
Total	248 015	248 015	248 015

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2019	Less than 3 Months \$000	Total Contractual Cash Flows \$000	Carrying Amount Liabilities \$000
Benefits payable	3	3	3
Vested benefits ⁽ⁱⁱ⁾	259 063	259 063	259 063
Total	259 066	259 066	259 066

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

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

(d) 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. Coronavirus (COVID-19) impact

Background

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

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

The impact of COVID-19 on the macroeconomic outlook, including an explanation of the matters considered in determining the Scheme's assumptions in the valuation of defined benefit member liabilities, is outlined in Note 3 to the financial statements. Given the relative uncertainty of the impact of COVID-19 and its social and economic consequences, these assumptions represent reasonable and supportable forward looking views as at the reporting date.

COVID-19 Early Release of Superannuation Scheme

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

For the year ended 30 June 2020 the Scheme paid \$131 000 in member benefits under the ERS. Super SA expects a similar amount of benefits to be paid to members over the financial year ended 30 June 2021 under the ERS.

Processes applied

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

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

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Consideration of the Statement of Financial Position and further disclosures

Key items within the Statement of Financial Position and related disclosures impacted by COVID-19 are as follows:

Financial instruments at fair value through profit and loss

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

Defined benefit member liabilities

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

The likely main financial impact of the COVID-19 pandemic on the Scheme is if future investment returns were to be significantly reduced. The assumed salary inflation rate has been reduced to allow for the likely impact of the COVID-19 pandemic and a reduction to the assumed investment return both in the long term and for the year ending 30 June 2020 has been made. While the assumed CPI inflation rate has been reduced, the assumed investment return has also been reduced by the same amount, offsetting the impact of the reduced CPI inflation rate. Refer to Note 3 for more information.

Risk management

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

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

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

19. Segment information

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

20. Related parties

(a) Key management personnel

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

(b) Compensation

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

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

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

(d) Transactions with other government entities

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

21. Events after the reporting period

There were no significant events after the reporting period.

South Australian Ambulance Service Superannuation Scheme

Certification of the financial report

We certify that the:

- Financial statements of the South Australian Ambulance Service Superannuation Scheme:
 - are in accordance with the accounts and records of the Scheme; and comply with relevant Treasurer's instructions; and
 - 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 over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Gregory Boulton AM
PRESIDING MEMBER
SA SUPERANNUATION BOARD



Dascia Bennett
CHIEF EXECUTIVE
STATE SUPERANNUATION OFFICE



Erin Fitzgerald
DIRECTOR, FINANCE AND BUSINESS TRANSFORMATION
STATE SUPERANNUATION OFFICE

Date 17 September 2020