

# South Australian Ambulance Service Superannuation Scheme

Financial report  
for the year ended  
30 June 2021



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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 2021.

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

The financial report comprises:

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

## Basis for opinion

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

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

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

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

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

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

### **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 9 of schedule 3 of the *Superannuation Act 1988*, I have audited the financial report of the South Australian Ambulance Service Superannuation Scheme for the financial year ended 30 June 2021.

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

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

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

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

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

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

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



Andrew Richardson

**Auditor-General**

23 September 2021

## South Australian Ambulance Service Superannuation Scheme

### Statement of Financial Position as at 30 June 2021

	Note	2021 \$000	2020 \$000
<b>Assets</b>			
Cash and cash equivalents	13	839	493
Receivables	7	11	8
Contributions receivable		5	5
Investments	5, 6	320 722	274 200
<b>Total assets</b>		<b>321 577</b>	<b>274 706</b>
<b>Liabilities</b>			
Benefits payable		30	789
Payables	8	366	336
Insurance liabilities		533	494
Income tax liabilities	14(b)	3 167	1 831
Deferred tax liabilities	14(c)	8 418	5 118
<b>Total liabilities excluding member benefits</b>		<b>12 514</b>	<b>8 568</b>
<b>Net assets available for member benefits</b>		<b>309 063</b>	<b>266 138</b>
<b>Member benefits</b>			
Defined benefit member liabilities	3	198 075	188 303
Defined contribution member liabilities	4	72 294	60 539
<b>Total member benefits</b>		<b>270 369</b>	<b>248 842</b>
<b>Total net assets</b>		<b>38 694</b>	<b>17 296</b>
<b>Equity</b>			
Insurance Reserve	15	1 675	3 295
Operational Risk Reserve	16	830	694
Defined benefits that are over funded		36 189	13 307
<b>Total equity</b>		<b>38 694</b>	<b>17 296</b>

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

### Income Statement

for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Changes in investments measured at fair value		59 663	24
Interest revenue		-	4
<b>Total revenue</b>		<b>59 663</b>	<b>28</b>
Investment expenses	9	(1 061)	(1 610)
Administration expenses	10	(382)	(380)
<b>Total expenses</b>		<b>(1 443)</b>	<b>(1 990)</b>
<b>Result from superannuation activities</b>		<b>58 220</b>	<b>(1 962)</b>
Net insurance activities		(284)	(471)
<b>Result from operating activities</b>		<b>57 936</b>	<b>(2 433)</b>
Net change in defined benefit member liabilities		(17 542)	(5 769)
Allocation (to)/from defined contribution member accounts		(13 176)	2 409
<b>Result from operating activities before tax</b>		<b>27 218</b>	<b>(5 793)</b>
Income tax (expense)/benefit	14(a)	(5 820)	694
<b>Net operating result</b>		<b>21 398</b>	<b>(5 099)</b>

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

**South Australian Ambulance Service Superannuation Scheme**

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

2021	Note	Defined Benefit Component \$000	Defined Contribution Component \$000	Totals \$000
<b>Opening balance as at 1 July 2020</b>		<b>188 303</b>	<b>60 539</b>	<b>248 842</b>
Employer contributions	12	5 977	2 181	8 158
Member contributions		-	1 155	1 155
Transfers from other super entities		-	297	297
Government co-contributions		-	2	2
Contributions tax		(851)	(311)	(1 162)
<b>Net contributions</b>		<b>5 126</b>	<b>3 324</b>	<b>8 450</b>
Benefits to members		(13 103)	(4 783)	(17 886)
Insurance premiums charged to members		-	(38)	(38)
Insurance benefits credited to members		207	76	283
Net benefits comprising:				
Net investment income		-	13 176	13 176
Net change in member liabilities		17 542	-	17 542
<b>Closing balance as at 30 June 2021</b>		<b>198 075</b>	<b>72 294</b>	<b>270 369</b>
2020	Note	Defined Benefit Component \$000	Defined Contribution Component \$000	Totals \$000
<b>Opening balance as at 1 July 2019</b>		<b>194 188</b>	<b>65 215</b>	<b>259 403</b>
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)
<b>Net contributions</b>		<b>6 357</b>	<b>3 565</b>	<b>9 922</b>
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
<b>Closing balance as at 30 June 2020</b>		<b>188 303</b>	<b>60 539</b>	<b>248 842</b>

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

## South Australian Ambulance Service Superannuation Scheme

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

2021	Insurance Reserve \$000 Note 15	Operational Risk Reserve \$000 Note 16	Over/(under) allocated benefits \$000	Total Equity \$000
<b>Opening balance</b>	3 295	694	13 307	17 296
Net operating result	680	136	20 582	21 398
Net transfers to equity	(2 300)	-	2 300	-
<b>Closing balance</b>	<b>1 675</b>	<b>830</b>	<b>36 189</b>	<b>38 694</b>

  

2020	Insurance Reserve \$000 Note 15	Operational Risk Reserve \$000 Note 16	Over/(under) allocated benefits \$000	Total Equity \$000
<b>Opening balance</b>	3 406	697	18 292	22 395
Net operating result	(111)	(3)	(4 985)	(5 099)
<b>Closing balance</b>	<b>3 295</b>	<b>694</b>	<b>13 307</b>	<b>17 296</b>

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

### Statement of Cash Flows for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
GST recoup		27	27
Bank interest		-	5
Administration expenses paid		(316)	(406)
Income tax		(1 184)	1 501
<b>Net cash flows from operating activities</b>	13	<b>(1 473)</b>	<b>1 127</b>
Receipts from the sale of investments from Funds SA		16 850	19 720
Payments to Funds SA for the purchase of investments		(4 770)	(7 300)
<b>Net cash flows from investing activities</b>		<b>12 080</b>	<b>12 420</b>
Employer contributions		8 116	10 054
Member contributions		1 150	1 291
Government co-contributions		2	3
Transfers from other superannuation entities		297	264
Benefit payments to members		(18 664)	(23 554)
Contributions tax paid		(1 162)	(1 475)
<b>Net cash flows from financing activities</b>		<b>(10 261)</b>	<b>(13 417)</b>
<b>Net change in cash</b>		<b>346</b>	<b>130</b>
Cash at the beginning of the financial period		493	363
<b>Cash at the end of the financial period</b>	13	<b>839</b>	<b>493</b>

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

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

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

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

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

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

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

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

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

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

##### (d) *Funding arrangements*

For the year ended 30 June 2021, contributory members contributed 5 per cent of post tax salary or 5.9 per cent of pre tax salary. Members could also make additional voluntary contributions on either a pre tax or post tax basis. The employer contributed at the rate of 12 per cent of member salaries. For members who were entitled to the SA Ambulance Service Award superannuation benefit under the Scheme, the employer contributed an additional 3 per cent of salaries (3 per cent for Elective Services employees and Emergency Services staff).

Non contributory members are employees employed on a casual basis or those employees who elected prior to 30 June 2006 to not be a defined benefit member. Non contributory members may make voluntary post tax or pre tax contributions. The employer contribution for non contributory members is 9.5 per cent (2020: 9.5 per cent) of salary in order to satisfy the Superannuation Guarantee requirements under Commonwealth law.

The triennial actuarial review as at 30 June 2020 recommended that the current employer contribution for the defined benefit scheme members be reduced from 12 per cent to 9.5 per cent, effective from 1 July 2021. This rate is expected to maintain the value of the Scheme's assets at least equal to 105 per cent of accrued and vested defined benefits until at least 2025. The 9.5 per cent employer contribution will include 1.1 per cent in respect of insurance premiums, an increase from the current rate of 0.83 per cent. For the year ended 30 June 2021 the employer contribution and insurance premiums rates were 12 per cent and 0.83 per cent respectively. The next triennial actuarial review, as at 30 June 2023, is scheduled for the scheme during 2023-24.

The insurance cover for Death, Total and Permanent Disablement, Serious Ill-Health and Income Protection was provided as a self-insurance arrangement within the fund from 1 July 2006. The actuarial review as at 30 June 2020 recommended that the self-insurance contribution of 0.83 per cent be increased to 1.1 per cent effective from 1 July 2021 and that the voluntary contribution rate of \$1.35 per unit per week be maintained. The review also recommended that the self-insurance reserve be maintained at 200 per cent of one year's expected claim costs.

As at 30 June 2021, the asset coverage of vested benefits met the target of 105 per cent.

## South Australian Ambulance Service Superannuation Scheme

### 2. Significant accounting policies

#### (a) *Basis of accounting*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## South Australian Ambulance Service Superannuation Scheme

### (c) *Financial assets and liabilities*

#### (a) **Classification**

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

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

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

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

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

##### *Other financial liabilities*

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

#### (b) **Recognition**

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

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

#### (c) **Initial Recognition**

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

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

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

#### (d) **Subsequent measurement**

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

#### (e) **Fair value measurement**

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

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

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

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

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

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

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

#### (f) **Cash and cash equivalents**

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

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

#### (g) **Receivables and payables**

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

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

## South Australian Ambulance Service Superannuation Scheme

### (h) Benefits payable

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

### (i) Insurance liabilities

The Scheme provides death and disability benefits to Contributory Members in Service, members may also purchase voluntary insurance. Premiums for voluntary insurance are deducted from insured members' accounts and are paid into a dedicated insurance reserve in order to meet claims as they arise. An actuarially determined percentage of defined benefit employer contributions are also paid into the reserves. The Scheme ultimately self-insures this risk as the Board believes it is appropriate in light of the Scheme's present membership and reserve levels. The table below outlines the net results of the Scheme's insurance activities during the year:

#### Insurance activities

	2021	2020
	\$000	\$000
Insurance contract revenue	329	438
Insurance contract claims expenses	(283)	(539)
(Increase)/decrease in insurance liabilities	(39)	27
<b>Net result from insurance activities</b>	<b>7</b>	<b>(74)</b>

#### Significant estimates made in measuring insurance contract asset and liabilities

The Scheme uses the services of an actuary to determine its insurance contract assets and liabilities. An actuarial valuation involves making various assumptions about the future. Actual events in the future may differ from these assumptions. The most recent actuarial valuation was performed for the triennium ending 30 June 2020. The value of insurance liabilities between actuarial valuation dates is determined by evaluating the expected claims over the next year based on the assumptions adopted at the most recent actuarial valuation.

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

- Mortality and disability rates determined by Super SA based on the experience of a large number of public sector employees in South Australia, adjusted to estimate the Scheme's claim experience;
- The number and amount of insurance claims yet to be reported to the Scheme, relating to the period prior to the reporting year end.

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

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

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

### (j) Revenue recognition

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

#### *Changes in fair values*

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

#### *Interest*

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

## South Australian Ambulance Service Superannuation Scheme

### (k) Taxation

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

#### Current tax

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

#### Deferred tax

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

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

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

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

### (l) Goods and services tax (GST)

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

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

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

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

### (m) Foreign currency

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

### (n) Investments

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

#### (i) Inflation Linked Securities B

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

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

#### (ii) Property B

The Property B portfolio comprises two sub sectors:

##### *Listed Property Trusts*

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

##### *Unlisted property vehicles*

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

## South Australian Ambulance Service Superannuation Scheme

### (iii) Australian Equities B

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

### (iv) International Equities B

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

### (v) Short Term and Long Term Fixed Interest

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

### (vi) Diversified Strategies Growth B

The Diversified Strategies Growth B portfolio comprises investments in Australian and international private equity funds and Australian and international pooled funds, which are invested and managed by external managers. The valuation of private equity investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Both Australian and international private equity valuations are generally in accordance with the International Private Equity and Venture Capital Valuation Guidelines (December 2018). Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable. The Coronavirus Special Valuations Guidance March 2020 have been applied in this financial year.

### (vii) Diversified Strategies Income

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

### (viii) Cash

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

### (o) **Operation of investment portfolio**

Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA (refer Note 1 (c)). Funds SA operates a multi layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2021, Funds SA managed the Balanced investment for the fund and reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to the investment discussed in the preceding paragraphs.

### (p) **Member liabilities**

Member liabilities are measured at the amount of accrued benefits.

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

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

### (q) **Significant accounting judgements, estimates and assumptions**

The preparation of the Scheme's financial statements requires management to make 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.

## South Australian Ambulance Service Superannuation Scheme

### *Valuation of defined benefits member liabilities*

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

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

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

### **(r) Climate change financial risks**

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

### **3. Defined benefit member liabilities**

Actuarial valuations to determine the defined benefit members' accrued liabilities are conducted at least every three years. The most recent actuarial valuation was undertaken by Esther Conway (FIAA), an actuary with Mercer Consulting (Australia) Pty Ltd. The actuarial valuation was undertaken as at 30 June 2020 with the next triennial valuation to be undertaken as at 30 June 2023.

The actuarial valuation of member liabilities reflects the actuarial assessment of the benefits accrued up to the reporting date and payable to members on retirement, resignation, death and disability. The accrued liabilities are the present values of expected future benefit payments arising from membership of the Scheme up to 30 June 2021.

The annual update of the defined benefit member liability has been determined by reference to the expected future salary level increases (2.5 per cent; 2020: 2.5 per cent) and by application of the market-based, risk-adjusted discount rate after tax (4.25 per cent; 2020: 4.25 per cent).

	2021	2020
	\$000	\$000
Defined benefit member liabilities	198 075	188 303

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

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

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

The following table outlines the sensitivity estimates of the total member liabilities (both defined benefit (\$198 million) and defined contribution (\$72 million)), provided by the Scheme actuary, on the net earnings and salary growth.

	Member Liability result \$000	Change in member benefit liability \$000	Change in member benefit liability %
Scenario			
Base Case	270 369	-	-
Salary growth less 0.5%	269 219	(1 150)	(0.4)
Net earnings less 0.5%	272 450	2 081	0.8

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

## South Australian Ambulance Service Superannuation Scheme

### Vested benefits

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

	2021	2020
	\$000	\$000
Defined benefit vested benefits	198 170	186 404

#### 4. Defined contribution member liabilities

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

	2021	2020
	\$000	\$000
Defined contribution member liabilities	72 294	60 539

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

	2021	2020
	\$000	\$000
Defined benefit vested benefits	198 170	186 404
Defined contribution member liabilities	72 294	60 539
<b>Total vested benefits</b>	<b>270 464</b>	<b>246 943</b>

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

#### 5. Fair value of financial instruments

##### *Classification of financial Instruments under the fair value hierarchy*

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

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

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

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

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

##### *Valuation technique*

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

There were no changes in valuation techniques during the year.

	2021	2020
	\$000	\$000
<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	320 722	274 200
Funds SA	320 722	274 200

**South Australian Ambulance Service Superannuation Scheme**

**6. Value and movement of investments by investment option**

	2021	2020
	\$000	\$000
Investments at 1 July	274 200	288 205
Change in Balanced B	46 522	(14 005)
<b>Investments at 30 June</b>	<b>320 722</b>	<b>274 200</b>

**7. Receivables**

	2021	2020
	\$000	\$000
GST recoup from ATO	8	8
Other receivables	3	-
	<b>11</b>	<b>8</b>

**8. Payables**

	2021	2020
	\$000	\$000
Audit fees	26	26
Administration fees	98	-
Unearned revenue	236	283
Provision for PAYG Withholding	3	4
Other payables	3	23
	<b>366</b>	<b>336</b>

**9. Investment expenses**

	2021	2020
	\$000	\$000
Investment expenses	1 061	1 610

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

**10. Administration expenses**

	2021	2020
	\$000	\$000
Administration expenses <sup>(i)</sup>	355	348
Other expenses <sup>(ii)</sup>	27	32
	<b>382</b>	<b>380</b>

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

(ii) Other expenses include Auditor's remuneration. Refer note 11.

**11. Auditors' remuneration**

	2021	2020
	\$000	\$000
Audit fees paid or payable	25	25

Audit fees paid (or payable), \$25 000 GST exclusive (2020: \$24 900), relate to the Auditor-General's Department work performed under the PFAA. No other services were provided by the Auditor-General's Department.

**12. Employer contributions**

	2021	2020
	\$000	\$000
Employer contributions	7 576	9 015
Insurance premiums	291	397
Administration charges	291	397
	<b>8 158</b>	<b>9 809</b>

**South Australian Ambulance Service Superannuation Scheme**

**13. Reconciliation of cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents includes cash and deposits in the Scheme's Special Deposit Account held with the Department of Treasury and Finance. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related item in the statement of financial position as follows:

	2021 \$000	2020 \$000
Cash and cash equivalents	839	493
<b>Reconciliation of operating result to net cash from operating activities</b>		
Net operating result	21 398	(5 099)
Adjustments for:		
Change in investments measured at fair value	(59 663)	(24)
Investment expenses	1 061	1 610
Insurance recognition	(7)	74
(Increase)/decrease in receivables	(3)	595
Increase in payables	5 023	611
Allocation to members' accounts	30 718	3 360
<b>Net cash (outflows)/inflows from operating activities</b>	<b>(1 473)</b>	<b>1 127</b>

**14. Income tax**

	2021 \$000	2020 \$000
<b>Major components of income tax benefit/(expense)</b>		
<b>(a) Current income tax (expense)/benefit</b>		
Current tax charge	(2 515)	(1 139)
Adjustment to current tax for prior periods	(4)	128
Relating to the originating and reversal of temporary differences	(3 301)	1 705
<b>Income tax benefit/(expense)</b>	<b>(5 820)</b>	<b>694</b>
Reconciliation between income tax expenses and the accounting profit before income tax		
Net operating result before tax	27 218	(5 793)
Tax applicable at the rate of 15% (2020: 15%)	(4 083)	869
Tax effect of income that are not assessable/or deductible in determining taxable income:		
Investment revenue	2 112	(716)
Tax effect of other adjustments:		
Imputation and foreign tax credits	729	708
Self-Insurance deduction	62	66
Under provision prior period	4	128
Net benefit allocated to members	(4 644)	(361)
<b>Income tax (expense)/benefit</b>	<b>(5 820)</b>	<b>694</b>
<b>(b) Current tax liabilities</b>		
Current years income tax provision	3 167	1 831
<b>Current tax liabilities</b>	<b>3 167</b>	<b>1 831</b>
<b>(c) Deferred tax liabilities</b>		
The amount of deferred tax liability recognised in the Statement of Financial Position at reporting date comprises:		
Accrued expenses	(4)	(4)
Unrealised capital losses carried forward	8 422	5 122
<b>Deferred tax liabilities</b>	<b>8 418</b>	<b>5 118</b>

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

## South Australian Ambulance Service Superannuation Scheme

### 15. Insurance Reserve

The Scheme self insures and provides to Contributory Members in Service a benefit on death or total and permanent disablement (TPD) equal to the normal retirement benefit that would be payable if the member had continued in service to age 60. An income protection equal to 75 per cent of salary is payable for a maximum period of 24 months where a member becomes temporarily disabled before age 60. A member is also entitled to a benefit on Serious Ill Health equal to the greater of the early retirement benefit plus 5 per cent of salary for each year of service, and three times the member's salary. The Serious Ill Health benefit cannot exceed the benefit payable on TPD. The amount of salary is adjusted, if applicable, by the salary adjustment factor.

Members may purchase voluntary death and TPD insurance by applying for up to four units of insurance. The premium for each unit is \$1.35 per week per unit. The amount of cover for each unit is \$75 000 for ages up to 34 last birthday reducing to \$5 000 at age 64 last birthday.

	2021	2020
	\$000	\$000
<b>Opening balance</b>	3 295	3 406
Investment earnings/(loss) <sup>(i)</sup>	637	(7)
Premiums and charges	329	438
Benefit payments	(283)	(539)
Consultancy expenses	(3)	(3)
<b>Operating result</b>	680	(111)
Transfer (from) Reserve <sup>(ii)</sup>	(2 300)	-
<b>Closing balance</b>	<b>1 675</b>	<b>3 295</b>

(i) The Insurance Reserve is notionally invested in the Balanced option. The rate of return on earnings was 19.69 per cent (2020: (0.48) per cent).

(ii) The amount relates to the Board approved transfer out of accumulated investment earnings to the defined benefit assets.

### 16. Operational Risk Reserve

The Operational Risk Reserve is to be accumulated to 0.6 per cent of funds under management following a decision of the Board and in line with Prudential Standard SPS114.

	2021	2020
	\$000	\$000
<b>Opening balance</b>	694	697
Investment earnings/(loss) <sup>(i)</sup>	136	(3)
<b>Operating result</b>	136	(3)
<b>Closing balance</b>	<b>830</b>	<b>694</b>

(i) The Operational Risk Reserve is notionally invested in the Balanced option. The rate of return on earnings was 19.69 per cent (2020: (0.48) per cent).

### 17. Financial risk management objectives and policies

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

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

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

- market risk
- credit risk
- liquidity risk.

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

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

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

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

## South Australian Ambulance Service Superannuation Scheme

### (a) Market risk

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

#### (i) Currency risk

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

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

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

- Foreign currency exposures in the Diversified Strategies Growth Taxable, Diversified Strategies Income, Long Term Fixed Interest and Inflation Linked Securities Taxable asset classes are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the International Equities Taxable and International Equities Passive Taxable asset classes are 22 per cent hedged to Australian dollars.

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

#### (ii) Interest rate risk

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

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

Funds SA manages interest rate risk through:

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

#### (iii) Other market price risk

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

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

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

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

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

#### (iv) Investments sensitivity analysis

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

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

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
2021				
<b>Investment Option</b>	%	%	\$000	\$000
Balanced B	6.4	10.0	297 461	29 746
	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
2020				
<b>Investment Option</b>	%	%	\$000	\$000
Balanced B	6.5	10.2	281 203	28 683

## South Australian Ambulance Service Superannuation Scheme

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

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

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

### (b) Credit risk

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

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

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

### (c) Liquidity risk

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

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

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

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

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

	Less than 3 Months	Total	Carrying
		Contractual Cash Flows	Amount Liabilities
2021	\$000	\$000	\$000
Benefits payable	30	30	30
Payables <sup>(i)</sup>	236	236	236
Vested benefits <sup>(ii)</sup>	270 464	270 464	270 464
<b>Total</b>	<b>270 730</b>	<b>270 730</b>	<b>270 730</b>
		Total	Carrying
	Less than 3	Contractual	Amount
	Months	Cash Flows	Liabilities
	\$000	\$000	\$000
2020			
Benefits payable	789	789	789
Payables <sup>(i)</sup>	283	283	283
Vested benefits <sup>(ii)</sup>	246 943	246 943	246 943
<b>Total</b>	<b>248 015</b>	<b>248 015</b>	<b>248 015</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.

### (d) Derivative financial instruments

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

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

## South Australian Ambulance Service Superannuation Scheme

### 18. Coronavirus (COVID-19) impact

#### Background

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

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

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

#### *COVID-19 Early Release of Superannuation Scheme*

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

For the year ended 30 June 2021 the Scheme paid \$220 000 (2020: \$131 000) in member benefits under the ERS.

#### Processes applied

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

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

#### Consideration of the Statement of Financial Position and further disclosures

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

##### *Financial instruments at fair value through profit and loss*

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

##### *Defined benefit member liabilities*

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

The likely main financial impact of the COVID-19 pandemic on the Scheme is if future investment returns were to be significantly reduced. The assumed investment return both in the long term and for the year ending 30 June 2020 was made to allow for the likely impact of the COVID-19 pandemic, with no further changes being required to be made for the year ending 30 June 2021. While the assumed CPI inflation rate was reduced in 2019-20, the assumed investment return was also reduced by the same amount, offsetting the impact of the reduced CPI inflation rate. No change to either the CPI inflation rate or the assumed investment return rate was required for 2020-21. Refer to Note 3 for more information.

## South Australian Ambulance Service Superannuation Scheme

### *Risk management*

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

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

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

### **19. Segment information**

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

### **20. Related parties**

#### **(a) Key management personnel**

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

#### **(b) Compensation**

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

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

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

#### **(d) Transactions with other government entities**

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

### **21. Events after the reporting period**

There were no significant events after the reporting period.

South Australian Ambulance Service Superannuation Scheme

Certification of the financial report

We certify that the:

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



Gregory Boulton AM  
PRESIDING MEMBER  
SA SUPERANNUATION BOARD



Dascia Bennett  
CHIEF EXECUTIVE  
STATE SUPERANNUATION OFFICE



Mark Hordacre  
DIRECTOR FINANCE  
STATE SUPERANNUATION OFFICE

Date 19/9/21.....