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

### Opinion

I have audited the financial report of the Super SA Retirement Investment Fund for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Super SA Retirement Investment Fund as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The consolidated financial report comprises:

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

### Basis for opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

22 September 2023

## Super SA Retirement Investment Fund

### Statement of Financial Position

as at 30 June 2023

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

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

## Super SA Retirement Investment Fund

### Income Statement

for the year ended 30 June 2023

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

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

## Super SA Retirement Investment Fund

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

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

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

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

## Super SA Retirement Investment Fund

### Statement of Changes in Equity

for the year ended 30 June 2023

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

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

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

## Super SA Retirement Investment Fund

### Statement of Cash Flows

for the year ended 30 June 2023

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

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

## Super SA Retirement Investment Fund

### Notes to the Financial Statements

#### 1) Objectives and funding

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Super SA Retirement Investment Fund

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

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

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

### **d) *Funding Arrangements***

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

## **2) Significant accounting policies**

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

The financial statements have been prepared in accordance with relevant Australian Accounting Standards, including AASB 1056 Superannuation Entities and other authoritative pronouncements of the Australian Accounting Standards Board, Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the Public Finance and Audit Act 1987 (PFAA), except as provided below.

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

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

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

### **b) *New and amending accounting standards***

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

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

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

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

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

## Super SA Retirement Investment Fund

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

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

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

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

### *Other financial liabilities*

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

## **b) Recognition**

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

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

## **c) Initial Recognition**

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

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

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

## **d) Subsequent measurement**

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

## **e) Fair value measurement**

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

## Super SA Retirement Investment Fund

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

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

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

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

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

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

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

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

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

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

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

### **h) Benefits payable**

Benefits payable are valued at fair value and relate to members who are eligible to receive payment and provided the Fund with appropriate notification on or prior to 30 June 2023 but paid after 30 June 2023.

### **i) Insurance liabilities**

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

## Super SA Retirement Investment Fund

### **j) Revenue recognition**

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

#### *Changes in fair values*

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

#### *Interest*

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

### **k) Taxation**

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

#### Current tax

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

#### Deferred tax

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

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

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

## Super SA Retirement Investment Fund

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

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

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

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

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

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

### **m) Foreign currency**

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

### **n) Investments**

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

#### **(i) Inflation Linked Securities Taxable**

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

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

## Super SA Retirement Investment Fund

### (ii) Property Taxable

The Property Taxable portfolio comprises two sub sectors:

#### *Listed Property Trusts*

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

#### *Unlisted property vehicles*

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

### (iii) Australian Equities Taxable

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

### (iv) International Equities Taxable

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

### (v) Fixed Interest

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

### (vi) Diversified Strategies Growth Taxable

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

#### *Private Markets Taxable*

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

## Super SA Retirement Investment Fund

### *Core Infrastructure Taxable*

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

### (vii) Diversified Strategies Income

The Diversified Strategies Income asset class incorporates four sub sectors:

#### *Defensive Alternatives*

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

#### *Credit*

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

#### *Investment Grade Credit*

The Investment Grade Credit portfolio comprises investments in discretely managed investments and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

#### *Growth Alternatives*

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

### (viii) Cash

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

## Super SA Retirement Investment Fund

### (ix) Socially Responsible

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

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

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

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

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

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

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

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

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

#### *Fair value of investments*

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

## Super SA Retirement Investment Fund

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

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

### q) Climate change financial risks

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

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

### 3) Member benefit liabilities

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

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

### 4) Receivables

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

## Super SA Retirement Investment Fund

### 5) Fair value of financial instruments

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

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

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

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

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

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

#### *Valuation technique*

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

There were no changes in valuation techniques during the year.

#### **Financial assets at fair value through profit or loss – Level 2**

Level 1 and level 3 are not relevant to the Fund

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

## Super SA Retirement Investment Fund

### 6) Value and movement of investments by investment option

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

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

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

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

## Super SA Retirement Investment Fund

### 7) Payables

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

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

### 8) Investment expenses

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

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

### 9) Administration expenses

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

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

### 10) Auditors' remuneration

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

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

## Super SA Retirement Investment Fund

### 11) Income tax

	Flexible Rollover Product		Income Stream		Totals	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Major components of tax expense (expense)/benefit</b>						
<b>(a) Current income tax (expense)/benefit</b>						
Current tax charge	520	(858)	12 111	15 069	12 631	14 211
Adjustment to current tax charge for prior periods	(28)	135	84	14 834	56	14 969
Relating to the originating and reversal of temporary differences	(11 910)	13 089	(2 805)	4 640	(14 716)	17 729
<b>Income tax (expense)/benefit</b>	<b>(11 418)</b>	<b>12 366</b>	<b>9 390</b>	<b>34 543</b>	<b>(2 027)</b>	<b>46 909</b>
Reconciliation between income tax expenses and the accounting profit before income tax						
Net operating result before tax	6 019	(18 588)	(38 978)	(29 718)	(32 959)	(48 306)
Tax applicable at the rate of 15% (2022: 15%)	(903)	2 788	5 847	4 458	4 944	7 246
Tax effect of expenses that are not assessable/or deductible in determining taxable income:						
Non deductible expenses	-	-	(247)	(257)	(247)	(257)
Tax effect of income/(losses) that are not assessable/or deductible in determining taxable income:						
Investment revenue	5 780	(10 018)	28 986	(29 183)	34 766	(39 201)
Exempt pension income	-	-	23 519	23 519	23 519	23 519
Tax effect of other adjustments:						
Imputation and foreign tax credits	4 756	6 934	11 071	15 112	15 827	22 046
(Over)/under provision prior period	28	(134)	(84)	(14 834)	(56)	(14 968)
Self insurance deduction	92	80	-	-	92	80
Net benefit allocated to members	(21 173)	12 715	(59 702)	35 728	(80 875)	48 443
Deductible financial planning fees	1	1	-	-	1	1
<b>Income tax (expense)/benefit</b>	<b>(11 419)</b>	<b>12 366</b>	<b>9 390</b>	<b>34 543</b>	<b>(2 029)</b>	<b>46 909</b>
<b>(b) Current tax liabilities</b>						
Balance at beginning of year	8 115	21 413	(813)	26 130	7 302	47 543
Income tax paid - current period	(38 954)	(43 973)	(46 229)	(52 251)	(85 183)	(98 224)
Income tax paid - prior periods	(8 143)	(21 279)	880	(11 296)	(7 263)	(32 575)
Current years income tax provision	47 358	52 088	52 354	51 438	99 712	103 526
(Over)/under provision prior period	28	(134)	(84)	(14 834)	(56)	(14 968)
<b>Current tax liabilities</b>	<b>8 404</b>	<b>8 115</b>	<b>6 108</b>	<b>(813)</b>	<b>14 512</b>	<b>7 302</b>

## Super SA Retirement Investment Fund

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

### (c) Deferred tax liabilities/(assets)

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

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

### 12) Reconciliation of cash and cash equivalents

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

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

### Reconciliation of operating result to net cash from operating activities

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

## Super SA Retirement Investment Fund

### 13) Administration Fee Reserve

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

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

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

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

### 14) Insurance Reserve

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

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

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

## Super SA Retirement Investment Fund

### 15) Operational Risk Reserve

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

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

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

### 16) Financial risk management objectives and policies

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

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

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

- market risk
- credit risk
- liquidity risk.

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

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

## Super SA Retirement Investment Fund

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

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

### **a) Market risk**

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

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

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

#### **(i) Currency risk**

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

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

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

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

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

#### **(ii) Interest rate risk**

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

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

Funds SA manages interest rate risk through:

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

## Super SA Retirement Investment Fund

### **(iii)** Other market price risk

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

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

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

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

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

### **(iv)** Investments sensitivity analysis

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

## Super SA Retirement Investment Fund

### Income Stream

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

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

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

## Super SA Retirement Investment Fund

### Income Stream Transition to Retirement

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

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/- ) on Income Statement
	%	%	\$000	\$000
<b>2023</b>				
<b>Investment Option</b>				
High Growth Taxable	7.4	9.8	44 082	4 320
Balanced Taxable	7.0	8.4	209 077	17 562
Moderate Taxable	6.2	6.3	91 843	5 786
Stable Tax Exempt	5.6	4.4	50 633	2 228
Capital Defensive Taxable	5.0	2.9	8 409	244
Cash Taxable	2.7	0.4	25 212	101
Socially Responsible Investment Taxable	5.9	8.3	10 253	851
	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/- ) on Income Statement
	%	%	\$000	\$000
<b>2022</b>				
<b>Investment Option</b>				
High Growth Taxable	6.2	10.3	50 352	5 186
Balanced Taxable	5.6	9.0	245 733	2 116
Moderate Taxable	4.3	6.7	92 045	6 167
Stable Tax Exempt	3.5	5.1	49 502	2 525
Capital Defensive Taxable	2.9	3.8	9 070	345
Cash Taxable	0.0	0.5	19 770	99
Socially Responsible Investment Taxable	4.7	8.9	11 388	1 014

## Super SA Retirement Investment Fund

### Flexible Rollover Product

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

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

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

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

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

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

## Super SA Retirement Investment Fund

### b) Credit risk

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

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

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

### c) Liquidity risk

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

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

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

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

## Super SA Retirement Investment Fund

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

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

### 17) Unallocated to members' accounts

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

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

## **Super SA Retirement Investment Fund**

### **18) Segment information**

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

### **19) Related parties**

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

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

#### **b) Compensation**

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

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

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

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

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

### **20) Events after the reporting period**

There were no significant events after the reporting period.

## Super SA Retirement Investment Fund

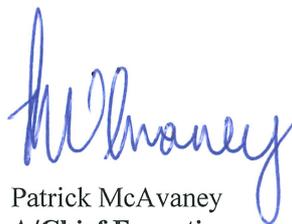
### Certification of the financial statement

We certify that the:

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



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



Patrick McAvaney  
**A/Chief Executive**  
**State Superannuation Office**



Mark Hordacre  
**Director Finance**  
**State Superannuation Office**

Date 14/9/23 .....