

Super SA Retirement Investment Fund

Financial report
for the year ended
30 June 2021



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

**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 2021.

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 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 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 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 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 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 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:

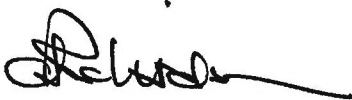
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material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

Super SA Retirement Investment Fund

Statement of Financial Position as at 30 June 2021

	Note	2021 \$000	2020 \$000
Assets			
Cash and cash equivalents	12	32 615	38 046
Receivables	4	7 022	1 285
Investments	5	6 246 946	5 162 752
Total Assets		6 286 583	5 202 083
Liabilities			
Benefits payable		8 821	10 527
Payables	7	1 249	3 465
Insurance liabilities		925	865
Provision for PAYG withholding tax		23	48
Income tax payable	11(b)	47 543	17 148
Deferred tax liabilities	11(c)	24 695	10 192
Total liabilities excluding member benefits		83 256	42 245
Net assets available for member benefits		6 203 327	5 159 838
Member benefits			
Income Stream (IS) member benefit liabilities	3	4 463 727	3 746 243
Flexible Rollover Product (FRP) member benefit liabilities	3	1 687 357	1 402 081
Total member benefits		6 151 084	5 148 324
Total net assets		52 243	11 514
Equity			
Administration Fee Reserve	13	22 861	19 785
Insurance Reserve	14	757	1 833
Operational Risk Reserve	15	9 995	13 641
Investment allocation under/(over)	17	18 630	(23 745)
Total equity		52 243	11 514

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
Change in investments measured at fair value		911 931	(32 060)
Interest revenue		11	181
Other income		4 572	8 352
Transfers from other schemes		8 976	-
Total revenue		925 490	(23 527)
Investment expenses	8	(18 579)	(25 779)
Administration expenses	9	(4 254)	(3 834)
Total expenses		(22 833)	(29 613)
Result from superannuation activities		902 657	(53 140)
Net insurance activities		790	(428)
Result from operating activities		903 447	(53 568)
Net benefits allocated to IS members accounts		(607 179)	21 826
Net benefits allocated to FRP members accounts		(210 715)	9 764
Operating result before income tax		85 553	(21 978)
Income tax (expense)/benefit	11(a)	(43 288)	11 512
Net operating result		42 265	(10 466)

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

Super SA Retirement Investment Fund

Statement of Changes in Member Benefits
as at 30 June 2021

2021	Note	Flexible Rollover Product \$000	Income Stream \$000	Totals \$000
Opening Balance as at 1 July 2020	3	1 402 081	3 746 243	5 148 324
Member contributions		75 764	-	75 764
Government co-contributions		64	-	64
Spouse contributions		297	-	297
Rollovers from other schemes		361 362	707 403	1 068 765
Income tax on rollovers		(34 552)	(51 780)	(86 332)
Net contributions		402 935	655 623	1 058 558
Benefits to members		(327 968)	(545 477)	(873 445)
Insurance premiums charged to members		(501)	-	(501)
Amounts allocated to members from reserves		95	159	254
Net benefits comprising:				
Net investment income		212 619	611 062	823 681
Administration fees		(1 904)	(3 883)	(5 787)
Closing Balance as at 30 June 2021	3	1 687 357	4 463 727	6 151 084

2020	Note	Flexible Rollover Product \$000	Income Stream \$000	Totals \$000
Opening Balance as at 1 July 2019	3	1 298 897	3 595 496	4 894 393
Member contributions		70 580	-	70 580
Government co-contributions		72	-	72
Spouse contributions		300	-	300
Rollovers from other schemes		442 710	829 894	1 272 604
Income tax on rollovers		(41 396)	(58 830)	(100 226)
Net contributions		472 266	771 064	1 243 330
Benefits to members		(359 558)	(598 491)	(958 049)
Insurance premiums charged to members		(501)	-	(501)
Insurance benefits credited to members		741	-	741
Net benefits comprising:				
Net investment income		(8 283)	(16 524)	(24 807)
Administration fees		(1 481)	(5 302)	(6 783)
Closing Balance as at 30 June 2020	3	1 402 081	3 746 243	5 148 324

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 2021

	Admin Fee Reserve	Insurance Reserve	Operational Risk Reserve	(Under)/over allocated benefits	Total Equity
	\$000	\$000	\$000	\$000	\$000
	Note 13	Note 14	Note 15		
2021					
Opening Balance	19 785	1 833	13 641	(23 745)	11 514
Net operating result	4 387	850	3 633	33 395	42 265
Net transfers (from)/to reserves/equity	(1 311)	(1 926)	(7 279)	8 980	(1 536)
Closing Balance	22 861	757	9 995	18 630	52 243

	Admin Fee Reserve	Insurance Reserve	Operational Risk Reserve	(Under)/over allocated benefits	Total Equity
	\$000	\$000	\$000	\$000	\$000
	Note 13	Note 14	Note 15		
2020					
Opening Balance	19 111	2 063	11 465	(10 659)	21 980
Net operating result	1 524	(230)	1 326	(13 086)	(10 466)
Net transfers (from)/to reserves/equity	(850)	-	850	-	-
Closing Balance	19 785	1 833	13 641	(23 745)	11 514

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		294	271
Other income		14	213
Income tax		1 609	10 881
Administration expenses paid		(3 318)	(4 170)
Net cash flows from operating activities	12	(1 401)	7 195
Receipts from the sale of investments from Funds SA		1 401 296	1 039 397
Payments to Funds SA for the purchase of investments		(1 594 484)	(1 304 923)
Net cash flows from investing activities		(193 188)	(265 526)
Member contributions		75 779	70 565
Spouse contributions		297	300
Government co-contributions		64	72
Net transfers from other superannuation entities		1 065 555	1 275 784
Transfers from other schemes		8 976	-
Payments from the Operational Risk Reserve		(5)	(12)
Income Stream payments		(544 506)	(609 103)
Flexible Rollover Product payments		(330 670)	(365 742)
Contributions tax paid		(86 332)	(100 226)
Net cash flows from financing activities		189 158	271 638
Net change in cash		(5 431)	13 307
Cash at beginning of the financial period		38 046	24 739
Cash at end of the financial period	12	32 615	38 046

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 comprises 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 current 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.

(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*

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

Super SA Retirement Investment Fund

(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 Fund. There are no Accounting Policy Statements that are not yet effective. The material impacts on the Fund 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 Fund 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 Fund'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 Fund 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 Fund, and has determined there will be no impact on the Fund'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 Fund, and has determined there will be no impact on the Fund'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 Fund 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 Fund, and has determined there will be no impact on the Fund's financial statements.

(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.

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.

Super SA Retirement Investment Fund

(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.

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 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 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 2021 but paid after 30 June 2021.

(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.

(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.

Super SA Retirement Investment Fund

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.

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 Fund is Australian dollars, which is the Fund's primary currency. The Fund'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.

Super SA Retirement Investment Fund

(ii) Property B

The Property B portfolio comprises two sub sectors:

Listed Property Trusts

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

Unlisted property vehicles

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

(iii) Australian Equities B

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

(iv) International Equities B

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

(v) Short Term and Long Term Fixed Interest

The Short Term and Long Term Fixed Interest portfolios have exposure to domestic and global debt instruments and 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.

(ix) Socially Responsible Investment

The Socially Responsible Investment option actively incorporates the consideration of environmental, social and governance factors in their investment decisions and also avoids investing in companies operating in areas of high negative social impact. Previously the Socially Responsible investment option was externally managed by the product provider AMP Capital. As of February 2021, the Socially Responsible Investment is being managed by Funds SA.

Super SA Retirement Investment Fund

(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 (e)). 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 eight distinct investment options for the Fund which were available to investors, each differing by strategic asset allocation:

- High Growth
- Growth (closed 3 February 2021)
- Balanced
- Moderate
- Conservative
- Capital Defensive
- Cash
- Socially Responsible Investment

Growth to High Growth transition

In August 2020, Super SA and Funds SA undertook a review into the default option. A key change was to increase the Long-Term Strategic Asset Allocation (LTSAA) levels of growth assets within the default Balanced option from 65 per cent to 75 per cent. This change included altering the LTSAA and range for the Growth investment option by increasing the exposure to growth assets. While originally expecting this change to be implemented over multiple years, recent shifts within investment markets have meant the Growth option LTSAA change occurred more quickly than anticipated and resulted in the Growth investment option having growth asset allocations resembling those of the High Growth investment option. The Growth investment option ceased to be available to investors with all Growth option investments transitioned into the High Growth investment option on 3 February 2021.

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.

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

(q) 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. 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		Income Stream			Totals	
	2021	Product 2020	2021	2020	2021	2020	
	\$000	\$000	\$000	\$000	\$000	\$000	
Member benefits	1 687 357	1 402 081	4 463 727	3 746 243	6 151 084	5 148 324	
As compared to net assets available for member benefits	1 708 177	1 409 486	4 495 150	3 750 352	6 203 327	5 159 838	

Super SA Retirement Investment Fund

4. Receivables

	Flexible Rollover				Totals	
	Product		Income Stream		2021	2020
	2021	2020	2021	2020		
	\$000	\$000	\$000	\$000	\$000	\$000
Refund from ATO for GST	29	21	74	58	103	79
Interest	-	1	-	2	-	3
Funds SA receivables	2 755	-	4 084	-	6 839	-
Other receivables	38	15	42	38	80	53
Contributions receivable	-	15	-	-	-	15
Rollovers receivable	-	1 050	-	85	-	1 135
	2 822	1 102	4 200	183	7 022	1 285

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	Flexible Rollover				Totals	
	Product		Income Stream		2021	2020
	2021	2020	2021	2020		
Level 1 and level 3 are not relevant to the Fund	\$000	\$000	\$000	\$000	\$000	\$000
Unlisted managed investment schemes	1 742 837	1 420 307	4 504 109	3 742 445	6 246 946	5 162 752
Funds SA	1 742 837	1 420 307	4 504 109	3 742 445	6 246 946	5 162 752

6. Value and movement of investments by investment option

Income Stream

	2021	Movement	2020
	\$000	\$000	\$000
High Growth	369 058	287 545	81 513
Growth (closed 3 February 2021)	-	(204 002)	204 002
Balanced	1 940 587	466 715	1 473 872
Moderate	740 244	188 244	552 000
Conservative	558 356	131 642	426 714
Capital Defensive	200 283	(21 032)	221 315
Cash	118 441	(131 399)	249 840
Socially Responsible	55 165	17 397	37 768
Investments at 30 June	3 982 134	735 110	3 247 024

Super SA Retirement Investment Fund

Income Stream (Transition to Retirement)

	2021 \$000	Movement \$000	2020 \$000
High Growth	57 343	35 753	21 590
Growth (closed 3 February 2021)	-	(27 782)	27 782
Balanced	283 999	16 385	267 614
Moderate	95 532	15 538	79 994
Conservative	49 446	9 353	40 093
Capital Defensive	9 510	(7 851)	17 361
Cash	15 823	(21 109)	36 932
Socially Responsible	10 322	6 267	4 055
Investments at 30 June	521 975	26 554	495 421

Flexible Rollover

	2021 \$000	Movement \$000	2020 \$000
High Growth	262 960	186 534	76 426
Growth (closed 3 February 2021)	-	(121 473)	121 473
Balanced	863 821	227 313	636 508
Moderate	216 998	47 321	169 677
Conservative	179 550	38 859	140 691
Capital Defensive	95 529	482	95 047
Cash	92 155	(67 842)	159 997
Socially Responsible	31 824	11 336	20 488
Investments at 30 June	1 742 837	322 530	1 420 307

Total

	2021 \$000	Movement \$000	2020 \$000
High Growth	689 361	509 832	179 529
Growth (closed 3 February 2021)	-	(353 257)	353 257
Balanced	3 088 407	710 413	2 377 994
Moderate	1 052 774	251 103	801 671
Conservative	787 352	179 854	607 498
Capital Defensive	305 322	(28 401)	333 723
Cash	226 419	(220 350)	446 769
Socially Responsible	97 311	35 000	62 311
Investments at 30 June	6 246 946	1 084 194	5 162 752

7. Payables

	Flexible Rollover		Income Stream		Totals
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	
Audit fees payable	12	13	37	35	48
Administration fees	288	-	912	-	1 200
Rollovers refundable	-	328	-	3 089	3 417
	300	341	949	3 124	1 249
					3 465

8. Investment expenses

	Flexible Rollover		Income Stream		Totals
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	
Investment expenses	5 100	7 039	13 479	18 740	18 579
					25 779

Investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Fund based on the Fund's investments. 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.

Super SA Retirement Investment Fund

9. Administration expenses

	Flexible Rollover				Totals	
	Product		Income Stream		2021	2020
	2021	2020	2021	2020		
	\$000	\$000	\$000	\$000	\$000	\$000
Administration expenses	1 006	1 007	3 196	2 759	4 202	3 766
Other expenses ⁽ⁱ⁾	12	19	40	49	52	68
	1 018	1 026	3 236	2 808	4 254	3 834

(i) Other expenses include Auditor's remuneration. Refer note 10.

10. Auditors' remuneration

	2021	2020
	\$000	\$000
Audit fees paid or payable	45	44

Audit fees paid (or payable), \$44 600 GST exclusive (2020: \$44 300), relate to the Auditor-General's Department work performed under the PFAA. No other services were provided by the Auditor General's Department.

11. Income tax

	Flexible Rollover				Totals	
	Product		Income Stream		2021	2020
	2021	2020	2021	2020		
	\$000	\$000	\$000	\$000	\$000	\$000
Major components of income tax benefit/(expense)						
(a) Current income tax (expense)/benefit						
Current tax charge	(15 713)	(3 963)	(12 976)	4 263	(28 689)	300
Adjustment to current tax for prior periods	(112)	(68)	16	113	(96)	45
Relating to the originating and reversal of temporary differences	(9 678)	6 729	(4 825)	4 438	(14 503)	11 167
Income tax (expense)/benefit	(25 503)	2 698	(17 785)	8 814	(43 288)	11 512
Reconciliation between income tax expenses and the accounting profit before						
Net operating result before tax	39 508	(5 422)	46 045	(16 556)	85 553	(21 978)
Tax applicable at the rate of 15% (2020: 15%)	(5 926)	813	(6 907)	2 483	(12 833)	3 296
Tax effect of expenses that are not assessable/or deductible in determining taxable income:						
Non deductible expenses	-	-	(91)	(53)	(91)	(53)
Tax effect of income/(losses) that are not assessable or deductible in determining taxable income:						
Investment revenue	8 722	(2 392)	52 459	(166)	61 181	(2 558)
Exempt pension income	-	-	20 807	(4 751)	20 807	(4 751)
Tax effect of other adjustments:						
Imputation and foreign tax credits	3 307	2 849	6 941	7 913	10 248	10 762
(Over)/under provision prior period	(112)	(68)	16	113	(96)	45
Self-Insurance deduction	76	62	-	-	76	62
Net benefit allocated to members	(31 546)	1 429	(91 101)	3 275	(122 647)	4 704
Deductible financial planning fees	(24)	5	-	-	(24)	5
Income tax (expense)/benefit	(25 503)	2 698	(17 785)	8 814	(43 379)	11 512

Super SA Retirement Investment Fund

Income tax cont.	Flexible Rollover				Totals	
	Product		Income Stream			
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
(b) Current tax liabilities						
Balance at beginning of year	9 152	1 200	7 996	5 412	17 148	6 612
Income tax paid - current period	(28 852)	(36 207)	(38 626)	(36 920)	(67 478)	(73 127)
Income tax paid - prior periods	(9 264)	(1 268)	(7 981)	(14 951)	(17 245)	(16 219)
Current years income tax provision	50 265	45 359	64 757	54 568	115 022	99 927
Under/(Over) provision prior period	112	68	(16)	(113)	96	(45)
Current tax liabilities	21 413	9 152	26 130	7 996	47 543	17 148

(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	(2)	(2)	(1)	(1)	(3)	(3)
Unrealised capital losses/(gains) carried forward (discounted)	21 125	11 447	3 573	(1 252)	24 698	10 195
Deferred tax liabilities/(assets)	21 123	11 445	3 572	(1 253)	24 695	10 192

The Fund 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 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:

	Flexible Rollover				Totals	
	Product		Income Stream			
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	9 536	15 839	23 079	22 207	32 615	38 046

Reconciliation of operating result to net cash from operating activities

Net operating result	14 005	(2 724)	28 260	(7 742)	42 265	(10 466)
Adjustments for:						
Change in investments measured at fair value	(253 295)	7 550	(658 636)	24 510	(911 931)	32 060
Investment expenses	5 100	7 039	13 479	18 740	18 579	25 779
Administration fee received	(1 158)	(777)	(3 414)	(7 575)	(4 572)	(8 352)
Net insurance movement	(441)	438	-	-	(441)	438
(Increase) in receivables	(1 833)	(840)	(4 017)	(236)	(5 850)	(1 076)
Increase/(decrease) in payables	22 625	2 051	20 030	(1 649)	42 655	402
Allocation to members accounts	210 715	(9 764)	607 179	(21 826)	817 894	(31 590)
Net cash (outflows)/inflows from operating activities	(4 282)	2 973	2 881	4 222	(1 401)	7 195

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	
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	(202)	(857)	19 987	19 968	19 785	19 111
Investment earnings ⁽ⁱ⁾	102	-	3 941	(34)	4 043	(34)
Administration fees	1 120	777	3 372	4 599	4 492	5 376
Administration expenses	(990)	(1 022)	(3 158)	(2 796)	(4 148)	(3 818)
Operating result	232	(245)	4 155	1 769	4 387	1 524
Transfer to/(from) Reserve ⁽ⁱⁱ⁾	5 546	900	(6 857)	(1 750)	(1 311)	(850)
Closing balance	5 576	(202)	17 285	19 987	22 861	19 785

- (i) The Administration Reserves are notionally invested in the Balanced Option. The rate of return on earnings were 19.44 per cent (2020: (0.48) per cent) (FRP), 21.30 per cent (2020: (0.20) per cent) (IS) and 19.95 per cent (2020: (0.45) per cent) (TRIS).
- (ii) The Flexible Rollover Product amount relates to the Board approved transfers in of accumulated investment earnings from the Triple S Scheme's Insurance Reserve (\$1.1 million), accumulated investment earnings from the FRP Insurance Reserve (\$1.9 million) and a transfer in to offset the historical under investment allocation (\$1.9 million). In addition a surplus attributable to sundry interest and fees was recognised as a transfer in to the Reserve (\$600 000). The Income Stream amount relates to the Board approved transfers in of accumulated investment earnings from the Triple S Scheme's Insurance Reserve (\$7.9 million) and a transfer out to offset the historical over investment allocation (\$15.7 million). In addition a surplus attributable to sundry interest and fees was recognised as a transfer in to the Reserve (\$950 000).

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	
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	1 833	2 063	-	-	1 833	2 063
Investment earnings ⁽ⁱ⁾	349	10	-	-	349	10
Premiums and charges	501	501	-	-	501	501
Benefit payments	-	(741)	-	-	-	(741)
Operating result	850	(230)	-	-	850	(230)
Transfer (from) Reserve ⁽ⁱⁱ⁾	(1 926)	-	-	-	(1 926)	-
Closing balance	757	1 833	-	-	757	1 833

- (i) The Insurance Reserve is notionally invested in the Balanced option. The rate of return on earnings was 19.44 per cent (2020: (0.48) per cent).
- (ii) The amount relates to the Board approved transfers out of accumulated investment earnings to the Flexible Rollover Product Administration Fee Reserve.

15. Operational Risk Reserve

The Operational Risk Reserves (ORR) for Income Stream and Flexible Rollover Product were established at 31 December 2012 of 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 2021. The FRP rate again remained unchanged at 0.05 per cent for the year.

Super SA Retirement Investment Fund

Operational Risk Reserve cont.

	Flexible Rollover		Income Stream		Totals	
	Product					
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	3 649	2 971	9 992	8 494	13 641	11 465
Investment earnings ⁽ⁱ⁾	734	(23)	1 858	(49)	2 592	(72)
ORR fee	784	704	511	703	1 295	1 407
Payments from Reserve	(95)	(3)	(159)	(6)	(254)	(9)
Operating result	1 423	678	2 210	648	3 633	1 326
Transfer (from)/to Reserve ⁽ⁱⁱ⁾	-	-	(7 279)	850	(7 279)	850
Closing balance	5 072	3 649	4 923	9 992	9 995	13 641

(i) The ORRs are notionally invested in the Balanced Option. The rate of return on earnings were 19.44 per cent (2020: (0.48) per cent) (FRP), 21.30 per cent (2020: (0.20) per cent) (IS) and 19.95 per cent (2020: (0.45) per cent) (TRIS).

(ii) The amount relates to the Board approved transfer out to offset the Income Stream historical over investment allocation.

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.

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.

(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 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.

Super SA Retirement Investment Fund

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

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
2021				
Investment Option				
High Growth B	7.9	10.9	225 286	24 556
Growth B (closed 3 February 2021)	7.9	10.9	102 001	11 118
Balanced B	7.3	10.0	1 707 230	170 723
Moderate B	5.8	7.1	646 122	45 875
Conservative B	4.7	5.1	492 535	25 119
Capital Defensive B	3.4	3.5	210 799	7 378
Cash B	0.3	1.0	184 141	1 841
Socially Responsible B	6.3	10.2	46 467	4 740
				Potential impact of market risk (+/-) on Income Statement
	Expected Average Return	Market Risk	Average Funds Under Management	
	%	%	\$000	\$000
2020				
Investment Option				
High Growth B	8.1	11.1	82 858	9 197
Growth B	8.1	11.1	213 632	23 713
Balanced B	7.6	10.2	1 484 658	151 435
Moderate B	6.6	7.4	519 273	38 426
Conservative B	5.8	5.4	423 344	22 861
Capital Defensive B	5.1	3.8	204 665	7 777
Cash B	3.3	1.0	173 941	1 739
Socially Responsible B	6.7	10.3	34 505	3 554

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
2021				
Investment Option				
High Growth B	7.0	10.9	39 467	4 302
Growth B (closed 3 February 2021)	7.0	10.9	13 891	1 514
Balanced B	6.4	10.0	275 807	27 581
Moderate B	5.1	7.1	87 763	6 231
Conservative B	4.1	5.1	44 770	2 283
Capital Defensive B	3.0	3.5	13 436	470
Cash B	0.3	1.0	26 378	264
Socially Responsible B	5.9	10.3	7 189	740

	Expected Average Return	Market Risk	Average Funds Under Management	Potential impact of market risk (+/-) on Income Statement
	%	%	\$000	\$000
2020				
Investment Option				
High Growth B	7.0	11.1	32 499	3 607
Growth B	7.0	11.1	28 573	3 172
Balanced B	6.5	10.2	314 695	32 099
Moderate B	5.7	7.4	80 735	5 974
Conservative B	5.1	5.4	40 847	2 206
Capital Defensive B	4.4	3.8	17 332	659
Cash B	2.8	1.0	25 358	254
Socially Responsible B	5.9	10.3	4 060	418

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
2021				
Investment Option				
High Growth B	7.0	10.9	169 693	18 497
Growth B (closed 3 February 2021)	7.0	10.9	60 737	6 620
Balanced B	6.4	10.0	750 165	75 016
Moderate B	5.1	7.1	193 338	13 727
Conservative B	4.1	5.1	160 121	8 166
Capital Defensive B	3.0	3.5	95 288	3 335
Cash B	0.3	1.0	126 076	1 261
Socially Responsible B	5.9	10.3	26 156	2 694

Super SA Retirement Investment Fund

Flexible Rollover Product cont.

2020 Investment Option	Expected Average Return %	Market Risk %	Average Funds Under Management \$000	Potential impact of market risk (+/-) on Income Statement \$000
High Growth B	7.0	11.1	68 525	7 606
Growth B	7.0	11.1	129 587	14 384
Balanced B	6.5	10.2	649 568	66 256
Moderate B	5.7	7.4	171 128	12 663
Conservative B	5.1	5.4	135 720	7 329
Capital Defensive B	4.4	3.8	94 284	3 583
Cash B	2.8	1.0	107 108	1 071
Socially Responsible B	5.9	10.3	17 837	1 837

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 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.

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 expected 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	Total	Carrying
		Contractual Cash Flows	Amount Liabilities
2021	\$000	\$000	\$000
Benefits payable	8 821	8 821	8 821
Payables ⁽ⁱ⁾	-	-	-
Vested benefits ⁽ⁱⁱ⁾	6 151 084	6 151 084	6 151 084
Total	6 159 905	6 159 905	6 159 905

	Less than 3 Months	Total	Carrying
		Contractual Cash Flows	Amount Liabilities
2020	\$000	\$000	\$000
Benefits payable	10 527	10 527	10 527
Payables ⁽ⁱ⁾	3 417	3 417	3 417
Vested benefits ⁽ⁱⁱ⁾	5 148 324	5 148 324	5 148 324
Total	5 162 268	5 162 268	5 162 268

(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 Fund 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 the underlying investment movements using redemption value (refer note 3). The redemption value is adjusted for disposal costs. This difference in valuation methods is reflected in the investment allocation amount in the statement of financial position.

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 Fund's assets and liabilities may arise in the future. Any such impacts will be accounted for in future accounting periods.

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 Fund paid \$945 000 (2020: \$831 000) in member benefits under the ERS.

Super SA Retirement Investment Fund

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 Fund's investments (in particular, unlisted investments); 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 Fund'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 Fund'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 Fund'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 Fund's investments include a portfolio of unlisted equity investments which, in accordance with the Fund's accounting policies, are measured at fair value. The determination of investments carrying value included a consideration of the impact of COVID-19.

Recoverability of Deferred Tax Balances

In assessing whether a deferred tax asset can be recognised and given the macro-economic conditions arising from COVID-19 existed at the reporting date, the Board has ensured the projections of future taxable earnings is robust and based on reasonable assumptions regarding the Fund's future investment performance and taxable contribution levels.

Risk management

The Board's risk management framework continues to be applied across the Fund's operations. The Board continues to monitor the impact of COVID-19 on the Fund'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 Fund'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 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.

20. Related parties

(a) Key management personnel

The key management personnel of the Fund 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 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.

21. Events after the reporting period

There were no significant events after the reporting period.

Super SA Retirement Investment Fund

Certification of the financial report

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 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