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To the Presiding Member South Australian Superannuation Board

Opinion

I have audited the financial report of the South Australian Superannuation Board 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 South Australian Superannuation Board 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 financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 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 policy information 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 South Australian Superannuation Board. 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 entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Acting Chief Executive, 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* section 9 of schedule 3 of the *Superannuation Act 1988*, I have audited the financial report of the South Australian Superannuation Board 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 South Australian Superannuation Board'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 the Acting Chief Executive, State Superannuation Office and the 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

South Australian Superannuation Board

Statement of Comprehensive Income for the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
Income			
Fees and charges	5	41 658	39 473
Interest	6	163	-
Other income		-	87
Total Income		41 821	39 560
Expenses			
Administration expenses	3	(43 057)	(40 502)
Other expenses	4	(17)	(342)
Total expenses		(43 074)	(40 844)
Total comprehensive result	9	(1 253)	(1 284)

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

Statement of Financial Position as at 30 June 2023

	Note	2023 \$000	2022 \$000
Current assets			
Cash and cash equivalents	11	3 657	10 696
Receivables	7	10 593	5 368
Non current assets			
Loan receivable	7, 14	575	559
Total assets		14 825	16 623
Current liabilities			
Payables	8	9 780	10 325
Total liabilities		9 780	10 325
Net assets		5 045	6 298
Equity			
Retained earnings	9	557	559
General reserve	9	4 488	5 739
Total equity		5 045	6 298

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

South Australian Superannuation Board

Statement of Changes in Equity for the year ended 30 June 2023

2023	Note	Retained earnings \$000	General Reserves \$000	Total Equity \$000
Opening balance		559	5 739	6 298
Total comprehensive result		(1 253)		(1 253)
Transfer to reserves		1 251	(1 251)	-
Closing balance as at 30 June	9	557	4 488	5 045

2022	Note	Retained earnings \$000	General Reserves \$000	Total Equity \$000
Opening balance		559	7 023	7 582
Total comprehensive result		(1 284)	-	(1 284)
Transfer to reserves		1 284	(1 284)	-
Closing balance as at 30 June	9	559	5 739	6 298

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 2023

	Note	2023 \$000	2022 \$000
Cash flows from operating activities			
Cash inflows			
Interest received		135	-
Fees and charges		40 259	49 348
GST recovered from the ATO		83	-
Cash generated from operations		40 477	49 348
Cash outflows			
Administration expenses paid		(47 501)	(39 558)
Other expenses		(15)	(376)
GST paid to the ATO		-	(439)
Cash (used in) operations		(47 516)	(40 373)
Net cash (used in)/provided by operating activities	11	(7 039)	8 975
Net change in cash		(7 039)	8 975
Cash at the beginning of the financial period		10 696	1 721
Cash at the end of the financial period	11	3 657	10 696

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

South Australian Superannuation Board

Notes to the Financial Statements

1) Objectives and funding

Objectives of the South Australian Superannuation Board

The South Australian Superannuation Board (the Board) was established under Section 6 of the *Superannuation Act 1988* (the Act) and is responsible to the Treasurer for all aspects of the administration of the Act (Pension and Lump Sum schemes) and the Southern State Superannuation Act 2009 (Triple S Scheme, Flexible Rollover Product and Income Stream), except for investment matters relating to the schemes and products. Under clause 2(1)(d) of Schedule 3 of the Act, the Treasurer declared that the Board act as Trustee of the SA Ambulance Service Superannuation Scheme and be responsible for administering the Trust Deed and Rules.

The Act provides that the Board may make use of the staff or facilities of an administrative unit of the SA Public Sector. The State Superannuation Office, a branch of the Department of Treasury and Finance (DTF), provides administrative services to the Board. The State Superannuation Office adopts the “Super SA” name as administrator of the Board schemes and products. The superannuation legislation also provides for the Board to charge administration fees.

The Board is responsible for payment of the Service Level Agreement (SLA) Fee to DTF for costs incurred in the administration of the schemes and products. This amount is then recouped from the various schemes and products as per the SLA.

The Board has carefully considered anticipated future expenditure and sets aside money to cover expected future specific costs.

2) Significant accounting policies

a) Statement of compliance

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), and Relevant Australian Accounting Standards applicable to not-for-profit entities, as the Board is a not-for-profit entity.

b) New and amended 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 Board 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 Board.

South Australian Superannuation Board

c) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes,
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported,
- compliance with Accounting Policy Statements issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency, the Accounting Policy Statements require the following note disclosures, which have been included in this financial report, and
- board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Board's statement of comprehensive income, statement of financial position and statement of changes in equity have been prepared on an accrual basis and are in accordance with the historical cost convention except as otherwise noted.

The statement of cash flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2023, and comparative information presented.

d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

Where applicable, the restated comparative amounts do not replace the original financial statements for the preceding period.

e) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$000).

f) Taxation

The Board, as a wholly owned and controlled statutory authority of the Crown, is not subject to income tax. The Board is registered for Goods and Services Tax (GST) and GST is recoverable and payable to the Australian Taxation Office (ATO).

South Australian Superannuation Board

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

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable, and
- receivables and payables, which 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.

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

g) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2023 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2023.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

h) Income and expenses

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Board will occur and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Income

Fees and charges are derived from the recovery of administration fees from the superannuation schemes and products which the Board administers. Revenue is recognised when earned.

Interest comprises the interest received on the loan to the Treasurer (formally the Minister for Finance) and cash and deposits in the Board's Deposit Account held with DTF, which receives interest at the applicable SA Government rate. Interest is recognised when earned.

Expenses

Administration expenses are the payment of the administration fees to DTF for the provision of services to the Board. This expense is recognised upon delivery of the service.

i) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non current.

South Australian Superannuation Board

j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position includes cash and deposits in the Board's Deposit Account held with DTF.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and cash equivalents as outlined above.

Cash is measured at nominal value.

k) Receivables

Receivables include amounts owing from services provided prior to the end of the reporting period that are unpaid at the end of the reporting period. Receivables include all amounts not received relating to the normal operations of the Board.

Refer to Note 14 regarding the Loan Receivable.

l) Payables

Payables include creditors and accrued expenses.

Creditors represent the amounts owing for services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid amounts due relating to the normal operations of the Board.

Accrued expenses represent services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received, as per Treasurer's Instruction 11.

3) Administration expenses

	Note	2023 \$000	2022 \$000
Administration fees		40 240	35 298
Strategic projects	15	2 817	5 204
		<u>43 057</u>	<u>40 502</u>

4) Other expenses

	2023 \$000	2022 \$000
Other expenses ⁽ⁱ⁾	17	18
Election costs	-	324
	<u>17</u>	<u>342</u>

⁽ⁱ⁾ Other expenses include amounts paid (or payable) which 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. Audit fees for the Board were \$16 700 (2022: \$16 600).

South Australian Superannuation Board

5) Fees and charges

	2023	2022
	\$000	\$000
Recovery of administration fees	41 658	39 473

6) Interest revenue

	2023	2022
	\$000	\$000
Deposit Account held with DTF	147	-
Loan to Southern Select Corporation ⁽ⁱ⁾	16	-
	163	-

(i) Refer Note 14.

7) Receivables

	2023	2022
	\$000	\$000
Current receivables		
Interest Receivable	12	-
Sundry debtors	1 718	18
Administration fee recovery	8 863	5 350
Audit fee recovery	-	-
Total current receivables	10 593	5 368
Non current receivables		
Loan receivable ⁽ⁱ⁾	575	559
Total non current receivables	575	559
Total receivables	11 168	5 927

All current receivables will be settled within 12 months of the reporting date. There is no anticipated impairment loss on receivables as presented.

⁽ⁱ⁾ Refer Note 14

8) Payables

	2023	2022
	\$000	\$000
Administration fee payable	8 784	6 285
Strategic project expenses payable	981	3 604
Audit fee payable	18	18
GST input tax payable	(6)	418
	9 778	10 325

South Australian Superannuation Board

9) Retained earnings and reserves

	Opening Balance \$000	Total Comprehensive Result \$000	Transfers From Reserve \$000	2023 \$000	2022 \$000
Retained Earnings	559	(1 253)	1 251	557	559
	Opening Balance \$000	Total Comprehensive Result \$000	Transfers To Retained Earnings \$000	2023 \$000	2022 \$000
General Reserve ⁽ⁱ⁾	5 739	-	(1 251)	4 488	5 739

⁽ⁱ⁾ The General Reserve was established in December 2013. The Transfers to Retained Earnings from Reserve amount represents strategic projects expenditure funded by the Board from July 2022 to June 2023.

The purpose of the General Reserve is to account for under and overspend in office expenditure, to provide for project expenditure as required from time to time and to provide funding for the triennial Board Election.

10) Related parties

The Board is a statutory authority and is wholly owned and controlled by the Crown.

Related parties of the Board include all key management personnel and their close family members, all Cabinet Ministers and their close family members and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

a) Key management personnel

The key management personnel of the Board include the Treasurer, the 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 Board.

The compensation disclosed in this note excludes salaries and other benefits the Treasurer receives. The Treasurer's remuneration and allowances are set by the Parliamentary Remuneration Act 1990 and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the Parliamentary Remuneration Act 1990. The Chief Executive and Executive Leadership Team, State Superannuation Office, are compensated through the Department of Treasury and Finance so their compensation is also not included below.

South Australian Superannuation Board

b) The South Australian Superannuation Board

Kevin Foley (Presiding Member - Appointed 02/12/2022, Resigned 18/07/2023)

June Roache (Presiding Member – Appointed 27/07/2023)

Virginia Deegan (Re-appointed 23/07/2021, Appointment term ended 22/07/2023)

Richard Dennis (Re-appointed 23/07/2021)

Bill Griggs (Re-elected 02/10/2021)

Alison Kimber (Re-elected 02/10/2021)

Gregory Boulton (Appointment term ended 08/09/2022)

c) The South Australian Superannuation Board Audit, Risk and Finance Committee

Virginia Deegan (Convenor – Appointed 23/07/2015, Appointment term ended 22/07/2023)

Alison Kimber (Convenor – Appointed 23/07/2023)

Richard Dennis (Appointed 19/12/2018)

Kevin Foley (Appointed 07/12/2022)

d) The South Australian Superannuation Board Member Outcome and Insurance Committee

Bill Griggs (Convenor - Appointed 02/10/2015)

Alison Kimber (Appointed 19/12/2018)

Kevin Foley (Appointed 07/12/2022, Resigned 18/07/2023)

e) Compensation

	2023 \$000	2022 \$000
Salaries and other short-term employee benefits	221	238

Compensation costs are included in administration expenses.

South Australian Superannuation Board

11) 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 Board's Deposit Account held with DTF. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related item in the statement of financial position as follows:

	2023	2022
	\$000	\$000
Cash and cash equivalents	3 657	10 696

Reconciliation of total comprehensive result to net cash provided by operating activities:

Total comprehensive result	(1 253)	(1 284)
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Movement in operational assets and liabilities

(Increase) in receivables	(5 241)	5 309
Increase in payables	(545)	4 950
Net cash provided by operating activities	(7 039)	8 975

12) Financial instruments

The Board holds all cash in a Deposit Account with DTF which receives interest at the applicable SA Government rate. The Board's current receivables and payables are non-interest bearing, while its Loan Receivable is interest bearing. There are no fair value differences as carrying values approximate fair value and there is minimal exposure to interest rate or market risk due to the nature of the financial assets and liabilities held.

Interest Rate Risk

Cash and cash equivalents, which represents cash and deposits held in a Deposit Account with DTF, earn a floating interest rate, based on the applicable SA Government rate. The carrying amount of cash and cash equivalents represents fair value.

The Board does not have any assets that are past, due or impaired and credit risk is limited to the Southern Select Corporation Loan Arrangement (Refer Note 14).

The Board's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

13) Events after the reporting period

Ms June Roach was appointed Presiding Member of Super SA Board from 27 July 2023, following Mr Kevin Foley's resignation as Presiding Member on 18 July 2023.

Ms Alison Kimber was appointed Convenor of Super SA Board Audit, Risk and Finance Committee from 23 July 2023, following Ms Virginia Deegan's term ended 22 July 2023.

South Australian Superannuation Board

14) Southern Select Corporation Loan Arrangement

At the 8 June 2012 Board meeting, the Board agreed to provide funding of \$500 000 from its then Capital and Development Reserve account for the purpose of establishing a new fund; Super SA Select (the Fund).

The terms of the loan are set out in Schedule 2 of the *Public Corporations (Southern Select Super Corporation) Regulations 2012* (the Regulations) and the tri-partite Funding Deed between the Board, the then Minister for Finance and the Southern Select Super Corporation (the Trustee). The Funding Deed was executed on 28 June 2013 with a drawdown date of 5 July 2013.

The repayment of the loan by the Trustee from the Fund, together with interest, will be in accordance with Schedule 2 of the Regulations. If at the end of the financial year the Fund has a net surplus, defined as Net Assets exceeding Liability for Accrued Benefits Allocated to Members' Accounts, the interest receivable in that year must be received on or before 31 July of the following financial year. If the Fund does not have a net surplus at the end of the financial year, the interest receivable for that year will be capitalised into the principal amount receivable. At the end of 2022-23 the Fund did not have a net surplus, therefore the amount of interest capitalised into the principle amount was \$16 400 (2022: \$Nil).

Principal repayments are required when administration fees charged to members of the Fund for the financial year exceed the cost of the administration of the Fund (other than investment management charges). For 2022-23 there was no principal repayment required (refer to the Fund's Financial Report) (2022: \$Nil).

15) Strategic Projects

Super SA sets an annual strategic projects expenditure budget, which funds the Transformation program each year. Included in this program are infrequent and substantial projects, including system upgrades, replacements, product, structural and governance changes.

The annual budget for the Transformation program is set by the Board's strategic direction and is governed by the Super SA Project Board.

The Board's Strategic Project expense (Note 3) reflects the reimbursement of Project costs incurred by DTF.

South Australian Superannuation Board

Certification of the financial statement

We certify that the:

- financial statements of the Board:
 - are in accordance with the accounts and records of the Board,
 - comply with relevant Treasurer's instructions,
 - comply with relevant accounting standards, and
 - present a true and fair view of the financial position of the Board 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 Board for the financial year over its financial reporting and its preparation of 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