



**Government  
of South Australia**

# **FUNDS SA**

## **2023-24 Annual Report**

**FUNDS SA**

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To:

Hon Stephen Mullighan MP

Treasurer

This annual report will be presented to Parliament to meet the statutory reporting requirements of (*Superannuation Funds Management Corporation of South Australia 1995 (Act) (Part7,s30)*) and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of Funds SA by:

John Piteo

Chief Executive Officer

Date \_\_\_\_\_

Signature \_\_\_\_\_

## From the Chief Executive Officer



I am pleased to report that the positive investment returns experienced in 2022-23, continued in 2023-24.

Funds SA's total funds under management increased over the 12-month period, from \$41.8 billion (bn) at 1 July 2023 to \$44.2 bn at 30 June 2024. This was the result of net investment earnings of \$3.2 bn and net investor outflows of \$0.8 bn.

### **Investment performance**

All investment options delivered positive returns for the 12 months to 30 June 2024. Returns ranged from 4.5% for the Cash investment option, to 8.7% for the High Growth Tax-Exempt investment option. (All returns are net of investment costs and gross of tax).

For the growth orientated investment options, the dominant driver of performance was the International and Australian Equities asset classes. For the conservative investment options, the Fixed Interest asset class was the strongest contributor to performance. By contrast, the Property asset class detracted from performance for all the diversified investment options.

Longer-term performance continues to be positive. Since inception in 1995, the Balanced Tax-Exempt investment option has returned 7.9% per annum (p.a.) and the State's Defined Benefit Strategy has returned 8.0% p.a.

Another important dimension of net investment returns is investment management costs. During 2023-24, the Balanced Tax-Exempt investment option generated an Indirect Cost Ratio (ICR) of 0.63%, which was below the target of 0.70%. This is a result of a focused strategy to reduce investment costs over the last five years.

### **People and Culture**

The capabilities of our people and the culture of our workplace continue to be critical foundations in driving our ambition to generate exceptional investment returns for our clients. Alongside our professional development and workplace programs, we also emphasised the organisational culture needed to achieve superior investment returns in a competitive landscape—focused on being outcome-driven, agile, decisive, collaborative, courageous, and humble.

**Technology uplift**

During the year, Funds SA adopted a new Technology Strategy, comprising of six strategic focus areas. This strategy is aimed at driving superior investment outcomes through fit-for-purpose and data driven technology capabilities. Key components of this strategy include improving Funds SA's cyber security posture; exploring the opportunities of artificial intelligence in enhancing productivity and portfolio outcomes; and the continuation of Funds SA's multi-year Investment Data & Technology program to deliver advanced portfolio management, performance analytics, and active monitoring and management of portfolio investment risks.

**Responsible Investment**

Our Responsible Investment approach continues to evolve. Last year we developed our organisational Climate Change Position Statement and Climate Risk Response Plan, both of which provide strong direction for decision making and the transition of our portfolio towards Net Zero Emissions by 2050.

Our inaugural Climate Report, which reports on our progress against the Climate Risk Response Plan, was published in December 2023 and is available on the [Funds SA website](#).

The Board has also approved a controversial weapons exclusion, to be implemented in 2024-25.

**Governance**

During the year we warmly welcomed Adj Assoc Professor Elizabeth Dabars AM and Adj Professor Dr Guy Debelle (effective 11 July 2024) to the Funds SA Board. We also farewelled Kathryn Presser AM after a distinguished nine years of service on the Funds SA Board and Audit & Risk Committee.

**Thank you**

I would like to take this opportunity to thank my predecessor Ms Jo Townsend who, after leading the Corporation for eight years, resigned from her role as Funds SA CEO in September 2023.

I would also like to thank our clients and key stakeholders for their support over the past year.

Finally, I would like to thank my Board for their guidance, support and counsel in my first year as CEO; and the Funds SA team for their enthusiasm and commitment to living our values in everything we do to deliver for our clients and the people of South Australia. I look forward to working together so that Funds SA continues to be a great place to work and to ensure our continued success.

*(Signature)*

John Piteo

**Chief Executive Officer**

Funds SA

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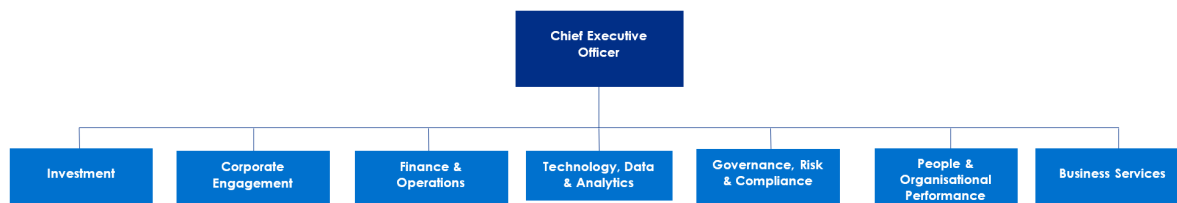
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## Overview: about the agency

### Our strategic focus

<b>Our Purpose</b>	<p>Funds SA was established in July 1995 under the <i>Superannuation Funds Management Corporation of South Australia Act 1995</i> (SA) (Funds SA Act). It became the successor organisation to the South Australian Superannuation Fund Investment Trust.</p> <p>Funds SA's role as set down in the Funds SA Act is to invest and manage the funds of South Australia's public sector superannuation schemes and approved authorities pursuant to strategies formulated by the Corporation.</p>
<b>Our Vision</b>	Deliver a world-class investment experience.
<b>Our Values</b>	<p>Our clients are at the core of everything we do.</p> <p>Our people are collaborative and professional.</p> <p>We encourage innovation and diverse ideas.</p> <p>We uphold the trust others place in us.</p> <p>We strive to achieve excellence in all that we do.</p>
<b>Our functions, objectives and deliverables</b>	<p><u>Objective:</u></p> <p>The objective of the Corporation is to achieve the highest return possible on investment of the funds whilst having proper regard for:</p> <ul style="list-style-type: none"> <li>• the need to maintain the risks relating to investment at an acceptable level;</li> <li>• the need for liquidity in the funds; and</li> <li>• such other matters as are prescribed by regulation.</li> </ul> <p><u>Strategic Themes:</u></p> <ol style="list-style-type: none"> <li>1. Superior Investment Performance</li> <li>2. Valued partnerships with Clients and Stakeholders</li> <li>3. Organisational Excellence and Agility</li> <li>4. A Culture of Innovation and High Performance</li> </ol>

## Our organisational structure



## Changes to the agency

During 2023-24 the following changes were made to the agency's structure and objectives as a result of internal reviews.

- Departure of Jo Townsend as Chief Executive Officer.
- Appointment of John Piteo as Chief Executive Officer.
- The Operations function was split into two separate business units upon the appointment of the new CEO:
  - Technology, Data & Analytics (Emma James was appointed as Acting Director of Technology, Data & Analytics).
  - Finance & Operations (Craig Hamilton was appointed as Acting Director of Finance & Operations).
- Removal of Chief Operating Officer role (no impact to headcount).
- Departure of Richard Friend as Chief Investment Officer.
- Appointment of Matthew Kempton as Acting Chief Investment Officer.

## Our Minister (s)

The Treasurer, the Hon Stephen Mullighan MP, is the Responsible Minister for Funds SA (the Corporation).

S. 21 of the *Superannuation Funds Management Corporation of South Australia Act 1995* states that "the Corporation is subject to the direction and control of the Minister". A Ministerial direction under this section must not include a direction to the Corporation in relation to an investment decision, dealing with property or the exercise of a voting right.

An amendment to the *Superannuation Funds Management Corporation of South Australia Act 1995* was enacted with effect from 25 November 2022. This amendment enables the Responsible Minister for Funds SA to direct the Corporation in relation to divestment of Russian assets.

On 30 November 2022, the Responsible Minister issued a direction to Funds SA to divest from Russian Assets, in a prudent manner that is consistent with the Corporation's pre-existing and overall objectives having regard to market conditions. In giving effect to this direction, the Corporation must act consistently with its



responsibilities to the entities for whom it invests and manages funds and in accordance with applicable sanctions laws.

The Corporation commenced divestment of Russian assets in March 2022 and continues to do so in accordance with the above direction. The Corporation must review the operation of the direction annually, and report on the review to the Responsible Minister and within the Annual Report.

## **Our Executive team**

### **Mr John Piteo, Chief Executive Officer**

John Piteo is responsible for the day-to-day management of the Corporation.

### **Mr Matthew Kempton, Acting Chief Investment Officer**

Matthew Kempton leads the Funds SA investment team, with responsibility for the development and implementation of investment strategy, portfolio management, and management of the Funds SA investment options.

### **Mr Tony Keenan, Executive Manager, Corporate Engagement**

Tony Keenan's role focuses on client and stakeholder engagement, strategy, and communications, building on the reputation of Funds SA as a respected funds management organisation.

### **Ms Jacki Kittel, Executive Manager, People and Organisational Performance**

Jacki Kittel is responsible for Funds SA's People and Culture strategy, and the design and execution of Corporate Strategy.

### **Mr Tony Burrill, Executive Manager, Governance, Risk & Compliance**

Tony Burrill is responsible for the implementation of Funds SA's enterprise risk management framework, corporate governance, and compliance function including policies and standards. His role also coordinates the secretarial functions to the Board and Audit and Risk Committee and oversees the outsourced Internal Audit function.

### **Ms Emma James, Acting Director, Technology, Data & Analytics<sup>1</sup>**

Emma James is responsible for enterprise technology and the investment data and analytics architecture.

### **Mr Craig Hamilton, Acting Director, Finance & Operations<sup>2</sup>**

Craig Hamilton is responsible for the functions and activities in the investment operations, fund accounting, corporate finance, asset servicing and tax areas.

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<sup>1</sup> Emma James was appointed as Executive Director of Technology, Data & Analytics effective 16 September 2024.

<sup>2</sup> Craig Hamilton was appointed as Executive Director of Finance & Operations effective 16 September 2024.

**Legislation administered by the agency**

*Superannuation Funds Management Corporation of South Australia Act 1995.*

**Other related agencies (within the Minister's area/s of responsibility)**

- Department of Treasury and Finance
- Lifetime Support Authority
- South Australian Government Finance Authority

## The agency's performance

### Performance at a glance

Funds SA Tax-Exempt investment option investment returns, periods to 30 June 2024, returns net of fees and gross of tax.

Investment option	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.	15 years % p.a.	20 years % p.a.
Cash	4.5	2.5	1.7	1.8	2.0	2.6	3.5
Capital Defensive	5.4	0.9	2.1	3.0	3.5	5.1	n.a.
Conservative	6.4	1.6	3.3	4.2	4.7	6.3	5.9
Moderate	7.4	2.8	4.6	5.4	5.9	7.3	n.a.
Socially Responsible	7.3	4.2	6.3	7.0	6.8	7.7	n.a.
Balanced	8.3	3.6	6.2	6.9	7.3	8.5	7.4
High Growth	8.7	4.2	6.8	7.8	8.3	9.5	7.9
Defined Benefit	6.7	4.2	6.7	7.6	8.0	9.1	7.7
LSA Strategy	6.8	4.4	6.9	7.5	7.2	n.a.	n.a.
SAFA Investment Strategy	6.9	3.6	6.0	7.0	7.5	n.a.	n.a.

Funds SA Taxable investment option investment returns, periods to 30 June 2024, returns net of fees and gross of tax.

Investment option	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.	15 years % p.a.
Cash	4.5	2.5	1.7	1.8	2.0	2.6
Capital Defensive	5.2	1.0	2.0	2.8	3.3	4.8
Conservative	6.2	1.7	3.2	4.0	4.5	6.0
Moderate	7.3	3.0	4.6	5.4	5.8	7.0
Socially Responsible	7.3	4.2	6.3	7.0	6.8	7.7
Balanced	8.2	3.8	6.3	6.9	7.1	8.2
High Growth	8.5	4.3	6.9	7.8	8.2	9.2
University of Adelaide	8.8	4.5	7.0	7.8	n.a.	n.a.

## Agency specific objectives and performance

The object of the Corporation in performing its functions is to achieve the highest return possible on investment of the funds while having proper regard for:

- (a) the need to maintain the risks relating to investment at an acceptable level; and
- (b) the need for liquidity in the funds; and
- (c) such other matters as are prescribed by regulation.

Through the investment return on the Defined Benefit strategy, Funds SA has made a positive contribution to the management of the State's liabilities associated with the defined benefit scheme.

Agency objectives	Indicators	Performance
Investment of Defined Benefit funds.	<p>The objective of the Defined Benefit investments is stated below:</p> <p>The Defined Benefit investment option is structured for investors with an investment horizon of at least 10 years. Over this period, it aims to earn a return averaging 4.5% in excess of the rate of inflation. There is no guarantee, however, that the objective will be met. This is because financial markets are volatile and future returns may vary from returns earned in the past. Indeed, for funds with exposure to growth assets there is a material likelihood that returns may be negative in any particular year.</p>	<p>The Defined Benefit Strategy has returned 8.0% p.a. over the past 10 years, 0.8% above the target return for the period. Since inception in 1995, the Strategy has returned 8.0% p.a. However, annual returns may be volatile.</p>

Funds SA investment option performance vs. investment objective, for periods 30 June 2024, returns are net of fees and gross of tax\*

Investment option	Investment horizon	Investment objective % p.a.	Tax-Exempt investment option performance % p.a.	Taxable investment option performance % p.a.
Cash	0+ years <sup>^</sup>	RBA Cash Rate = 4.2	4.5	4.5
Capital Defensive	2+ years	(CPI + 0.5%) = 5.3	4.7	4.7
Conservative	4+ years	(CPI + 1.5%) = 6.6	3.9	3.9
Moderate	6+ years	(CPI + 2.5%) = 6.3	5.1	5.0
Socially Responsible	10+ years	(CPI + 3.0%) = 6.1	6.8	6.8
Balanced	10+ years	(CPI + 3.5%) = 6.3	7.3	7.1

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Investment option	Investment horizon	Investment objective % p.a.	Tax-Exempt investment option performance % p.a.	Taxable investment option performance % p.a.
High Growth	10+ years	(CPI + 4.5%) = 7.3	8.3	8.2
Defined Benefit	10+ years	(CPI + 4.5%) = 7.2	8.0	n.a.
LSA Strategy	10+ years	6.25%	7.2	n.a.
SAFA Investment Strategy	8+ years	(CPI + 4%) = 7.1	7.6	n.a.

\*Investment objective and investment option performance are expressed over the stated investment horizon for each investment option. Note where elements of the investment objectives have changed over time, the investment objective series reflects a combination of the former and current objectives.

^The Cash investment option performance is assessed over 1-year rolling period. The investment objective reflects the Reserve Bank of Australia (RBA) Cash Rate over a 1-year rolling period.

The University of Adelaide Strategy was established in May 2016, with a customised strategy implemented March 2022. The University of Adelaide Strategy does not have the history to meet the investment horizon of 10+ years, therefore is not included in the table above.

## Employment opportunity programs

Program name	Performance
Online Diversity Training	Diversity training was launched via the SBS online learning portal, with 3 mandatory courses and an extra 2 optional courses offered. These engaging and contemporary courses include: <ul style="list-style-type: none"> <li>• Core Inclusion</li> <li>• Appropriate Workplace Behaviour</li> <li>• Cultural Diversity</li> <li>• Gender Equity</li> <li>• First Nations People</li> </ul>
Flexible Working Arrangements	Funds SA continues to support a range of flexible working arrangements, underpinned by Policy and Procedure. Employees are able to access part-time hours, flexibility in start and finish times, working from home, amongst others.

**Agency performance management and development systems**

<b>Performance management and development system</b>	<b>Performance</b>
<p>Funds SA is committed to effective performance management and development that supports meaningful, regular conversations between managers and staff that lead to optimising and continuously improving performance.</p>	<p>Funds SA has a robust Performance Management process that is embedded in the business. The process and supporting documents have been reviewed and streamlined to encourage increased engagement with the process.</p> <p>An Executive Competency Framework has also been included for assessment, differentiating our expectations of our Executives from our Senior Leaders.</p> <p>Performance discussions are conducted biannually, achieving a 100% completion rate for Interim Reviews completed in January of all Funds SA staff. Annual Performance reviews are currently in progress with similar completion rates anticipated.</p>
<p>Leadership and Professional Development</p>	<p>Funds SA delivered a range of leadership and professional development activities in 2023-24, including:</p> <ul style="list-style-type: none"> <li>• Myers-Briggs Type Indicator: Assisting employees new to the organisation to better understand themselves and how others in the organisation work.</li> <li>• Embedding Innovation with Design Thinking: Supporting the development of in Design Thinking principles to contribute to building innovation across the organisation.</li> <li>• Leadership Coaching: Goals-focused coaching for key leadership roles to drive individual and team achievements.</li> <li>• Leadership Essentials: Practical leadership and planning tools to apply learning for Managers.</li> <li>• Performance Management Process: Training to Managers on the updated Performance Management process and templates.</li> <li>• Leading Mentally Health Teams: Education and techniques to assist leaders to maximise their personal wellbeing and that of their team.</li> </ul>

**Work health, safety and return to work programs**

<b>Program name</b>	<b>Performance</b>
Wellbeing Program	<p>Funds SA actively supports health and wellbeing across the organisation with a Wellbeing Program. Activities under the 2023-24 program included:</p> <ul style="list-style-type: none"> <li>• Support for the “Corporate Cup”, a be active program for runners and walkers that encourages teamwork and physical activity.</li> <li>• The provision of voluntary general health clinics, skin checks and flu vaccinations for all staff across the reporting period, encouraging employees to consider their personal physical health.</li> <li>• Utilisation of an ergonomic service provider, to ensure workstations for all staff are appropriately set-up.</li> <li>• Financial wellbeing sessions facilitated by Super SA.</li> <li>• Leading Mentally Healthy Teams sessions, facilitated by Bakjac Consulting. These will be supplemented by future sessions on Positive Wellbeing in the Workplace.</li> <li>• A Wellbeing Wednesday email distributed monthly, providing communication regarding nutrition, physical and mental health.</li> </ul>
Work Health and Safety Policies and Programs, Employee Assistance Programs (EAP) and other Wellness offerings.	<p>Funds SA is committed to maintaining a healthy and safe work environment. This is supported by an effective hazard and incident reporting processes, and a Work Health and Safety policy framework.</p> <p>WHS Risk Management practices are integrated into normal operations and encompass workplace inspections, First Aid Officer and Fire Warden programs, Employee Assistance programs (EAP) and a Wellbeing program. In 2023-2024, there were no workplace injuries, no lost time or notifiable incidents, and no improvement or prohibition notices were served.</p>

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<b>Workplace injury claims</b>	<b>Current year 2023-24</b>	<b>Past year 2022-23</b>	<b>% Change (+ / -)</b>
Total new workplace injury claims	0	0	0%
Fatalities	0	0	0%
Seriously injured workers*	0	0	0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	0	0	0%

\*number of claimants assessed during the reporting period as having a whole person impairment meeting the relevant threshold under the Return to Work Act 2014 (Part 2 Division 5)

<b>Work health and safety regulations</b>	<b>Current year 2023-24</b>	<b>Past year 2022-23</b>	<b>% Change (+ / -)</b>
Number of notifiable incidents ( <i>Work Health and Safety Act 2012, Part 3</i> )	0	0	0%
Number of provisional improvement, improvement and prohibition notices ( <i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i> )	0	0	0%

<b>Return to work costs**</b>	<b>Current year 2023-24</b>	<b>Past year 2022-23</b>	<b>% Change (+ / -)</b>
Total gross workers compensation expenditure (\$)	0	0	0%
Income support payments – gross (\$)	0	0	0%

\*\*before third party recovery

### Executive employment in the agency

<b>Executive classification</b>	<b>Number of executives</b>
Executive	46

Data for previous years is available at: [Funds SA Annual Reporting Information - Dataset - data.sa.gov.au](https://data.sa.gov.au/dataset/funds-sa-annual-reporting-information).

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by agency.



## Financial performance

### Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2023-2024 are attached to this report.

<b>Statement of Comprehensive Income</b>	<b>2023-24 Budget \$000s</b>	<b>2023-24 Actual \$000s</b>	<b>Variation \$000s</b>	<b>Past year 2022-23 Actual \$000s</b>
Total Income	23,454	22,834	(620)	21,551
Total Expenses	25,604	23,897	(1,707)	22,349
<b>Net Result</b>	<b>(2,150)</b>	<b>(1,063)</b>	<b>1,087</b>	<b>(798)</b>
<b>Total Comprehensive Result</b>	<b>(2,150)</b>	<b>(1,063)<sup>3</sup></b>	<b>1,087</b>	<b>(798)</b>

<b>Statement of Financial Position</b>	<b>2023-24 Budget \$000s</b>	<b>2023-24 Actual \$000s</b>	<b>Variation \$000s</b>	<b>Past year 2022-23 Actual \$000s</b>
Current assets	N/A	17,194	N/A	16,521
Non-current assets	N/A	1,077	N/A	1,821
<b>Total assets</b>	<b>N/A</b>	<b>18,271</b>	<b>N/A</b>	<b>18,342</b>
Current liabilities	N/A	4,175	N/A	3,102
Non-current liabilities	N/A	2,139	N/A	2,220
<b>Total liabilities</b>	<b>N/A</b>	<b>6,314</b>	<b>N/A</b>	<b>5,322</b>
<b>Net assets</b>	<b>N/A</b>	<b>11,957</b>	<b>N/A</b>	<b>13,020</b>
<b>Equity</b>	<b>N/A</b>	<b>11,957</b>	<b>N/A</b>	<b>13,020</b>

N/A – these items are not budgeted.

### Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

#### Consultancies with a contract value below \$10,000 each

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
All consultancies below \$10,000 each - combined	Various	\$ 38,000

<sup>3</sup> Note that the net deficit for the year is due to the expenditure on Funds SA's Investment Data & Technology Program, a 5-year program that was approved by the Funds SA Board and SA Cabinet in November 2021. Costs of this program are partly funded from Equity (i.e.. retained earnings).

**Consultancies with a contract value above \$10,000 each**

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Robert Walters	Recruitment	\$ 100,000
Heidrick & Struggles	Recruitment	\$ 215,000
Kaizen Recruitment	Recruitment	\$ 17,000
Reward Co-Lab	Human Resources consulting	\$ 24,000
Crown Solicitor's Office	Legal advisory	\$ 18,000
	Total	\$ 374,000

Data for previous years is available at: [Funds SA Annual Reporting information consultants](#)

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector.

**Contractors disclosure**

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

**Contractors with a contract value below \$10,000**

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
All contractors below \$10,000 each - combined	Various	\$ 54,000

**Contractors with a contract value above \$10,000 each**

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
EGM Consulting	Employment matters, temporary staff	\$ 489,000
Warrior Fund Services	Employment matters, temporary staff	\$ 124,000
Kapital Consulting	Employment matters, temporary staff	\$ 359,000

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Robert Walters	Employment matters, temporary staff	\$ 80,000
Solutions Plus	IT implementation services	\$ 15,000
Protecht	IT implementation services	\$ 60,000
Advance Business	IT implementation services	\$ 54,000
Webexpenses	IT implementation services	\$ 15,000
Nation Creative	Marketing/branding	\$ 20,000
Nuago	IT support services	\$ 228,000
Rimes	IT implementation services	\$ 508,000
Shoreline Consulting	IT implementation services	\$ 78,000
Factset UK	IT implementation services	\$ 1,458,000
KPMG	Internal audit	\$ 164,000
	Total	\$ 3,652,000

Data for previous years is available at: [Funds SA Annual Reporting information consultants](#)

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts](#).

The website also provides details of [across government contracts](#).

## **Risk management**

### **Fraud detected in the agency**

There have been no instances of fraud detected for the financial year 2023-24.

*NB: Fraud reported includes actual and reasonably suspected incidents of fraud.*

### **Strategies implemented to control and prevent fraud**

Funds SA has a Fraud and Corruption Control Framework in place for which employees periodically receive training.

### **Public interest disclosure**

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*:

Nil

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

## Reporting required under any other act or regulation

Act or Regulation	Requirement
Superannuation Funds Management Corporation of South Australia Act 1995	<p>Section 21 – Direction of Minister</p> <p>(3) Despite subsection (2)(b), a Ministerial direction may include a direction to the Corporation in relation to divestment of Russian assets.</p> <p>(4) However, any action taken by the Corporation in accordance with a direction under subsection (3) must be taken prudently and consistently with the Corporation's responsibilities to the entities for whom it invests and manages funds.</p> <p>(5) The Corporation must review the operation of subsections (3) and (4) annually (with the first such review to take place not more than 12 months following the commencement of this subsection).</p> <p>(6) A report on a review undertaken for the purposes of subsection (5) must be provided to the Minister and included in the annual report of the Corporation.</p> <p>Section 29 – Progress reports in relation to performance plan</p> <p>(1) Within 1 month after 31 December in each financial year the Corporation must prepare and give to the Minister—</p> <p>(a) a report on its progress in achieving the target for the rate of return on investment and management of the public sector superannuation funds set out in the relevant performance plan for that year; and</p> <p>(b) separate reports in relation to each approved authority on its progress in achieving the target for the rate of return on investment and management of the nominated funds of the approved authority set out in the performance plan for the authority for that year.</p> <p>(2) Within 1 month after the end of each financial year the Corporation must prepare and give to the Minister—</p> <p>(a) a report on the extent to which it has achieved the target for the rate of return on investment and management of the public sector superannuation funds set out in the relevant performance plan for that year; and</p>

Act or Regulation	Requirement
	<p>(b) separate reports in relation to each approved authority on the extent to which it has achieved the target for the rate of return on investment and management of the nominated funds of the approved authority set out in the performance plan for the authority for that year.</p> <p>(3) The Corporation must give a copy of each report prepared under subsections (1)(a) and (2)(a) to each of the superannuation boards.</p> <p>(4) The Corporation must give a copy of each report prepared in respect of an approved authority under subsections (1)(b) and (2)(b) to the approved authority to which the report relates.</p> <p>(5) If, during a financial year, the Corporation is of the opinion that the target in relation to the public sector superannuation funds or the nominated funds of an approved authority for that year is not achievable or a strategy set out in a performance plan should be modified or abandoned because a factor affecting or influencing the investment or management of the public sector superannuation funds or the nominated funds of an approved authority has changed or a new factor has arisen, the Corporation must prepare a report in relation to the matter.</p> <p>(6) A report under subsection (5) must—</p> <ul style="list-style-type: none"> <li>(a) describe the factor concerned; and</li> <li>(b) explain why the target is not achievable or the strategy should be modified or abandoned; and</li> <li>(c) be prepared and given to— <ul style="list-style-type: none"> <li>(i) the Minister; and</li> <li>(ii) if the report relates to the public sector superannuation funds—each of the superannuation boards; and</li> <li>(iii) if the report relates to an approved authority—the relevant approved authority,</li> </ul> as soon as practicable after the Corporation forms its opinion on those matters.</li> </ul> <p>Section 30—Annual report</p> <p>(1) The Corporation must, on or before 30 September in each year, prepare and give to the Minister a report</p>

Act or Regulation	Requirement
	<p>on the performance of its function during the preceding financial year.</p> <p>(2) The report must—</p> <ul style="list-style-type: none"> <li>(a) include each performance plan for the financial year and the Corporation's reports under section 29 for that year; and</li> <li>(c) include the audited accounts and financial statements of the Corporation and the funds; and</li> <li>(d) include a copy of the valuations of the funds made as at the end of the relevant financial year; and</li> <li>(e) set out the Corporation's views as to the factors that will affect or influence the investment and management of the funds in the current year; and</li> <li>(f) set out any disclosure made during the preceding financial year by a director of an interest in a matter decided or under consideration by the board of the Corporation; and</li> <li>(g) include the prescribed information relating to the remuneration of the chief executive officer and other executives of the Corporation; and</li> <li>(h) include any other information required by or under the provisions of this or any other Act.</li> </ul> <p>(3) The Corporation must give a copy of the report to each of the superannuation boards and each approved authority.</p> <p>(4) The Minister must cause a copy of the report to be laid before both Houses of Parliament within 12 sitting days after his or her receipt of the report.</p>

### Section 21(6) - Direction in relation to divestment of Russian Assets

- On 30 November 2022, the Treasurer formally directed Funds SA to divest from Russian Assets, in a prudent manner that is consistent with Funds SA's pre-existing and overall objectives having regard to market conditions.
- Funds SA is managing divestment of Russian assets in a prudent and commercial manner.
- Current value of Russian assets is estimated at \$321k, representing less than 0.001 percent of Funds SA's total funds under management of \$44.1 billion.

- It is currently very difficult to divest the remaining Russian assets due to sanctions restrictions and lack of liquidity in the global marketplace.

**Section 29(1) - Half-Yearly Performance Report for the six months ended 31 December 2023**

See Attachment [2].

**Section 29(2) - Half-Yearly Performance Report for the twelve months ended 30 June 2024**

See Attachment [3].

**Section 29(5) Reports**

Nil

**Section 30(2)(a) - Performance Plans for the financial year 2023-24**

See Attachment [1].

**Section 30(2)(c) - Audited Accounts for the financial year 2023-24**

See Appendix: Financial Statements.

**Section 30(2)(d) – Valuations as at 30 June 2024**

See Appendix: Financial Statements.

**Section 30(2)(e) - Factors that will affect or influence the investment and management of the funds in the current year**

There are a number of themes and risks associated with financial markets that Funds SA has considered in the investment and management of the investment options for the coming year, including:

- Uncertainty around the level of global economic growth.
- Structurally higher inflation and the ongoing risk of stagflation with central banks navigating a narrow path toward their inflation targets.
- Fiscal policy challenges for many developed market economies post COVID.
- Geopolitical instability and de-globalisation.
- More volatile business cycles and increased price volatility across asset classes.



- The emergence of artificial intelligence and its potentially far-reaching implications for economies and society.
- Developed world aging demographic challenges and implications for the labour market.
- The clean energy transition and the increasing importance of climate change impacts on financial markets.

Funds SA has developed a clearly articulated investment philosophy that is at the centre of how investment strategy is developed, implemented and monitored.

- We believe that taking investment risk gets rewarded over longer term investment horizons.
- We believe asset allocation is the key driver of risk and return.
- We believe that markets periodically exhibit inefficiencies that can be exploited and adopt active management where appropriate.
- We believe that diversification is the most effective way to manage investment risks.
- We believe that integrating ESG considerations into investment decisions and undertaking stewardship activities support long-term investment outcomes.
- We believe that a strong governance approach leads to better investment outcomes.

In accordance with our belief that markets are inefficient at times and that this inefficiency can be used to produce better outcomes, Fund SA implements active asset allocation decisions. This process aims to increase risk-adjusted returns over time, by varying asset class positions away from the Long-Term Strategic Asset Allocation to either manage risk or generate excess returns. Our process has been developed based on fundamental research with key pillars of valuation, sentiment and macroeconomic signals.

**Section 30(2)(f) – Disclosure by a Director of an interest decided or under consideration by the board**

Nil

**Section 30(2)(g) – prescribed information on remuneration**

See Appendix: Financial Statements.

**Section 30(2)(h) – other information**

Nil

**Reporting required under the *Carers' Recognition Act 2005***

N/A

## Public complaints

### Number of public complaints reported

Funds SA did not receive any complaints during the 2023-24 Financial Year.

Funds SA established its complaints handling framework during 2016-17. Since its establishment, Funds SA has received no complaints.

Data for previous years is available at : [Funds SA Annual Reporting information - complaints](#)

### Service Improvements

Funds SA has not received any complaints and as such, Funds SA has not made any service improvements as a result of a complaint.
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### Compliance Statement

Funds SA is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector	Y
Funds SA has communicated the content of PC 039 and the agency's related complaints policies and procedures to employees.	Y

## **Appendix: Audited financial statements 2023-24**

### **Attachments: 1, 2, and 3**

#### **Attachment 1**

**Performance Plans for the financial year 2023-24**

#### **Attachment 2**

**Performance Report for the six months ended 31 December 2023**

#### **Attachment 3**

**Performance Report for the twelve months ended 30 June 2024**