



18 August 2014

Hon Tom Koutsantonis
Minister for Finance
GPO Box 2264
ADELAIDE SA 5001

MINISTRY OFFICE

Date 19/8/14

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Dear Minister

Reform of South Australian Boards and Committees – South Australian Superannuation Board Member Services Committee

As you are aware, I recently received a letter from the Premier regarding his decision to reform South Australian government boards and committees. I have been asked as the Presiding Member of the South Australian Superannuation Board (Board) to make a submission as to whether the "Member Services Committee" (Committee) established by the Board continues to have an essential functional purpose, or whether it should be abolished and replaced by an alternative structure.

By way of background, the Board is a statutory trustee established under the *Superannuation Act 1988* for the purpose of administering the following superannuation schemes:

- Southern State Superannuation Scheme (continued in existence under the *Southern State Superannuation Act 2009*);
- State Superannuation Scheme (established under the *Superannuation Act 1988*);
- SA Ambulance Superannuation Scheme ((established as "administered scheme" under the *Superannuation Act 1988* and governed by separate trust deed and rules).

In approximately 1997, the Board determined to establish the Committee for the purpose of providing an advisory related function on member related issues related to these Schemes. The Committee continues to provide this advisory function, primarily in the areas of strategic direction, member communications and compliance, evaluation and enhancement of services and administrative practices and the consideration of member services issues referred by the Board. The provision of this function by the Committee enables the Board to focus on its strategic direction and decision making function in a more efficient and informed manner.

In terms of structure, the Committee is an internal sub-committee of the Board, with a membership comprising a number of members of the Board, a deputy member of the Board and the General Manager of Super SA. Other than one member of the Committee who received remuneration of \$3,7412.82 for her position in 2013-14, none of the other members of the Committee receive additional remuneration.

I have also provided a submission on the merits of retaining the Board under separate cover. If the Board is retained on the basis of the strong arguments that I have presented in that correspondence, then there is a strong reason to retain this Committee. I am firmly of the view that the Committee should be continued on the basis that its current functions ensure the Board is provided with specialist member related advice for the purpose of enhancing the Board's decision making function in the administration of Super SA Schemes. If the Committee were to be abolished, then its function would necessarily need to revert back to the Board, which would result in an increased workload and less efficiency, leading to member dissatisfaction.

In conclusion, in reviewing the need for the Committee and its operation I believe it operates efficiently, effectively and in the best interests of members and there is no evident benefit or improvement to be had in abolishing the Committee.

Yours sincerely



Philip Jackson

PRESIDING MEMBER, SUPER SA BOARD

Section of report	Comment
Board/Committee name	South Australian Superannuation Board Member Services Committee (Committee)
Minister	Minister Koutsantonis
Portfolio	Minister for Finance
Who is coordinating advice to the minister?	Super SA
How is the board or committee constituted?	Directive of the South Australian Superannuation Board
What is the function of the board or committee?	Advisory
Board or committee funding	External Government Funded
Minister's interim recommendation	Exempt
If recommended to be exempt, provide justification	<p>Criteria 1: Is the operation of the entity truly commercial in nature:</p> <p>Yes, the Committee is commercially focused operating to deliver competitive super benefits to members.</p> <p><i>(i) has there been a full delegation of powers</i></p> <p>While the Super SA Board has been delegated full powers by the Minister (other than investment powers), the Committee has been delegated an advisory role with respect to member related issues.</p> <p><i>(ii) does the entity meet the standard definition of a public non-financial corporation or a public financial corporation?</i></p> <p>No – the Committee is not referenced as one of these bodies in the 2014-15 State Budget, Budget Paper 3.</p> <p>Criteria 2: Is there any case for direct community or sectoral representation through a Committee</p> <p>No, as membership of the Committee is comprised of members/deputy members of the Super SA Board, plus the general manager. This includes a member elected Super SA Board member to represent the interests as members of the scheme.</p> <p>Criteria 3: Will the abolition of the Committee have a negative impact on business or community confidence</p> <p>Yes, this would have a negative impact on member confidence in the administration of the superannuation schemes of which their membership is compulsory. This is because the function would necessarily revert back to the Board, which would result in loss of Board efficiency and cost effectiveness.</p> <p>Criteria 4: Is there a significant legal or financial advantage in retaining the Board</p> <p>In terms of legal requirements, trustees of superannuation funds must act in accordance with the legislation/trust deed governing the fund, complex Commonwealth superannuation and corporation laws (including</p>

Section of report	Comment
	stringent member communication requirements), Commonwealth Prudential Standards and other legislation impacting on the conduct of the fund and trustee. The Committee assists the Board in meeting these obligations, which do not fall into the realm of expertise and experience of persons outside the Board's structure (eg government employees).
Implementation status: Will the recommended outcome be achieved by 30 October?	Green: On track for 30 October 2014
Future or alternative arrangements	The current activities of and requirement for this Committee should continue in its existing form, to ensure the Board continues to be provided with specialist member related advice for the purpose of enhancing the Board's decision making function in the administration of Super SA Schemes.