



18 August 2014

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

Dear Minister

Reform of South Australian Boards and Committees
South Australian Superannuation Board Audit and Finance Committee
Southern Select Super Corporation Audit and Finance 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 Members of the South Australian Superannuation Board (Super SA Board) and board of the Southern Select Super Corporation (board of the Corporation) to make a submission as to whether the "Audit and Finance Committee" (Committee) established by each of the Super SA Board and the board of the Corporation continue to have an essential functional purpose, or whether they should be abolished and replaced by an alternative structure.

By way of background:

- the Super SA 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);
- the board of the Corporation was established by the *Public Corporations (Southern Select Super Corporation) Regulations 2012* (Regulations) as a subsidiary of the Minister for Finance. The Corporation is the trustee of the taxed superannuation fund known as "Super SA Select", which was established by trust deed in December 2012. The Regulations also provide for the constitution of the board of the Corporation both from its establishment, and from 1 December 2015.

The Super SA Board and board of the Corporation have each determined to establish an Audit and Finance Committee for the purpose of providing an advisory related function on audit, finance and risk issues related to the relevant schemes. These Committees continue to provide this advisory function to the Super SA Board and board of the Corporation

respectively, primarily in the areas of the review and evaluation of accounting, financial and other operational controls, operations of the schemes in accordance with legislation, delegations, internal controls and external audit, processes for the prevention/detection of error and fraud, financial review of all major projects and capital developments, and risk management processes.

The provision of this function by the Committees enables the Super SA Board and board of the Corporation to focus on their strategic direction and decision making function in a more efficient and informed manner.

In terms of structure, the Committees are internal sub-committees of the Super SA Board and board of the Corporation, whereby members are either Board members or Deputy-Board members who are not paid extra remuneration for their involvement.

I have also provided a submission on the merits of retaining the Super SA Board and board of the Corporation under separate covers. If these boards are retained on the basis of the strong arguments that I have presented in that correspondence, then there is a strong reason to retain the Audit and Finance Committees. I am firmly of the view that these Committees should be continued on the basis that their current functions ensure the Super SA Board and board of the Corporation are provided with specialist audit, finance and risk advice for the purpose of enhancing decision making function in the administration of Super SA Schemes. If the Committees were to be abolished, then their functions would necessarily need to revert back to the Super SA Board and board of the Corporation, which would result in an increased workload and less efficiency, leading to member dissatisfaction.

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

Yours sincerely,


Philip Jackson

PRESIDING MEMBER, SUPER SA BOARD

PRESIDING MEMBER, SOUTHERN SELECT SUPER CORPORATION

Section of report	Comment
Board/Committee name	South Australian Superannuation Board Audit and Finance Committee (Committee 1) Southern Select Super Corporation Audit and Finance Committee (Committee 2), Collectively referred to as "the Committees".
Minister	Minister Koutsantonis
Portfolio	Minister for Finance
Who is coordinating advice to the minister?	Super SA
How is the board or committee constituted?	<i>Committee 1</i> Established by directive of the South Australian Superannuation Board – no legal document other than a Charter and Terms of Reference developed by the Board. <i>Committee 2</i> Legislation: Section 18 of <i>Public Corporation (Southern Select Super Corporation) Regulations 2012</i>
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, both Committees are commercially focused operating to deliver competitive super benefits to members.</p> <p>(i) has there been a full delegation of powers</p> <p><i>Committee 1</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 finance, audit and risk.</p> <p><i>Committee 2</i></p> <p>While the Southern Select Super Corporation has been delegated full powers by the Minister (other than the implementation of investment powers), the Committee has been delegated an advisory role with respect to finance, audit and risk.</p> <p>(ii) does the entity meet the standard definition of a public non-financial corporation or a public financial corporation?</p> <p>No – the Committees are not referenced as one of these bodies in the</p>

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	<p>2014-15 State Budget, Budget Paper 3.</p> <p>Criteria 2: Is there are case for direct community or sectoral representation through a Committee</p> <p>No, membership of the Committees is comprised of members/deputy members of the Super SA Board and Southern Select Super Corporation respectively.</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 Super SA Board and board of the Southern Select Super Corporation, which would result in loss of 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 stringent audit and risk), Commonwealth Prudential Standards and other legislation impacting on the conduct of the fund and trustee. The Committees assist 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). Finally it should be noted that members of the Committee are either Board members or Deputy-Board members and they are not paid extra remuneration for their involvement.</p>
<p>Implementation status: Will the recommended outcome be achieved by 30 October?</p>	<p>Green: On track for 30 October 2014</p>
<p>Future or alternative arrangements</p>	<p>The current activities of and requirement for these Committees should continue in their existing form, to ensure the Super SA Board and board of the Southern Select Super Corporation continue to be provided with specialist financial, audit and risk advice for the purpose of enhancing the Board's and board of the Southern Select Super Corporation's decision making function in the administration of Super SA Schemes.</p>