



**Government
of South Australia**

Police Superannuation Board

2024-25 Annual Report

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Date presented to Minister:	25 September 2025

To the Hon Tom Koutsantonis MP
Treasurer

This annual report will be presented to Parliament to meet the statutory reporting requirements of Section 15 of the *Police Superannuation Act 1990* 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 the Police Superannuation Board by:



(Graeme Barton)

Presiding Member

Police Superannuation Board

24/09/2025



(Leanne Pannunzio)

Manager

SA Police Superannuation Scheme

24/09/2025

From the Presiding Member

The Police Superannuation Board has the responsibility for the administration of the Police Superannuation Scheme ("the Scheme") in accordance with the *Police Superannuation Act 1990*. The management of the Scheme's investments is the responsibility of Superannuation Funds Management Corporation of South Australia (Funds SA).

The Scheme was closed to new entrant police officers in 1990, and as at 30 June 2025 had a total membership of 2,634 (contributors, preserved members and pension recipients). The Board approved claims for invalidity benefits from ten members during 2024-2025. Of these, three total and permanent invalidity benefits were approved, and seven temporary disability pensions were paid.

Pensions are paid on a fortnightly basis throughout the year and lump sum benefit payments to members were generally paid within two to seven days of members' exit dates from the Scheme. Excellent service delivery, including personal interviews, home visits, telephone, email and written responses to numerous enquiries and regular articles and information has been well established as a hallmark of the Scheme.

Police Super have continued to maintain the effectiveness and efficiency of the Scheme through process review and change. Importantly, working relationships with all the Board's service providers are of a high order.

I would like to thank the Board and Police Super staff for their support and hard work through the year.



(Graeme Barton)

Presiding Member

Police Superannuation Board

24/09/2025



(Leanne Pannunzio)

Manager

SA Police Super Scheme

24/09/2025

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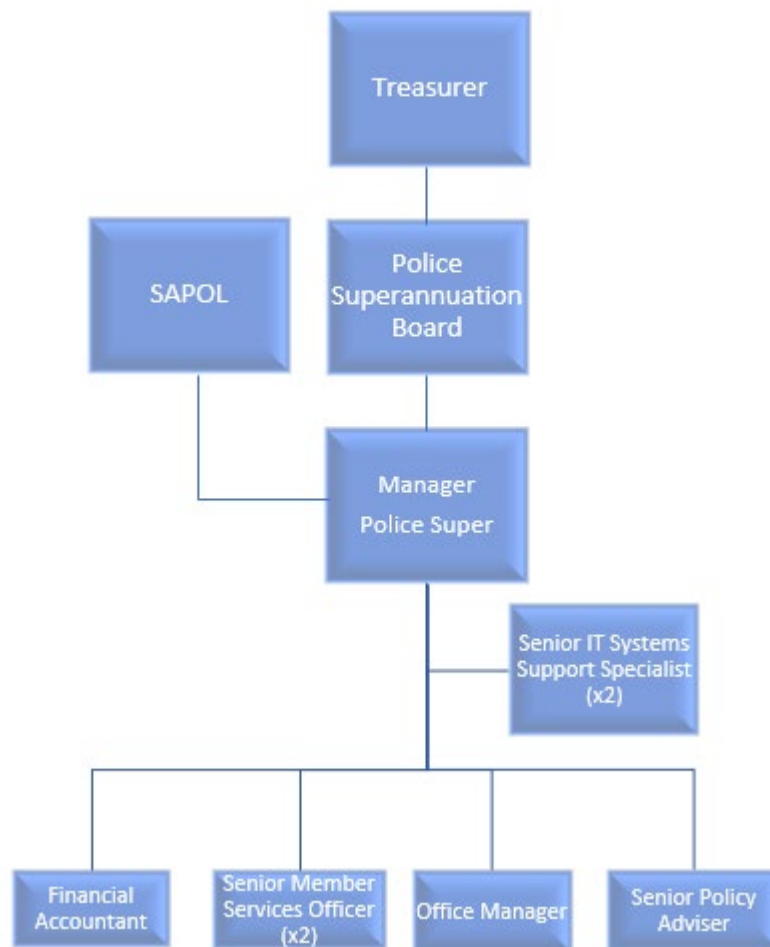
Overview: about the agency

Our strategic focus

Our Purpose	<p>The Police Superannuation Board (“the Board”) was established in June 1990 under the <i>Police Superannuation Act 1990</i>.</p> <p>The Board has the responsibility for the administration of the Scheme in accordance with the <i>Police Superannuation Act 1990</i>. The management of the Scheme’s investments is the responsibility of Superannuation Funds Management Corporation of South Australia (Funds SA). The Scheme provides defined pension/lump sum benefits to police officers who commenced employment with SAPOL on or before 1 June 1990. Police officers who commenced employment with SAPOL after 1 June 1990 are members of the Southern State Superannuation Scheme which is administered by Super SA.</p>
Our Vision	<p>The Board’s vision is to provide members of the Scheme with quality superannuation services, including effective and efficient service delivery, together with readily accessible, relevant information and assistance.</p>
Our Values	<p>The Board’s values are to:</p> <ul style="list-style-type: none"> • act in members’ best interests. • act with fidelity in all matters concerning the administration of the scheme. • deliver accurate, effective and informative communications on superannuation matters to members in a timely manner. • provide a fair and reasonable appeal and resolution of complaints process.
Our functions, objectives and deliverables	<p>The Board’s objectives are to:</p> <ul style="list-style-type: none"> • provide leadership in the operation, management and administration of the Scheme. • provide serving members and superannuants with high quality superannuation services and ensure customer satisfaction. • provide timely, accurate, relevant and meaningful communications to serving members and superannuants. • oversee the management and financial reporting framework requirements of the Scheme. • develop and maintain practical policies and procedures which ensure compliance with all legislative and administration requirements.

Our organisational structure

Section 9(3) of the *Police Superannuation Act 1990* enables the Board to make use of the staff or facilities of an administrative unit of the SA Public Sector, with the approval of the Minister of that administrative unit. SA Police Super, a business unit of SAPOL, provides administrative services to the Board. The annual budget for the Board's administration costs is presented to the Board each year for its approval. The Board's service level contract with the Commissioner of Police sets out specific services provided to the Board by SAPOL.



Board Membership as at 30 June 2025

During 2024-2025 the Board met 11 times. Board and Deputy Members as at 30/06/2025 are outlined below:

Graeme A Barton	Appointed as Presiding Member by the Governor on the Minister's nomination (Deputy Member Alannah M Pearce) (Appointment to 01 November 2026)
Julie-Anne Holmes	Appointed as Member by the Governor on the Minister's nomination (Deputy Member Ferdinand W Pit) (Appointment to 1 November 2026)
Julie E Thomas	Appointed as Member by the Governor on the Minister's nomination (Deputy Member Neil S Smith) (Appointment to 26 June 2027)
Wade T Burns	Appointed as Member by the Governor on the nomination of the Police Association of South Australia (Deputy Member - yet to be appointed) (Appointment to 1 November 2026)
Michael A Kent	Appointed as Member by the Governor on the nomination of the Police Association of South Australia (Deputy Member Leonie J Schulz) (Appointment to 1 November 2026)

Changes to the agency

Information Technology

- In accordance with the South Australian Government's requirement for all departments to be cyber secure, work is being undertaken to improve the cyber security in order to meet these standards.
- The Scheme's Member Portal was decommissioned after penetration testing proved the Scheme's legacy data base is not compatible with the SA Government's cyber security standards.

Our Minister

The Tom Koutsantonis MP, Treasurer, oversees the administration of the SA Police Superannuation Scheme.

Legislation administered by the agency

Police Superannuation Act 1990.

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

On behalf of the Board, SA Police Super is responsible for managing the day-to-day operations of the Scheme in accordance with the *Police Superannuation Act 1990*. Funds are managed by specialist investment manager, Funds SA. Funds SA manages the investments for the Scheme in accordance with section 11 of the *Police Superannuation Act 1990* and the provisions of the *Superannuation Funds Management Corporation of South Australian Act 1995*. The current memorandum of agreement between Funds SA and the Board was executed in July 2021. Funds SA provides this service under legislation. The agreement is reviewed on a three yearly basis or when a significant change occurs.

The agency's performance

Performance at a glance

Overview of the year ended 30 June 2025

- Total funds under management with Funds SA as at 30 June 2025 was \$2.57 billion, compared with \$2.44 billion as at 30 June 2024.
- The assets of the Scheme are invested by Funds SA under the defined benefit investment strategy.
- The net investment return from Funds SA for the Scheme as at 30 June 2025 was 9.1percent.
- The total membership of the Scheme was 2,634 as at 30 June 2025 compared with 2,667 as at 30 June 2024.

Financial performance

Other financial information

The Scheme is made up of the Police Employer Account and the Fund Account for the purpose of funding pension and lump sum benefit payments as they arise.

Police Employer Account

Since 1994 the State Government has adopted a strategy to fund its accruing and accrued past service superannuation liabilities by 30 June 2034. During 2024-2025, the State Government transferred \$58.9million into the Employer Account (\$53.8 million in 2023-2024) to meet its past service superannuation liabilities in respect of the Scheme.

The following table provides a summary of the activity of the Police Employer Account during 2024-2025.

	2025 \$'000	2024 \$'000
Opening balance	1,788,987	1,726,918
plus Net investment revenue	162,068	112,695
Past service contributions	58,983	53,835
Employer contributions	12,078	13,956
less Benefits	127,884	118,057
Closing balance	1,894,233	1,788,987
*Due to rounding, the sum of the individual numbers may not equal the total quoted.		

The SAPOL employer contribution for future service liabilities during 2024-2025 was 22 percent.

Police Superannuation Fund Account

The following table provides a summary of the activity of the Fund Account during 2024-2025.

	2025 \$'000	2024 \$'000
Opening balance	655,143	648,271
plus Net investment revenue	58,582	41,704
Member contributions	2,056	2,449
less Benefits	40,384	37,281
Closing balance	675,397	655,143
*Due to rounding, the sum of the individual numbers may not equal the total quoted.		

Actuarial Review

An actuarial review of the Police Superannuation Scheme as at 30 June 2023 was completed in June 2024. The review looked comparatively at the cost of the Police Employer Account against the proportion of benefits that can be met from the Fund Account. Actuarial reviews are undertaken every three years as required by Section 15 of the *Police Superannuation Act 1990*.

During 2024-2025 the Police Employer and the Fund Accounts' prescribed proportions of benefit payments for members of the Pension Superannuation Scheme were 76 and 24 percent respectively in line with the recommendations of Esther Conway, FIAA of Mercer Consulting (Australia) Pty Ltd in the Actuarial Report as at 30 June 2023. The next actuarial review will be undertaken in 2026.

Risk management

Fraud detected in the agency

Category/nature of fraud	Number of instances
Personal identity theft	0
Family member theft	0
Third party Corporate Credit Card Fraudulent Transactions	0

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

Strategies implemented to control and prevent fraud

SA Police Super reports on the internal control framework to the Board at its meetings each month. SA Police Super maintains a Financial Management Compliance Program, Independent Review and Assessment Reporting Process, Fraud Policy, Risk Management Policy and Plan and a Management Reporting System.

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*:

0

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 01/07/2019.

Reporting required under any other act or regulation

Act or Regulation	Requirement
<i>Police Superannuation Act 1990</i>	Section 31

There were no appeals made to the Board during 2024-2025.

Act or Regulation	Requirement
<i>Superannuation (Unclaimed Money and Lost Members) Act 1999 (Cth)</i>	Police Super is required to report and pay unclaimed money entitlements to the ATO. No payments were forwarded to the Australian Taxation Office for 2024-2025 for unclaimed monies or lost members.

Public complaints

Number of public complaints reported

There were no public complaints made to the Board during 2024-2025.

Appendix: Audited financial statements 2024-25

INDEPENDENT AUDITOR'S REPORT



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Audit Office of South Australia

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To the Presiding Member Police Superannuation Board

Opinion

I have audited the financial report of the Police Superannuation Scheme for the financial year ended 30 June 2025.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Police Superannuation Scheme as at 30 June 2025, 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:

- an Income Statement for the year ended 30 June 2025
- a Statement of Financial Position as at 30 June 2025
- a Statement of Changes in Member Benefits for the year ended 30 June 2025
- a Statement of Cash Flows for the year ended 30 June 2025
- a Statement of Changes in Equity for the year ended 30 June 2025
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Presiding Member, Police Superannuation Board, and the Manager, Police Super.

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 Police Superannuation Scheme. 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 Manager, Police Super and the members of the Police Superannuation Board for the financial report

The Manager, Police Super 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 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 that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Manager, Police Super is responsible for assessing the Police Superannuation Scheme'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 Manager, Police Super 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 Police 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*, I have audited the financial report of the Police Superannuation Scheme for the financial year ended 30 June 2025.

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 Police Superannuation Scheme's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager, Police Super
- conclude on the appropriateness of the Manager, Police Super'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 Manager, Police Super and members of the Police 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
Deputy Auditor-General

19 September 2025

POLICE

SUPERANNUATION

SCHEME

**Financial Statements
2024/2025**

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

Certification of the Financial Report for 30 June 2025

We certify that the:

- financial statements of the Police Superannuation Scheme:
 - are in accordance with the accounts and records of the authority; and
 - comply with the relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Scheme as at 30 June 2025 and the result of its operations and cash flows for the financial year.

Internal controls employed by the Police Superannuation Scheme over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.


(G Barton)
Presiding Member
Police Superannuation Board

Date *8* /09/2025


(Leanne Pannunzio)
Manager
Police Super

Date *8* /09/2025

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

Income Statement for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Superannuation activities			
Changes in assets measured at fair value		237,637	173,773
Other revenue		96	106
Total revenue		<u>237,733</u>	<u>173,879</u>
Investment Expense	7	(15,965)	(18,398)
Administration Expenses	6	(1,117)	(1,082)
Total Expenses		<u>(17,082)</u>	<u>(19,480)</u>
Profit from superannuation activities		220,650	154,399
Net change in defined benefit member liabilities		<u>(124,718)</u>	<u>(123,047)</u>
Net profit		95,932	31,352

*Due to rounding, the sum of the individual numbers may not equal the total quoted.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

Statement of Financial Position as at 30 June 2025

	Note	2025 \$'000	2024 \$'000
Assets	2		
Cash and Cash Equivalents		2,487	2,178
Contributions Receivable		181	168
Receivables		35	23
Investments	2		
Property Tax Exempt		343,438	356,574
Australian Equities Tax Exempt		497,095	515,226
International Equities Tax Exempt		760,722	667,782
Diversified Strategies – Growth		574,445	472,498
Diversified Strategies – Income		352,924	337,819
Cash		35,999	90,954
Investment Option Overlay		3,729	3,251
Total Assets		2,571,057	2,446,473
Liabilities	2		
Benefits Payable		(1,279)	(2,055)
Payables		(147)	(287)
Total Liabilities Excluding Member Benefits		(1,426)	(2,342)
Net Assets Available for Member Benefits		2,569,630	2,444,131
Member benefits			
Defined Benefit Member Liabilities	3	2,620,043	2,590,476
Total net assets / (liabilities)		(50,413)	(146,345)
Equity			
Defined benefits that are over or (under) funded	3	(50,413)	(146,345)
Total equity		(50,413)	(146,345)

*Due to rounding, the sum of the individual numbers may not equal the total quoted.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

Statement of Changes in Member Benefits for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Opening balance as at 1 July		2,590,476	2,552,887
Contributions			
SA Government Past Service Liability contributions		58,983	53,835
Employer contributions		12,078	13,596
Member contributions		2,056	2,450
Total		<u>73,117</u>	<u>69,881</u>
Benefits paid			
Pensions		(150,703)	(141,359)
Commutation lump sums		(9,505)	(4,962)
Lump sums		<u>(8,061)</u>	<u>(9,018)</u>
Total		<u>(168,269)</u>	<u>(155,339)</u>
Net change in defined benefits		<u>124,718</u>	<u>123,047</u>
Closing balance as at 30 June	3	2,620,043	2,590,476

*Due to rounding, the sum of the individual numbers may not equal the total quoted.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

Statement of Cash Flows for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Bank interest received		94	101
Administration expenses		(1,258)	(1,009)
Net outflows of cash from operating activities	12	(1,164)	(908)
Cash flows from investing activities			
Receipts from the sale of investments from Funds SA		156,405	139,080
Payments to Funds SA for the purchase of investments		(58,983)	(53,835)
Net inflows from investing activities		97,422	85,245
Cash flows from financing activities			
Contributions from SA Government past service liability		58,983	53,835
Contributions from employer		12,064	13,535
Contributions from members		2,057	2,437
Benefits paid to members			
Pensions		(150,272)	(140,532)
Commutation lump sums		(9,505)	(4,807)
Lump sums		(9,276)	(8,140)
Net outflows from financing activities		(95,949)	(83,672)
Net increase/(decrease) in cash		309	664
Cash at the beginning of the financial period		2,178	1,514
Cash at the end of the financial period	12	2,487	2,178

*Due to rounding, the sum of the individual numbers may not equal the total quoted.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

Statement of Changes in Equity for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Opening balance as at 1 July	3	(146,345)	(177,697)
Net profit		<u>95,932</u>	<u>31,352</u>
Closing balance as at 30 June	3	(50,413)	(146,345)

*Due to rounding, the sum of the individual numbers may not equal the total quoted.

Notes to and Forming Part of the Financial Statements

1. Objectives and Funding

(a) Police Superannuation Scheme

The Police Superannuation Scheme (the Scheme) was created pursuant to the *Police Superannuation Act 1990* (the Act). The Act provides defined superannuation benefits for Police Officers who are contributors to the Scheme.

Contributors to the Scheme are members of the Pension Division who are entitled to a pension-based benefit. The Pension Division was closed to new members in May 1990.

Pursuant to the Act, contributors make contributions to the Scheme based on a percentage of their salary, with the standard contribution rate being between five and six percent. A contribution account is maintained for each contributor. There are no provisions under the Act for contributing members to purchase additional benefits.

The Act requires that contributions to the Scheme are paid to the Treasurer, who in turn deposits those contributions into the Scheme. The Scheme is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

The Scheme is made up of one division, being the Pension Division. The Pension Division consists of the Fund Old Scheme Account (the Fund) and the Police Employer Account (the Govt) and contributions paid to each account and the accretions arising from the investment of those contributions.

(b) Police Superannuation Board

The Police Superannuation Board (the Board), established under the Act, is responsible for the administration of the Scheme. The Act also provides the Board with the necessary powers to administer the Scheme. The Board, with the approval of the relevant Minister, has contracted the South Australia Police Department (SAPOL) to provide administrative services.

Pursuant to the Act, the Board is required to determine a rate of return which is credited to each contribution account within the Fund at the end of the financial year. In determining the rate to be applied, the Act requires that the Board have regard to the net rate of return achieved by the investment of the Fund. The Board's determined rate of return for 2024-2025 financial year was 9.1% (6.6% for 2023-2024).

(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 the Scheme's funds pursuant to strategies formulated by Funds SA.

For further information on the investment of the Fund and the Police Employer Account, reference should be made to the financial report of Funds SA. The investment assets, liabilities, income and expense contained in these financial statements are related to the investment activities of Funds SA, a SA Government entity.

(d) Funding Arrangements

Pursuant to section 14 of the Act, all benefit payments are met from the Consolidated Account or a Special Deposit Account established for that purpose which is then reimbursed from the Fund and the Police Employer Account within the Pension Division. The Fund proportion is that amount charged against the contributor's contribution account. The prescribed proportion is determined by the Board, in accordance with section 14(3) of the Act, taking into account the most recent actuarial review.

The Treasurer may also seek reimbursement of the employer portion of the benefit payment from the employer contributions made by SAPOL which are deposited into the Police Employer Account. Employer contributions are based on a percentage of salary at rates based on actuarial valuations. The rate for 2024-2025 was 22 percent.

For 2024-2025 the Police Employer Account's and the Fund's prescribed proportions of benefit payments for members of the Scheme were 76 percent and 24 percent respectively in accordance with the recommendations of Esther Conway, FIAA and Mark Nelson, FIAA in the Actuarial Report as at 30 June 2023.

The review completed for the 2022/2023 financial year with the balance sheet date of 30 June 2023 was completed by Mercer Consulting (Australia) Pty Ltd on 5 June 2024 and concluded that the Police Employer Account's and the Fund's prescribed proportions of benefit payments for members of the Scheme were to be retained at 76 percent and 24 percent respectively. The next triennial valuation is to be performed as at 30 June 2026.

For the year ended 30 June 2025 \$12.0 million (\$13.5 million in 2023-2024) was deposited into the Police Employer Account in relation to employer contributions on behalf of members.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

Since 30 June 1994 the Government adopted a policy of fully funding its superannuation liabilities with a target of achieving full funding by 2034. This will require contributions at levels higher than the current employer contributions to meet the accruing liability for current employees. For the year ended 30 June 2025 the Government transferred a further \$58.9 million (\$53.8 million in 2023-2024) to the Police Employer Account to meet liabilities in respect of the Scheme.

2. Material Accounting Policy Information

(a) Basis of Accounting

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 instruction and Accounting Policy Statements promulgated under the provisions of the Public Finance and Audit Act 1987, except as provided below.

This financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The financial report is presented in Australian currency and all amounts have been rounded to the nearest thousand dollars (\$'000).

The financial statements were signed by Graeme Barton, Presiding Member and Leanne Pannunzio, Manager Police Super on 18 September 2025.

(b) New Accounting Standards

The Scheme has assessed the impact of new and changed Australian Accounting Standards and Interpretations not yet effective. The scheme does not expect a material impact from the adoption of these standards when they become effective.

AASB 18 Presentation and Disclosure in Financial Statements

The standard applies to annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. It introduces changes to the structure of the statement of profit or loss, including the classification of income and expenses into operating, investing, and financing categories. The standard also requires the presentation of new subtotals, such as operating profit or loss and profit or loss before financing and income taxes, and enhances disclosure requirements for management-defined performance measures (MPMs).

The Scheme has assessed the impact of AASB 18 and does not expect a material impact from its adoption when it becomes effective.

No Australian Accounting Standards have been early adopted.

(c) Financial Assets and Liabilities

(a) Classification

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

The Scheme 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, if any, by the Scheme do not meet the hedge accounting criteria as defined by AASB 9. Consequently, hedge accounting is not applied by the Scheme.

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.

(b) Recognition

The Scheme 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 Scheme commits to purchase or sell the asset.

(c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- i. The rights to receive cash flows from the asset have expired; or
- ii. The Scheme has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- iii. Either:
 - a) the Scheme has transferred substantially all the risks and rewards of the asset, or
 - b)** the Scheme has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

(d) 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 financial 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.

(e) Subsequent Measurement

After initial measurement, the Scheme measures investments at fair value through profit or loss. Subsequent changes in the fair value of those investments are recorded as 'changes in assets measured at fair value' through the income statement. Interest earned is recorded in 'Interest revenue'.

(f) 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 to by the Scheme.

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 Scheme 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.

(g) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in 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.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

(h) 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 Scheme prior to the end of the financial year that are unpaid when the Scheme becomes obliged to make future payments in respect of the purchase of these goods or services.

(i) Benefits Payable

Benefits payable are valued at fair value and relate to members who have ceased employment and provided the Scheme with appropriate notification on or prior to 30 June 2025 but paid after 30 June 2025. These also include pension payments payable on or prior to 30 June 2025 but paid after 30 June 2025.

(j) Investment Revenue

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.

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 Scheme is a constitutionally protected superannuation fund in terms of Section 295-15 of the Income Tax Assessment Act 1997, Regulation 995-1.04 (Schedule 4) and is exempt from income tax. Therefore, no income tax has been brought to account in this financial report.

(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.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

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 Scheme is Australian Dollars, which is the currency of the primary economic environment the Scheme operates. The Scheme'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

(i) Property Tax Exempt

The Property Tax Exempt portfolio comprises the below:

Unlisted property vehicles

These unlisted property vehicles portfolio is invested and managed by external managers. Investments in these vehicles have been valued in accordance with the valuations supplied by the managers.

(ii) Australian Equities Tax Exempt

The Australian Equities Tax-Exempt 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.

(iii) International Equities Tax Exempt

The International Equities Tax-Exempt 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. Currency conversions have been made at the spot market mid rates applicable at balance date where applicable.

(iv) Diversified Strategies - Growth Tax Exempt

The Diversified Strategies Growth Tax-Exempt asset class incorporates two sub sectors:

Private Markets Tax-Exempt

The Private Markets Tax-Exempt portfolio comprises investments in Australian and international private equity 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. Private equity fund Investments and 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.

Core Infrastructure Tax-Exempt

The Core Infrastructure Tax-Exempt portfolio comprises investments in Australian and international infrastructure pooled funds, which are invested and managed by external managers. The valuation of these 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. 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.

(v) Alternatives

The Diversified Strategies Income asset class incorporates two sub sectors:

Defensive Alternatives

The Defensive Alternatives portfolio comprises investments in Australian and international pooled funds and is invested and managed by external managers. 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.

Growth Alternatives

The Growth Alternatives portfolio comprises investments Australian and international pooled funds and is invested and managed by external managers. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Where currency conversions are required, these have been made at the spot market mid rates applicable at balance date.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

(vi) Credit

The Credit portfolio comprises investments in discretely managed investments and Australian and International 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. Where currency conversions are required, these have been made at the spot market mid rates applicable at balance date.

(vii) Cash

The Cash portfolio comprises investments in a discretely managed investment which is managed by an external manager and is valued by the custodian appointed to hold the assets using market prices applicable at balance date. Deposits at call have been valued on the basis of principal plus accrued interest.

(viii) Investment Option Overlays

The Investment Option Overlays contains the unsettled profit and loss on derivative overlay trades and currency hedge contracts as well as cash and accrual balances at the investment option level.

(o) Operation of Investment Portfolio

Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA (refer Note 1 (c)). 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 2025, the Defined Benefit portfolio adopted a high growth investment strategy over the period which included the asset classes of Property; Australian Equities, International Equities, Diversified Strategies Growth, Diversified Strategies Income and Cash.

Reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to the Defined Benefit High Growth Strategy discussed in the preceding paragraph.

(p) Member Liabilities

Member liabilities are measured at the amount of accrued benefits, with defined benefit member liabilities measured as the amount of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits as at that date when they are expected to fall due.

(q) Significant accounting judgements, estimates and assumptions

The preparation of the Scheme'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 represented to be consistent with current period disclosures.

Fair Value of Investments

Fair Value of investments are accepted directly from Funds SA.

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 (DCF 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.

Valuation of defined benefits member liabilities

The amount of member liabilities in relation to defined benefits has been determined using actuarial valuation techniques and assumptions. An actuarial valuation involves making various assumptions about the future. Actual developments in the future may differ from these assumptions. The assumptions member turnover, future investment returns, pension indexation rates, mortality rates and future salary increases. Due to the complexities involved in the valuation and its long-term nature, defined benefit member liabilities are highly sensitive to changes in these assumptions. Assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, the actuary considers an investment portfolio that reflects the opportunities reasonably available to the Scheme in the investment markets and reflects the Scheme's actual investments and investment strategy in respect of defined benefit member liabilities.

The mortality assumption is based on publicly available mortality tables. Future salary increases are based on the Wage Price Index produced by the Australian Bureau of Statistics and in consultation with the employer-sponsors.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

3. Defined Benefit Member Liabilities

A shorthand method was used to estimate accrued defined benefit member liabilities as at 30 June 2025, expected to yield similar results to a full valuation. The latest full actuarial valuation was performed as at 30 June 2024 by Ms E Conway, FIAA, of Mercer Consulting (Australia) Pty Ltd. A full actuarial valuation will be conducted as at 30 June 2025, with results reported in August 2025.

The expected future benefit payments have been determined using the 30 June 2023 triennial review assumptions relating to mortality, disability, withdrawal, preservation, and retirement. The salary increase assumption of 4.0 percent per annum including promotional increases has been adopted. The expected future benefit payments have been discounted to present values by a market-based, risk adjusted discount rate.

A discount rate of 7.0 per cent per annum and a long-term CPI inflation rate of 2.5 per cent per annum have been adopted.

Accrued Benefits

	2025 \$'000 Pension Division	2024 \$'000 Pension Division
Changes in the liability for accrued benefits:		
Liability for accrued benefits at 1 July	2,590,476	2,552,887
Add: Contributions	73,117	69,881
Less: Benefits Paid	168,269	155,339
Add: Net Change in Defined Benefits	124,718	123,047
Defined Benefit Member Liability for accrued benefits at 30 June	2,620,043	2,590,476
Represented by		
Fund Account	628,810	621,714
Police Employer Account	1,991,233	1,968,762
Totals	2,620,043	2,590,476

*Due to rounding, the sum of the individual numbers may not equal the total quoted.

Pursuant to the Act, actuarial reviews of the Scheme must be conducted every three years to address the cost of the Scheme to Government and the proportion of future benefits that can be met from the Fund. The actuarial reviews take account of assets held, future contributions to be received from members and future benefits to be paid by the Fund. In contrast, the purpose of the accrued liability calculations, which are made annually, is to estimate the value of future payments that can be attributed to service up to the date of the calculation.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

During 2024-2025 the funding proportion for the Fund Old Scheme Account was 24 percent and the Government contribution for future service liabilities for 2024-2025 was 22 percent.

The following table illustrates the unfunded/funded liability of the Scheme as at 30 June 2025 and the previous year.

Unfunded/(Funded) Liability

	2025 \$'000 Pension Division	2024 \$'000 Pension Division
Liability for accrued benefits at 30 June	2,620,043	2,590,476
Less: net assets available to pay benefits at 30 June	2,569,630	2,444,131
Unfunded liability at 30 June	50,413	146,345
Represented by		
Fund Account	(46,587)	(33,429)
Police Employer Account	97,000	179,774
Totals	50,413	146,345

The Government adopted a policy on 30 June 1994 of fully funding its superannuation liabilities with a target of achieving full funding by 2034. To achieve its funding target the Government transfers an amount of past service liability contributions each year to the Scheme in addition to the current employer contributions paid by SAPOL.

4. Vested Benefits

Vested benefits are benefits which are not conditional upon continued membership of the Scheme and include benefits which members would be entitled to receive on termination of membership of the Scheme.

When members resign from the Scheme, they have two options. Firstly, they can elect to take cash refunds of their own contributions, accumulated with interest, together with preserved employer benefits as required by Commonwealth Superannuation Guarantee legislation. Alternatively, they can elect to take fully vested, preserved benefits which will be based on their full accrued entitlements at the date of resignation and will be increased during preservation in line with increases in the CPI.

A shorthand method was used to estimate vested benefit liabilities as at 30 June 2025, expected to yield similar results to a full valuation. The latest full actuarial valuation was performed as at 30 June 2024 by Ms E Conway, FIAA, of Mercer Consulting (Australia) Pty Ltd. A full actuarial valuation will be conducted as at 30 June 2025, with results reported in August 2025.

The following table outlines the sensitivity of key assumptions provided by the scheme actuary on the discount rate, salary increase rate, CPI pension increase rate and mortality assumptions:

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

2024-25

Scenario	Member liability result \$'000	Change in member benefit liability \$'000	Change in member benefit liability %
Base Case	2,620,043	-	-
Discount Rate Plus 0.5%	2,488,945	(131,098)	(5.0)
Discount Rate Less 0.5%	2,763,290	143,247	5.5
Salary Increase Rate Plus 0.5%	2,625,659	5,616	0.2
Salary Increase Rate Less 0.5%	2,614,524	(5,519)	(0.2)
CPI Increase Rate plus 0.5% pa	2,757,857	137,814	5.3
CPI Increase Rate less 0.5% pa	2,492,845	(127,198)	(4.9)
Mortality Rates Plus 10%	2,579,046	(40,997)	(1.6)
Mortality Rates Less 10%	2,664,576	44,533	1.7

Vested Liabilities

	2025 \$'000 Pension Division	2024 \$'000 Pension Division
Fund Account	636,387	630,142
Police Employer Account	2,015,226	1,995,448
Totals	2,651,613	2,625,590

5. Guaranteed Benefits

The following guaranteed superannuation benefits are payable to contributors of the Scheme and are set out in the Act:

- Age retirement lump sum (age 50 to 55).
- Age retirement pension with commutation lump sum option (age 55 and over).
- Age retirement lump sum (age 55 and over).
- Total and permanent incapacity, based on contributors age 60 retirement pension benefit.
- Death benefit pension payable to a surviving eligible spouse (lawful, de facto or same sex) with commutation lump sum option.
- Death benefit pension payable to an eligible child (under age 16 or aged between 17 and 25).
- Death benefit lump sum payable to deceased contributors' estate if not survived by an eligible spouse or child.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

6. Administration Expenses

Administration expenses incurred by the Board are financed from the Fund Old Scheme Account and the Police Employer Account in the prescribed proportions of 30 and 70 percent respectively, in accordance with section 10(7) of the Act.

Administration expenses incurred by the Scheme for 2024-2025 amounted to \$1,117,000 (\$1,082,000 in 2023-2024) of which the Fund's proportion was \$336,000 (\$325,000 in 2023-2024) and the Employer's proportion was \$781,000 (\$757,000 in 2023-2024). Of the \$1,117,000, \$948,000 (\$949,000 in 2023-2024) was paid to SA Government entities.

	Total 2025 \$'000	Total 2024 \$'000
Administration expenses	1,117	1,082

7. Direct Investment Expenses

The direct investment expenses comprise fees paid to Funds SA. Funds SA advises the amount based on the Scheme's proportionate investment. The fees paid to Funds SA during 2024-2025 are shown below.

	Total 2025 \$'000	Total 2024 \$'000
Direct investment expenses	15,965	18,398

8. Remuneration of Board Members

The following are members of the Board who served during 2024-2025, along with the period served.

Board Member	Period served during 2024-2025		
Graeme A Barton (APM)	01/07/2024	to	30/06/2025
Julie-anne Holmes*	01/07/2024	to	30/06/2025
Michael A Kent*	01/07/2024	to	30/06/2025
Wade T Burns*	01/07/2024	to	30/06/2025
Julie E Thomas*	01/07/2024	to	30/06/2025
Deputy Member	Period served during 2024-2025		
Alannah M Pearce*	01/07/2024	to	30/06/2025
Neil S Smith	01/07/2024	to	01/06/2025
Ferdi W Pit	01/07/2024	to	30/06/2025
Daryl W Mundy*	01/07/2024	to	29/04/2025
Leonie J Schulz*	01/07/2024	to	30/06/2025

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

Board and Deputy members remuneration is set according to State Government guidelines for Statutory Authorities.

* In accordance with the Department of the Premier and Cabinet Circular No. 16, Board and Deputy members who are government employees do not receive remuneration for their board membership. Board and Deputy members who are contributors of the Scheme contribute on the same terms as other contributors.

Total remuneration received or due and receivable by Board and Deputy members of the Board in 2024-2025 was \$10,000 (\$10,000 in 2023-2024). Total remuneration included superannuation of \$783 (\$884 in 2023-2024).

The number of Board and Deputy members whose remuneration was within the following bands is as follows:

Total Remuneration	Number of Board and Deputy Members	
	2025	2024
\$1 - \$10,000	2	2

9. Related Parties

Related parties of the Police Superannuation Scheme 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.

Key management personnel

The key management personnel of the Police Superannuation Board include the Minister for Finance and the governing board members who have responsibility for the strategic direction and management of the Police Superannuation Board.

Compensation	2025	2024
	\$'000	\$'000
Salaries and other short-term employee benefits	10	10
Other long-term employee benefits	1	1
Total	11	11

There were no transactions requiring disclosure for key management personnel or related parties.

Transactions with other government entities

There were no significant transactions with government entities other than those disclosed elsewhere in the financial statements.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

10. Remuneration of Auditors

Audit amounts paid or due and payable are paid to the Audit Office of South Australia (a SA Government Entity) for the audit of the Scheme. The Audit Office of South Australia uses the services of Ernst and Young for the audit. No other services were provided by the Audit Office of South Australia.

	Total 2025 \$'000	Total 2024 \$'000
Audit fees paid or due and payable	29	22

2024-25 Audit fees are estimated to be \$29,300 excluding GST (\$22,000 for 2023-24).

11. Financial Instruments

The Scheme'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 Scheme and is in accordance with the Scheme'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 Scheme'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 Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Scheme's investment risk management framework.

The Scheme's investment risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Scheme'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 Scheme's activities.

The Police Superannuation Board receives regular reports from Funds SA concerning compliance with the Scheme's investment objectives.

Use of derivative financial instruments

Derivatives can be defined as financial contracts whose value depend on, or are derived from other underlying assets, liabilities, reference rates or indices.

Funds SA's key uses of derivatives include managing portfolio risk and facilitating the implementation of investment strategies efficiently and cost effectively. Funds SA use a variety of derivative instruments, such as over-the-counter contracts, including currency forward rate agreements, options, swaps and exchange-traded futures. Derivatives are an authorised investment within overlay accounts via an execution agent and in certain mandates managed by Funds SA's external investment managers, for the purposes described above.

The following is a description of the main types of portfolio risk arising from the use of financial instruments and includes information on how Funds SA manages each type of risk.

a) Market Risk

Market risk is the risk that investment returns generated by the different financial markets will be volatile and will deviate from long-term expectations over the short / medium term.

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; and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

I. Currency Risk

Funds SA's foreign currency risk arises from its investment in assets denominated in foreign currencies.

Funds SA manage an allocation to foreign currencies at the investment option level. The total investment option allocation to foreign currencies is in the long-term strategic asset allocation documented in Funds SA's Investment Policy Statement for each option. Foreign currency exposure outside of the desired allocation is hedged back to Australian dollars.

II. Interest Rate Risk

Interest rate risk is the risk that a movement in interest rates will cause the value of interest rate sensitive securities to underperform expectations.

Funds SA manages interest rate risk through:

- ensuring asset allocations for different investment options are consistent with the time horizon of each; and
- the use of specialist external investment managers to manage Funds SA's cash and fixed interest portfolios.

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.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

As the Scheme's financial instruments are valued at net market value (fair value) with changes in net market value recognised in the Income Statement, all changes in market conditions will directly affect investment revenue.

The Scheme'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 products 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 asset class. The following tables show the market risk around expected average returns for each asset class.

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Market risk is minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies

2025

Investment asset class	Average Return	Market Risk	Potential impact of market risk (+/-) on Income Statement
	%	%	+/- \$000
Cash	4.3	2.1	13,330
Property Tax Exempt	7.1	10.7	37,451
Australian Equities Tax Exempt	7.0	16.1	81,492
International Equities	6.4	13.8	98,567
Diversified Strategies Growth			
Core Infrastructure	7.6	11.6	18,460
Private Markets	9.6	21.4	77,967
Diversified Strategies Income			
Defensive Alternatives	7.5	7.3	3,715
Credit	7.5	9.0	13,292
Growth Alternatives	7.5	7.3	10,716

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

2024

Investment asset class	Average Return	Market Risk	Potential impact of market risk (+/-) on Income Statement
	%	%	+/- \$000
Cash	4.3	0.5	247
Property Tax Exempt	6.5	9.1	34,642
Australian Equities Tax Exempt	7.1	16.8	84,001
International Equities	6.1	14.6	100,392
Diversified Strategies Growth			
Core Infrastructure	7.7	8.4	15,392
Private Markets	9.1	20.0	101,784
Diversified Strategies Income			
Defensive Alternatives	7.5	8.4	6,317
Credit	7.1	8.9	19,568
Growth Alternatives	7.5	8.4	17,443

The statistics shown above are averages calculated over 10 years, net of investment management fees and gross of tax. These investment statistics have zero percent tax rate applied and exclude franking credits.

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.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

2025

Investment Option	Sensitivity variable	Standard Deviation	Expected Nominal Return	Change in Investment assets \$'000
Defined Benefit	Nominal standard deviation	10.3%	7.7%	264,540
Total				264,540

2024

Investment Option	Sensitivity variable	Standard Deviation	Expected Nominal Return	Change in Investment assets \$'000
Defined Benefit	Nominal standard deviation	9.9%	7.5%	241,966
Total				241,966

b) Credit Risk/Counterparty Risk

Counterparty risk, or credit risk is the risk that financial counterparties are unable to perform their contractual obligations.

Funds SA manages and mitigates this risk through Funds SA's Counterparty Risk Policy utilising the following measures:

- Ensuring Funds SA's investment managers and execution agents have strong counterparty risk controls, such as ensuring the mandates include adequate guidelines in relation to counterparty management;
- Regular independent monitoring of counterparty credit ratings using external credit assessment institutions.
- Regular compliance monitoring and oversight of the exposures within portfolios through daily mandate compliance monitoring and the monthly monitoring and reporting of unrealised profits and losses and net exposures with appropriate investigation and escalation in the event of any breach or issues.
- Regular monitoring of the custodian to ensure trades with counterparties are appropriately captured, reported and monitored.
- Ongoing due diligence of investment managers and execution agents, including regular engagements and meetings with the managers, covering both investments and operations.; and
- Variation margins are executed on a regular basis as per the agreements, initial margins are executed where required, and funding for margin calls are segregated from the Investments decision function.

The net market value of financial assets, included in the Statement of Financial Position represents the Scheme's maximum exposure to credit risk in relation to those assets. The Scheme does not have any significant exposure to any individual counterparty or industry. The Schemes credit risk lies with Funds SA who monitors the risk through ongoing reviews of the investment managers as listed above.

c) Liquidity Risk

Liquidity risk is the risk of being unable to meet obligations as they fall due or incurring significant transaction costs in meeting such obligations. Liquidity risk also includes the potential opportunity cost associated with not being able to maintain asset allocation at strategic weights.

Three types of liquidity risk are inherent in Funds SA's investment activities. The first is the risk that client redemption requests are unable to be satisfied due to the inability to liquidate investments. The second is the risk that significant transaction costs will be incurred in liquidating investments to meet clients' cash redemption requirements. The third is that investment returns may be below expectations due to the portfolio's asset positioning being negatively impacted.

Funds SA manages liquidity risk as follows:

- by giving careful consideration to the expected net cashflow position of Funds SA's clients. The allocation to cash and highly liquid assets in the strategic asset allocation of each investment option is set at a level sufficient to manage expected cash redemptions;
- a large proportion of each investment option is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities;
- reporting and monitoring the liquidity of the fund on a daily basis to ensure prospective client cash outflows and switches can be met;
- by undertaking portfolio management and rebalancing activities, and
- by undertaking regular stress testing on liquidity positions to identify sources of liquidity strain before they are realised.

For the Scheme itself, the liquidity position is monitored on a daily basis. The Scheme's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, expenses and investing activities.

The following tables summarise the contractual maturity profile of the Scheme's financial liabilities based on the earliest date on which the Scheme can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

30 June 2025	Less than 3 months	Total Contractual Cash Flows	Carrying Amount Liabilities
	\$'000	\$'000	\$'000
Benefits payable	1,279	1,279	1,279
Payables	147	147	147
Vested benefits ⁽ⁱ⁾	2,651,613	2,651,613	2,651,613
Total	2,653,039	2,653,039	2,653,039

30 June 2024	Less than 3 months	Total Contractual Cash Flows	Carrying Amount Liabilities
	\$'000	\$'000	\$'000
Benefits payable	2,055	2,055	2,055
Payables	287	287	287
Vested benefits ⁽ⁱ⁾	2,625,590	2,625,590	2,625,590
Total	2,627,932	2,627,932	2,627,932

*Due to rounding, the sum of the individual numbers may not equal the total quoted.

⁽ⁱ⁾ 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 Scheme can be required to pay members' vested benefits however, members may not necessarily call upon amounts vested to them during this time.

d) Fair Value Estimation

The table below analyses financial instruments carried at fair value, by fair value hierarchy. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets at fair value through profit or loss <i>(Level 1 and Level 3 are not relevant to the Scheme)</i>	Level 2 \$'000
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30 June 2025

Unlisted managed investment schemes

Funds SA	<u>2,568,353</u>
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30 June 2024

Unlisted managed investment schemes

Funds SA	<u>2,444,104</u>
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Financial Statements for the year ended 30 June 2025 - Police Superannuation Scheme

e) Derivative financial instruments

Derivatives can be defined as financial contracts whose value depend on, or are 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 and exchange-traded futures.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers for the purposes described above.

12. Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits 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:

	2025 \$'000	2024 \$'000
Cash and cash equivalents	2,487	2,178
Reconciliation of net cash from operating activities		
Net operating result	95,932	31,352
Adjustments for:		
Change in investments measured at fair value	(237,637)	(173,773)
Investment Expenses	15,965	18,398
Increase/Decrease in payables and receivables	(142)	67
Allocation to members' accounts	124,718	123,047
Net cashflows from operating activities	(1,164)	(908)

*Due to rounding, the sum of the individual numbers may not equal the total quoted.

13. Subsequent Events

No significant events after the balance sheet date.