

# Outback Communities Authority

Financial report  
for the year ended  
30 June 2020



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## To the Presiding Member Outback Communities Authority

### Opinion

I have audited the financial report of the Outback Communities Authority for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Outback Communities Authority as at 30 June 2020, 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 consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member and the Director, Outback Communities Authority.

### 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 Outback Communities Authority. 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 Director and the members of the Outback Communities Authority for the financial report**

The Director is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The members of the Outback Communities Authority 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 Outback Communities Authority for the financial year ended 30 June 2020.

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 Outback Communities Authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director
- 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 Director and members of the Outback Communities Authority 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.

A handwritten signature in black ink, appearing to read 'A. Richardson', with a horizontal line extending to the right.

Andrew Richardson

**Auditor-General**

29 September 2020

South Australian Outback Communities Authority  
CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the:

- financial statements of the Office for the Outback Communities Authority:
  - are in accordance with the accounts and records of the Office for the Outback and Communities Authority; and
  - comply with relevant Treasurer's instructions; and
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the Office for the Outback Communities Authority at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Office for the Outback Communities Authority over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



William McIntosh AM  
PRESIDING MEMBER  
OUTBACK COMMUNITIES AUTHORITY



Mark Sutton  
DIRECTOR  
OUTBACK COMMUNITIES AUTHORITY

29<sup>th</sup> September 2020

29<sup>th</sup> September 2020

**Outback Communities Authority  
(OCA)**

**Financial Statements**

For the year ended 30 June 2020

**Outback Communities Authority**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the year ended 30 June 2020*

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	Note No	2020 \$'000	2019 \$'000
<b>Income</b>			
Revenue from SA Government	4.1	1 397	2 464
Advances and grants	4.2	3 939	1 807
Interest revenue		14	19
Net gain from the disposal of non-current assets	4.3	21	-
Other income	4.4	603	492
<b>Total income</b>		<b>5 974</b>	<b>4 782</b>
<b>Expenses</b>			
Employee benefit expenses	2.3	993	875
Supplies and services	3.1	2 558	1 859
Depreciation expense	3.2	697	742
Grants and subsidies	3.3	733	322
Other expenses	3.4	85	38
<b>Total expenses</b>		<b>5 066</b>	<b>3 836</b>
<b>Net Result</b>		<b>908</b>	<b>946</b>
<b>Total comprehensive result</b>		<b>908</b>	<b>946</b>

The net result and comprehensive result is attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

**Outback Communities Authority**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2020*

	Note	2020	2019
	No	\$'000	\$'000
<b>Current assets</b>			
Cash	6.1	2 965	2 972
Receivables	6.2	662	592
<b>Total current assets</b>		<b>3 627</b>	<b>3 564</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	13 415	12 501
<b>Total non-current assets</b>		<b>13 415</b>	<b>12 501</b>
<b>Total assets</b>		<b>17 042</b>	<b>16 065</b>
<b>Current liabilities</b>			
Payables	7.1	74	71
Employee benefits	2.4	185	151
<b>Total current liabilities</b>		<b>259</b>	<b>222</b>
<b>Non-current liabilities</b>			
Payables	7.1	38	36
Employee benefits	2.4	414	384
<b>Total non-current liabilities</b>		<b>452</b>	<b>420</b>
<b>Total liabilities</b>		<b>711</b>	<b>642</b>
<b>Net assets</b>		<b>16 331</b>	<b>15 423</b>
<b>Equity</b>			
Retained earnings		13 917	13 007
Asset revaluation surplus		2 414	2 416
<b>Total equity</b>		<b>16 331</b>	<b>15 423</b>

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	9.1
Contingent assets and liabilities	9.2

The above statement should be read in conjunction with the accompanying notes.

**Outback Communities Authority**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the year ended 30 June 2020*

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	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 30 June 2018</b>	<b>2 416</b>	<b>12 063</b>	<b>14 479</b>
Adjustments on initial adoption of AASB 9	-	(2)	(2)
<b>Restated Balance at 30 June 2018</b>	<b>2 416</b>	<b>12 061</b>	<b>14 477</b>
Net result for 2018-19	-	946	946
<b>Total comprehensive result for 2018-19</b>	<b>-</b>	<b>946</b>	<b>946</b>
<b>Balance at 30 June 2019</b>	<b>2 416</b>	<b>13 007</b>	<b>15 423</b>
Net result for 2019-20	-	908	908
<b>Total comprehensive result for 2019-20</b>	<b>-</b>	<b>908</b>	<b>908</b>
<b>Transfer between equity components</b>			
Equity transfer on asset disposals	(2)	2	-
<b>Balance at 30 June 2020</b>	<b>2 414</b>	<b>13 917</b>	<b>16 331</b>

All changes in equity are attributable to the SA Government as owner.

**Outback Communities Authority**  
**STATEMENT OF CASH FLOWS**  
*for the year ended 30 June 2020*

	2020	2019
	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>		
<b>Cash inflows</b>		
Advances and Grants	3 939	1 807
Interest received	16	18
Revenue from SA Government	1 397	2 464
Other receipts	538	462
<b>Cash generated from operations</b>	<b>5 890</b>	<b>4 751</b>
<b>Cash outflows</b>		
Employee benefit payments	(929)	(837)
Payments for supplies and services	(2 560)	(1 882)
Payments for grants and subsidies	(733)	(322)
Other payments	(85)	(38)
<b>Cash used in operations</b>	<b>(4 307)</b>	<b>(3 079)</b>
<b>Net Cash provided by (used in) operating activities</b>	<b>1 583</b>	<b>1 672</b>
<b>Cash flows from investing activities</b>		
<b>Cash inflows</b>		
Proceeds from the sale of property, plant and equipment	21	-
<b>Cash generated from investing activities</b>	<b>21</b>	<b>-</b>
<b>Cash outflows</b>		
Purchase of property, plant and equipment	(1 611)	(59)
<b>Cash Used in investing activities</b>	<b>(1 611)</b>	<b>(59)</b>
<b>Net Cash provided by (used in) investing activities</b>	<b>(1 590)</b>	<b>(59)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(7)</b>	<b>1 613</b>
Cash at 1 July	2 972	1 359
<b>Cash at 30 June</b>	<b>2 965</b>	<b>2 972</b>

The above statement should be read in conjunction with the accompanying notes.

# **Outback Communities Authority**

## **Notes to and forming part of the financial statements**

*for the year ended 30 June 2020*

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### **1. About the Outback Communities Authority**

Defined in the *Outback Communities (Administration and Management) Act 2009* (the Act), the functions of the Outback Communities Authority ("the Authority") are:

- to manage the provision of public services and facilities to outback communities;
- to promote improvements in the provision of public services and facilities to outback communities; and
- to articulate the views, interests and aspirations of outback communities.

In performing its functions the Authority is to:

- foster and support the provision of public services and facilities to outback communities by community organisations, including by making grants and loans to such organisations;
- consider long-term requirements for maintenance, replacement and development of infrastructure for public services and facilities for outback communities;
- consider State and national objectives and strategies that are relevant to outback communities;
- seek ongoing collaboration with local, State and national governments in the planning and delivery of public services and facilities to outback communities;
- ensure that there are systems in place to further its understanding of the views, interests and aspirations of outback communities;
- facilitate decision making by others on a basis that is well informed in relation to the views, interests and aspirations of outback communities, including by participating in appropriate local, State and national forums; and
- provide services with a high level of efficiency and effectiveness, manage resources effectively, prudently and in a fully accountable manner, and maintain and enhance the value of public assets.

#### **1.1. Basis of Preparation**

The Authority has prepared these general purpose financial statements in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards (Reduced Disclosure Requirements).

The Authority has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Authority is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2020.

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless another measurement basis is specifically disclosed in the notes.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable.
- receivables and payables which are stated with the amount of GST included.

The net amount of the GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the Authority is a member of an approved GST group of which the Department of Planning, Transport and Infrastructure is responsible for the remittance and collection of GST.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Treasurer's Instructions (Accounting Policy Statements) issued on 01 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

# **Outback Communities Authority**

## **Notes to and forming part of the financial statements**

### *for the year ended 30 June 2020*

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Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the department. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format

Significant accounting policies are set out within the Notes.

#### **1.2. Objectives and programs**

The Authority is established and empowered by the Act which is within the portfolio responsibilities of the Minister for Transport, Infrastructure and for Local Government. The Act also defines the areas of the State to which its provisions apply, sets out the Authority's powers and functions and makes provision for the support staff. It also enables specific provisions of the *Local Government Act 1999* to be applied by regulation to part, or all, of the Authority's area.

The Act further requires the yearly statement of accounts of the Authority to be audited by the Auditor-General and that the Authority provides an annual report to the State Parliament.

The Authority does not control any other entity and has no interests in unconsolidated structured entities. The Authority has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

#### **1.3. Impact of COVID-19 pandemic**

The COVID-19 pandemic has had no material impact on the operations of the Authority in 2019-20. At this stage, there is insufficient information to determine whether the COVID-19 pandemic will have a material impact on the operations of the Authority in 2020-21.

The Authority will continue to assess the impact of the COVID-19 pandemic on their operations in 2020-21.

## **2. Board, committees and employees**

### **2.1. Key Management Personnel**

Key management personnel of the Authority include the Minister for Transport, Infrastructure and Local Government, the seven board members and the Director who have responsibility for the strategic direction and management of the Authority.

The total compensation for the Authority's key management personnel was \$239 955 (\$258 392). Salaries and other benefits the Minister for Transport, Infrastructure and Local Government receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

Other than transactions described in the Notes, there were no transactions with key management personnel and other related parties during the year.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**2.2. Board and Committee Members**

Members that received remuneration for membership during the year were:

**Outback Communities Authority**

FORT J  
MARSLAND M P  
MICHELMORE C P  
ROACH T S  
FRAHN F L W (appointed 01/07/2019)  
MCINTOSH W R (appointed 01/07/2019)  
WARMINGTON L (appointed 01/07/2019)

The number of members whose remuneration received/receivable falls within the following bands:

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
\$0 - \$19 999	7	6
\$20 000 - \$39 999	-	1
<b>Total Number of Members</b>	<b>7</b>	<b>7</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$59 134 (\$72 000). Mileage allowance paid to board members has not been included in the remuneration.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**2.3. Employee benefits expenses**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	699	559
Board fees	55	68
Employment on-costs	129	134
Annual leave	71	73
Long service leave	34	35
Skills and experience retention leave	-	1
Other employee related expenses	5	5
<b>Total employee benefit expenses</b>	<b>993</b>	<b>875</b>

**Targeted Voluntary Separation Packages (TVSPs)**

No employees were paid TVSPs during the period from 1 July 2019 to 30 June 2020.

**Remuneration of employees**

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
The number of employees whose remuneration received or receivable falls within the following bands:		
\$154 001 - \$174 000	1	1
<b>Total Number of Employees</b>	<b>1</b>	<b>1</b>

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**2.4. Employee benefits liability**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual leave	113	86
Skills and experience retention leave	7	5
Long service leave	40	47
Accrued salaries and wages	25	13
<b>Total current employee benefits</b>	<b>185</b>	<b>151</b>
<b>Non-current</b>		
Long service leave	414	384
<b>Total non-current employee benefits</b>	<b>414</b>	<b>384</b>
<b>Total employee benefits</b>	<b>599</b>	<b>535</b>

Employee benefits accrue to employees as a result of services provided up to the reporting date that remain unpaid. Long term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave and sick leave

The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The liability for annual leave and the skills and experience retention leave is expected to be payable within 12 months and is measured at the undiscounted amounts expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. Details about the measurement of long service leave is provided as note 10.1.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**3. Expenses**

**3.1. Supplies and services**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Administrative costs	16	14
Utilities	274	218
Property expenses	381	262
Information technology and communications	27	36
Legal services	12	4
Materials and other purchases	20	18
Auditor's remuneration	34	34
Insurance	174	166
Plant, equipment and vehicle expenses	268	132
Accommodation expenses*	64	67
Other service contracts	1,158	777
Other	130	131
<b>Total supplies and services</b>	<b>2 558</b>	<b>1 859</b>

\*The Authority's accommodation is provided by the Department of Planning, Transport and Infrastructure under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of a lease set out in AASB 16 or in the former standard AASB117.

In prior years expenses associated with MoAA have been classified as operating lease payments. Expenses associated with MoAA have been re-classified as accommodation expenses for both the current year and the comparative. Further details about this re-classification is set out in note 8.1.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**3.2. Depreciation and amortisation**

	2020	2019
	\$'000	\$'000
Depreciation		
Buildings and infrastructure	615	612
Water, sewerage and drainage	53	79
Plant and equipment	29	51
<b>Total depreciation expense</b>	<b>697</b>	<b>742</b>

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Land is not depreciated.

Useful Life

Depreciation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and infrastructure	4 to 100
Water, sewerage and drainage	25 to 87
Plant and equipment	2 to 48

**3.3. Grant and subsidies**

	2020	2019
	\$'000	\$'000
Community Affairs Resourcing Management Grants	194	248
Regional Development Initiatives	70	68
Sports and Youth Grants	16	6
Drought Communities Programme Extension	453	-
<b>Total grants and subsidies</b>	<b>733</b>	<b>322</b>

**3.4. Other expenses**

	2020	2019
	\$'000	\$'000
Bad and doubtful debts expense	2	-
Community Levy	39	38
Other	44	-
<b>Total other expenses</b>	<b>85</b>	<b>38</b>

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**4. Income**

**4.1. Revenue from SA Government**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from SA Government	1 397	2 464
<b>Total revenue from SA Government</b>	<b>1 397</b>	<b>2 464</b>

The Authority receives revenue from SA Government for program funding and it is recognised on receipt.

**4.2. Advances and grants**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Commonwealth Grants	3 320	1 555
Intra-government Transfers	619	252
<b>Total advances and grants</b>	<b>3 939</b>	<b>1 807</b>

The above advances and grants were allocated to the following programs / projects:

Financial Assistance Grants	1 565	1 543
Andamooka Town Services	60	64
Dunjiba Municipal Services	112	110
Oodnadatta Airstrip	613	-
Marla Airstrip	110	-
Outback Water Stations	493	-
Drought Communities Programme Extension	900	-
Other	86	90
<b>Total advances and grants</b>	<b>3 939</b>	<b>1 807</b>

Advances and grants are recognised as income on receipt. For grants relating to agreements with conditional stipulations, income is recognised when the stipulations are met. When agreements have unconditional stipulations, income is recognised on execution of an enforceable agreement.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**4.3. Net Gain (Loss) from the Disposal of Non-Current Assets**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net gain (loss) from the disposal of non-current assets received / receivable:</b>		
<b>Plant and Equipment:</b>		
Proceeds from disposal	21	-
Less carrying amount of assets disposed	-	-
<b>Net gain (loss) from disposal of plant and equipment</b>	<b>21</b>	<b>-</b>

**4.4. Other Income**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Recoveries/reimbursements	150	136
Community Contribution Scheme	314	298
Regional Growth Fund	46	-
Airstrip landing fees	69	44
Other	24	14
<b>Total other income</b>	<b>603</b>	<b>492</b>

Other income consists of recoveries, reimbursements and community contributions which is derived in accordance with section 21 of the Act. Other income is recognised as revenue on receipt.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**5. Non-financial assets**

**5.1. Property, plant and equipment**

	2020	2019
	\$'000	\$'000
<b>Land</b>		
Land at fair value	72	72
<b>Total land</b>	<b>72</b>	<b>72</b>
<b>Buildings and Infrastructure</b>		
Buildings and infrastructure at fair value	26 462	25 529
Accumulated depreciation	(15 586)	(15 079)
<b>Total buildings and infrastructure</b>	<b>10 876</b>	<b>10 450</b>
<b>Water, sewerage and drainage</b>		
Water, sewerage and drainage assets at fair value	2 761	2 742
Accumulated depreciation	(1 332)	(1 278)
<b>Total water, sewerage and drainage</b>	<b>1 429</b>	<b>1 464</b>
<b>Plant and equipment</b>		
Plant and equipment at fair value	1 162	1 195
Accumulated depreciation	(852)	(855)
<b>Total plant and equipment</b>	<b>310</b>	<b>340</b>
<b>Work in progress</b>		
Work in progress	728	175
<b>Total work in progress</b>	<b>728</b>	<b>175</b>
<b>Total property, plant and equipment</b>	<b>13 415</b>	<b>12 501</b>

**Valuation of property, plant and equipment**

The valuation of property assets including Land, Buildings and Infrastructure and Water and Sewerage assets were valued by Valuer-General as at 1 July 2017. Land is valued using market approach, and buildings and facilities is valued using replacement cost approach due to not being an active market. The valuation was based on a combination of internal records, specialised knowledge and acquisition/transfer costs. No asset classes were revalued in 2019-20.

Acquisition and Recognition

All non-current tangible assets with a value equal to or in excess of \$10,000 are capitalised.

Property, plant and equipment is recorded at fair value. Detail about the Authority's approach to fair value is set out in note 10.2.

Impairment

All non-current tangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement costs. An amount by which the assets carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the respective asset revaluation surplus.

**Outback Communities Authority**  
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**Reconciliation of property, plant and equipment**

The following table shows the movement of property, plant and equipment during 2019-20:

2019-20	Land	Buildings and Infrastructure	Water, sewerage and drainage	Plant and Equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	72	10 450	1 464	340	175	12 501
Additions	-	-	-	-	1 611	1 611
Disposals	-	-	-	-	-	-
Transfer from works in progress	-	1 040	19	-	(1 059)	-
Write offs	-	-	-	-	-	-
Resources received free of charge	-	-	-	-	-	-
Transfers due to reclassification of assets	-	-	-	-	-	-
Revaluations increment / (decrement)	-	-	-	-	-	-
Depreciation and amortisation	-	(615)	(53)	(29)	-	(697)
Other movements	-	1	(1)	(1)	1	-
<b>Carrying amount at 30 June</b>	<b>72</b>	<b>10 876</b>	<b>1 429</b>	<b>310</b>	<b>728</b>	<b>13 415</b>

The following table shows the movement of property, plant and equipment during 2018-19:

2018-19	Land	Buildings and Infrastructure	Water, sewerage and drainage	Plant and Equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	72	11 024	1 317	338	432	13 183
Additions	-	-	-	-	59	59
Disposals	-	-	-	-	-	-
Transfer from works in progress	-	37	226	52	(315)	-
Write offs	-	-	-	-	-	-
Resources received free of charge	-	-	-	-	-	-
Revaluations increment / (decrement)	-	-	-	-	-	-
Depreciation and amortisation	-	(612)	(79)	(51)	-	(742)
Other movements	-	1	-	1	(1)	1
<b>Carrying amount at 30 June</b>	<b>72</b>	<b>10 450</b>	<b>1 464</b>	<b>340</b>	<b>175</b>	<b>12 501</b>

**Impairment**

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2020.

**Outback Communities Authority**  
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**6. Financial assets**

**6.1. Cash**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits with the Department of Treasury and Finance	2 965	2 972
<b>Total cash</b>	<b>2 965</b>	<b>2 972</b>

Cash is measured at nominal amounts.

**6.2. Receivables**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Receivables	53	20
Expected credit loss	(4)	(2)
Accrued revenues	552	520
Prepayments	61	54
<b>Total current receivables</b>	<b>662</b>	<b>592</b>
<b>Total receivables</b>	<b>662</b>	<b>592</b>

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables are held with the objective of collecting contractual cash flows and they are measured at amortised cost.

Collectability of receivables is reviewed on an ongoing basis.

**Impairment of Receivables**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	2	4
Write offs	-	(2)
Increase/(Decrease) in expected credit loss recognised in profit and loss	2	-
<b>Carrying amount at the end of the period</b>	<b>4</b>	<b>2</b>

**Outback Communities Authority**  
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**7. Liabilities**

**7.1. Payables**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Creditors	2	2
Accrued expenses	45	48
Employment on-costs	27	21
<b>Total current payables</b>	<b>74</b>	<b>71</b>
<b>Non-current</b>		
Employment on-costs	38	36
<b>Total non-current payables</b>	<b>38</b>	<b>36</b>
<b>Total payables</b>	<b>112</b>	<b>107</b>

All payables are measured at their nominal amount. Accruals are raised for all amounts owing but unpaid and are normally settled within 30 days from the date the invoice is first received.

Employment on-costs include payroll tax and superannuation contributions with respect to outstanding liabilities for salaries and wages and associated leave. The Authority makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only payable outstanding at reporting date relates to any contributions due but not yet paid.

The Authority makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments for beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to contributions due but not yet paid to the superannuation scheme managers.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2019 rate of 41% to 42% in 2020 and the average factor for the calculation of employer superannuation cost on-cost has remained unchanged from the 2019 rate of 9.8%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost and employee benefits expense. This increase was immaterial and the estimated impact on 2020 is not expected to be material.

**Outback Communities Authority**  
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**8. Changes in accounting policy**

**8.1. Changes in accounting policy**

**AASB 16 – Leases**

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 Leases replaces AASB 117 Leases and related interpretations.

The adoption of AASB 16 Leases from 1 July 2019 resulted in no impact to the Authority's retained earnings as at 1 July 2019 and no adjustments were required.

Further information about the Authority's accommodation arrangements are disclosed in note 3.1 and note 9.1.

**AASB 15 – Revenue from Contracts and Customers and AASB 1058 – Income of Not for Profit Entities**

AASB 15 Revenue from Contracts with Customers establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 Construction contracts, AASB 118 Revenue and related Interpretations and applies to all revenue arising from contracts with customers.

AASB 1058 Income of Not-for-Profit Entities establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 Contributions, AASB 118 Revenue and AASB 111 Construction Contracts. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

There was no impact on the Authority's retained earnings as at 1 July 2019 upon adoption of AASB 15 and AASB 1058. The Authority's revenue recognition criteria over separate classes of income are disclosed within the relevant notes.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
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**9. Outlook**

**9.1. Unrecognised contractual commitments**

Commitments include capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value (net of GST).

<b>Capital commitments</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	23	-
<b>Total capital commitments</b>	<b>23</b>	<b>-</b>

<b>Expenditure commitments</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Commitments for the payment of maintenance and other service contracts at the reporting date but not recognised as payables in the financial statements are payable as follows:		
Within one year	251	70
Later than one year but no later than five years	74	54
<b>Total other commitments</b>	<b>325</b>	<b>124</b>

Other commitments relate to commitments arising from other service contracts.

**9.2. Contingent assets and contingent liabilities**

The Authority is not aware of any contingent assets or liabilities as at 30 June 2020.

**9.3. Events after balance date**

As a consequence of the restructuring of administrative arrangements outlined in the Government Gazette on 29 July 2020, the Act was committed to the Minister for Planning and Local Government.

The Authority is not aware of any other events occurring after balance date.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
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**10. Measurement and Risk**

**10.1. Long service leave liability – measurement**

*AASB 119 Employee Benefits* contains the calculation methodology for long service leave.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

*AASB 119 Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from the rate of 1.25% in 2019 to 0.75% in 2020.

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance decreased the salary inflation rate from 4% in 2019 to 2.5% in 2020 for long service leave liability.

The net financial effect of the changes in the current financial year is a decrease in the long service leave liability of \$0.033m million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The long service leave liability has been allocated between current and non-current liabilities using the leave pattern history of previous years.

**10.2. Fair value**

*AASB 13 Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Acquisition and recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value i.e. the amount recorded by the transferor public authority immediately prior to the restructure.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
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Revaluation of non-current assets

All non-current assets are valued at written down current cost (a proxy for fair value), and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

The Authority uses the gross method in accounting for its assets when non-current assets are revalued, with the exception of land. The Authority generally revalues its assets every three years and always within 6 years depending on the nature or purpose for which that asset is held. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation where they are revalued to fair value. Revaluation movements are recorded in the Revaluation reserves.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Fair Value measurement- Non-financial assets

In determining fair value, the Authority has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Authority's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Authority did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that is less than \$1.5 million or an estimated useful life that is less than three years, are deemed to approximate fair value

### **10.3. Financial instruments**

***Financial risk management***

The Authority's exposure to financial risk (liquidity, credit and market) is low due to the nature of the financial instruments held.

***Liquidity risk***

The Authority is funded mainly from a Federal Government Financial Assistance Grant and Revenues from SA Government. The Authority works with the Department of Treasury and Finance to determine the cash flows associated with its Ministerial approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

There have been no changes in risk exposure since the last reporting period.

All financial assets and liabilities are carried at cost and are current for 2020 and 2019.