

# Outback Communities Authority

Financial report  
for the year ended  
30 June 2021



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## To the Presiding Member Outback Communities Authority

### Opinion

I have audited the financial report of Outback Communities Authority for the financial year ended 30 June 2021.

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 2021, 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:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member and the Director.

### 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.

In preparing the financial report, the Director is responsible for assessing the entity'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 Director 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 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 2021.

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.

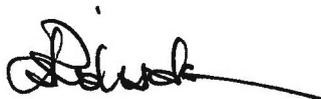
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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
- conclude on the appropriateness of the Director'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 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.



Andrew Richardson

**Auditor-General**

28 October 2021

OFFICIAL

# **Outback Communities Authority**

## **Financial Statements**

For the year ended 30 June 2021

**Outback Communities Authority  
Certification of the Financial Statements  
for the year ended 30 June 2021**

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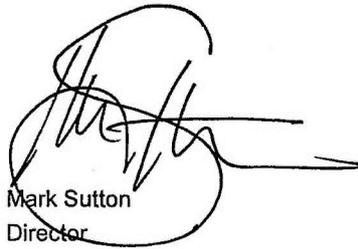
We certify that the:

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



William McIntosh  
Presiding Member  
Outback Communities Authority

19 September 2021  
October



Mark Sutton  
Director  
Outback Communities Authority

21 September 2021  
October

**Outback Communities Authority**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2021*

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|   | Note | 2021<br>\$'000 | 2020<br>\$'000 |
|---|------|----------------|----------------|
| <b>Income</b>                                 |      |                |                |
| Revenue from SA Government                    | 2.1  | 2 402          | 1 397          |
| Commonwealth Sourced Funding                  | 2.2  | 3 945          | 3 320          |
| SA Government grants, subsidies and transfers | 2.3  | 797            | 619            |
| Interest revenue                              |      | -              | 14             |
| Net Gain from Disposal of Non-Current Assets  | 2.4  | -              | 21             |
| Other income                                  | 2.5  | 506            | 603            |
| <b>Total income</b>                           |      | <b>7 650</b>   | <b>5 974</b>   |
| <b>Expenses</b>                               |      |                |                |
| Supplies and services                         | 4.1  | 2 634          | 2 558          |
| Grants and subsidies                          | 4.3  | 1 679          | 733            |
| Employee benefits expenses                    | 3.3  | 1 098          | 993            |
| Depreciation and amortisation                 | 4.2  | 764            | 697            |
| Other expenses                                | 4.4  | 43             | 85             |
| <b>Total expenses</b>                         |      | <b>6 218</b>   | <b>5 066</b>   |
| <b>Net result</b>                             |      | <b>1 432</b>   | <b>908</b>     |
| <b>Total comprehensive result</b>             |      | <b>1 432</b>   | <b>908</b>     |

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

**Outback Communities Authority**  
**Statement of Financial Position**  
*for the year ended 30 June 2021*

|                                      | Note | 2021<br>\$'000 | 2020<br>\$'000 |
|--------------------------------------|------|----------------|----------------|
| <b>Current assets</b>                |      |                |                |
| Cash and cash equivalents            | 6.1  | 2 823          | 2 965          |
| Receivables                          | 6.2  | 891            | 662            |
| Contract assets                      | 6.3  | 1 220          | -              |
| <b>Total current assets</b>          |      | <b>4 934</b>   | <b>3 627</b>   |
| <b>Non-current assets</b>            |      |                |                |
| Property plant and equipment         | 5.1  | 14 343         | 13 415         |
| <b>Total non-current assets</b>      |      | <b>14 343</b>  | <b>13 415</b>  |
| <b>Total assets</b>                  |      | <b>19 277</b>  | <b>17 042</b>  |
| <b>Current liabilities</b>           |      |                |                |
| Payables                             | 7.1  | 882            | 74             |
| Employee benefits                    | 3.4  | 310            | 185            |
| Financial liabilities                | 7.2  | 23             | -              |
| <b>Total current liabilities</b>     |      | <b>1 215</b>   | <b>259</b>     |
| <b>Non-current liabilities</b>       |      |                |                |
| Payables                             | 7.1  | 25             | 38             |
| Employee benefits                    | 3.4  | 262            | 414            |
| Financial liabilities                | 7.2  | 12             | -              |
| <b>Total non-current liabilities</b> |      | <b>299</b>     | <b>452</b>     |
| <b>Total liabilities</b>             |      | <b>1 514</b>   | <b>711</b>     |
| <b>Net assets</b>                    |      | <b>17 763</b>  | <b>16 331</b>  |
| <b>Equity</b>                        |      |                |                |
| Retained earnings                    |      | 15 349         | 13 917         |
| Asset revaluation surplus            |      | 2 414          | 2 414          |
| <b>Total equity</b>                  |      | <b>17 763</b>  | <b>16 331</b>  |

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

**Outback Communities Authority**  
**Statement of Changes of Equity**  
*for the year ended 30 June 2021*

|   | Asset<br>revaluation<br>surplus<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>equity<br>\$'000 |
|---|---|--------------------------------|---------------------------|
| <b>Balance at 1 July 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>             |
| Net result for 2020-21                        | -   | 1 432                          | 1 432                     |
| <b>Total comprehensive result for 2020-21</b> | <b>-</b>                                  | <b>1 432</b>                   | <b>1 432</b>              |
| <b>Balance at 30 June 2021</b>                | <b>2 414</b>                              | <b>15 349</b>                  | <b>17 763</b>             |

The accompanying notes form part of these financial statements. 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 2021*

|   | 2021           | 2020           |
|---|----------------|----------------|
| Note  | \$'000         | \$'000         |
| <b>Cash flows from operating activities</b>                         |                |                |
| <b>Cash inflows</b>   |                |                |
| Revenue from SA Government  | 3 024          | 1 397          |
| Commonwealth sourced funding  | 2 725          | 3 320          |
| SA Government grants, subsidies and transfers                       | 797            | 619            |
| Interest received   | -              | 16             |
| Other receipts  | 305            | 538            |
| <b>Cash generated from operating activities</b>                     | <b>6 851</b>   | <b>5 890</b>   |
| <b>Cash outflows</b>  |                |                |
| Payments for supplies and services                                  | (2 491)        | (2 560)        |
| Employee benefit payments   | (1 126)        | (929)          |
| Payments for grants and subsidies                                   | (1 679)        | (733)          |
| Other payments  | (43)           | (85)           |
| <b>Cash used in operating activities</b>                            | <b>(5 339)</b> | <b>(4 307)</b> |
| <b>Net cash provided by / (used in) operating activities</b>        | <b>1 512</b>   | <b>1 583</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>-</b>       | <b>21</b>      |
| <b>Cash outflows</b>  |                |                |
| Purchase of property, plant and equipment                           | (1 638)        | (1 611)        |
| <b>Cash used in investing activities</b>                            | <b>(1 638)</b> | <b>(1 611)</b> |
| <b>Net cash provided by / (used in) investing activities</b>        | <b>(1 638)</b> | <b>(1 590)</b> |
| <b>Cash flows from financing activities</b>                         |                |                |
| <b>Cash outflows</b>  |                |                |
| Repayment of leases   | (16)           | -              |
| <b>Cash used by financing activities</b>                            | <b>(16)</b>    | <b>-</b>       |
| <b>Net cash provided by / (used in) financing activities</b>        | <b>(16)</b>    | <b>-</b>       |
| <b>Net increase / (decrease) in cash and cash equivalents</b>       | <b>(142)</b>   | <b>(7)</b>     |
| Cash and cash equivalents at the beginning of the reporting period  | 2 965          | 2 972          |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <b>2 823</b>   | <b>2 965</b>   |

The accompanying notes form part of these financial statements.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**NOTES TO THE FINANCIAL STATEMENTS**

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**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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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 with 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. 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.

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.

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (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 Attorney-General's Department is responsible for the remittance and collection of GST.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**1.2. Objectives and programs**

The Authority is established and empowered by the Act which is within the portfolio responsibilities of the Minister for Planning and 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.

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

The COVID-19 pandemic has had no material impact on the operations of the Authority in 2020-21. 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 2021-22.

The Authority will continue to assess the impact of the COVID-19 pandemic on their operations in 2021-22.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**2. Income****2.1: Revenue from SA Government**

|   | 2021         | 2020         |
|---|--------------|--------------|
|   | \$'000       | \$'000       |
| Revenue from SA Government              | 2 402        | 1 397        |
| <b>Total Revenue from SA Government</b> | <b>2 402</b> | <b>1 397</b> |

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

**2.2. Commonwealth Sourced Funding**

|  | 2021         | 2020         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| Commonwealth-Sourced Grant Funding                                 | 1 564        | 1 565        |
| Commonwealth Grant Funding with sufficient performance obligations | 2 381        | 1 755        |
| <b>Total commonwealth sourced funding</b>                          | <b>3 945</b> | <b>3 320</b> |

The above commonwealth sourced funding were allocated to the following programs / projects:

|   |              |              |
|---|--------------|--------------|
| Financial Assistance Grants                       | 1 564        | 1 565        |
| Local Roads & Community Infrastructure            | 1 220        | -            |
| Drought Communities Programme Extension           | 913          | 900          |
| Outback Water Stations                            | 148          | 493          |
| Northern Flinders Ranges Pastoral Business Review | 100          | -            |
| Oodnadatta Airstrip                               | -            | 307          |
| Marla Airstrip                                    | -            | 55           |
| <b>Total commonwealth sourced funding</b>         | <b>3 945</b> | <b>3 320</b> |

Financial Assistance Grants are recognised in accordance with AASB1058 as income on receipt. Obligations under Commonwealth-sourced grants and funding are required to be met by the State of South Australia.

All revenue from Commonwealth Grant Funding with sufficient performance obligations is revenue recognised from contracts with customers.

The Authority recognises revenue (contracts with customers) from the following major sources:

*Local Roads and Communities Programme Extension*

Local Roads and Community Infrastructure Programme supports local councils to deliver priority local road and community infrastructure projects across Australia. In the Outback areas within South Australia funding has been received to complete projects enhancing local community facilities. Revenue is recognised when specific milestones in the agreement are reached.

*Drought Communities Programme Extension*

Funding received from the Commonwealth's Drought Communities Programme Extension is for drought relief projects in areas impacted by drought. The agreement states that an initial payment is received in advance and then the remaining funding is received based on agreed outcomes. Revenue is recognised when specific milestones in the agreement are reached.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**2.3. SA Government grants, subsidies and transfers**

|   | 2021       | 2020       |
|---|------------|------------|
|   | \$'000     | \$'000     |
| SA Government Funding with sufficient performance obligations | 675        | 533        |
| SA Government Grants  | 122        | 86         |
| <b>Total SA Government grants, subsidies and transfers</b>    | <b>797</b> | <b>619</b> |

The above SA Government grants, subsidies and transfers were allocated to the following programs / projects:

|  |            |            |
|--|------------|------------|
| Municipal Services Infrastructure Program                  | 500        | -          |
| General Purpose SA Government Grants                       | 122        | 86         |
| Dunjiba Municipal Services                                 | 115        | 112        |
| Andamooka Town Services                                    | 60         | 60         |
| Oodnadatta Airstrip  | -          | 306        |
| Marla Airstrip   | -          | 55         |
| <b>Total SA Government grants, subsidies and transfers</b> | <b>797</b> | <b>619</b> |

General Purpose SA Government Grants are recognised in accordance with AASB1058 as income on receipt.

All revenue from SA Government Grant Funding with sufficient performance obligations is revenue recognised from contracts with customers.

The Authority recognises revenue (contracts with customers) from the following major source:

*Municipal Services Infrastructure Program*

The Municipal Services Infrastructure Program is administered by the Office of Local Government and incorporates an initiative to upgrade the Oodnadatta Community Wastewater Management System. Revenue is recognised when specific milestones in the agreement are reached.

**2.4. Net Gain from the Disposal of Non-Current Assets**

|  | 2021     | 2020      |
|--|----------|-----------|
|  | \$'000   | \$'000    |
| <b>Net gain from the disposal of non-current assets received / receivable:</b> |          |           |
| <b>Plant and Equipment:</b>  |          |           |
| Proceeds from disposal   | -        | 21        |
| <b>Total net gain from disposal of non-current assets</b>                      | <b>-</b> | <b>21</b> |

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**2.5. Other Income**

|                               | <b>2021</b>   | <b>2020</b>   |
|-------------------------------|---------------|---------------|
|                               | <b>\$'000</b> | <b>\$'000</b> |
| Community Contribution Scheme | 294           | 314           |
| Recoveries/reimbursements     | 172           | 150           |
| Airstrip landing fees         | 31            | 69            |
| Regional Growth Fund          | -             | 46            |
| Other                         | 9             | 24            |
| <b>Total other income</b>     | <b>506</b>    | <b>603</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 an asset and income when the Authority obtains control of the income or obtains the right to receive the income and the income recognition criteria are met (that is, the amount can be reliably measured and the flow of resources is probable).

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**3. Board, committees and employees**

**3.1. Key Management Personnel**

Key management personnel of the Authority include the Minister for Planning 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 \$248 800 (\$240 000). This compensation excludes salaries and other benefits the Minister receives. 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 under section 6 of 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.

**3.2. Board and Committee Members**

Members during the financial year 2021 were:

**Outback Communities Authority**

- |  |   |
|--|---|
| Fort J (reappointed 3 December 2020)         | Johnson S C (appointed 3 December 2020) |
| Marsland M P (expired on 31 December 2020)   | Vaughan A R (appointed 3 December 2020) |
| Michelmore C P (expired on 31 December 2020) | Wright T W (appointed 3 December 2020)  |
| Roach T S (expired on 31 December 2020)      |   |
| Frahn F L W                                  |   |
| McIntosh W R                                 |   |
| Warmington L                                 |   |

|                                | 2021      | 2020     |
|--------------------------------|-----------|----------|
| \$0 - \$19 999                 | 10        | 7        |
| <b>Total number of members</b> | <b>10</b> | <b>7</b> |

Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits tax and related fringe benefit tax. The total remuneration received or receivable by members was \$63 400 (\$59 100). 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**  
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**3.3. Employee benefits expenses**

|   | 2021         | 2020       |
|---|--------------|------------|
|   | \$'000       | \$'000     |
| Salaries and wages                      | 775          | 699        |
| Board fees                              | 61           | 55         |
| Employment on-costs                     | 157          | 129        |
| Annual leave                            | 71           | 71         |
| Skills and experience retention leave   | 10           | -          |
| Long service leave                      | 24           | 34         |
| Other employee related expenses         | -            | 5          |
| <b>Total employee benefits expenses</b> | <b>1 098</b> | <b>993</b> |

**Remuneration of employees**

The number of employees whose remuneration received or receivable falls within the following bands:

|                       | 2021     | 2020     |
|-----------------------|----------|----------|
|                       | No       | No       |
| \$154 001 – \$174 000 | 1        | 1        |
| <b>Total</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.

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**3.4. Employee benefits liability**

|  | 2021       | 2020       |
|--|------------|------------|
|  | \$'000     | \$'000     |
| <b>Current</b>                             |            |            |
| Annual leave                               | 118        | 113        |
| Skills and experience retention leave      | 9          | 7          |
| Long service leave                         | 161        | 40         |
| Accrued salaries and wages                 | 22         | 25         |
| <b>Total current employee benefits</b>     | <u>310</u> | <u>185</u> |
| <b>Non-current</b>                         |            |            |
| Long service leave                         | 262        | 414        |
| <b>Total non-current employee benefits</b> | <u>262</u> | <u>414</u> |
| <b>Total employee benefits</b>             | <u>572</u> | <u>599</u> |

Employee benefits accrue 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 annual leave liability and the skills and experience retention leave liability 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 9.1.

**Outback Communities Authority**  
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**4. Expenses****4.1. Supplies and services**

|   | 2021         | 2020         |
|---|--------------|--------------|
|   | \$'000       | \$'000       |
| Service contracts                         | 1 446        | 1 158        |
| Property expenses                         | 493          | 381          |
| Administrative costs                      | 210          | 16           |
| Insurance                                 | 193          | 174          |
| Utilities                                 | 103          | 274          |
| Plant, equipment and vehicle expenses     | 64           | 268          |
| Accommodation expenses*                   | 44           | 64           |
| Auditor's remuneration                    | 35           | 34           |
| Legal services                            | 18           | 12           |
| Materials and other purchases             | 1            | 20           |
| Information technology and communications | -            | 27           |
| Other                                     | 27           | 130          |
| <b>Total supplies and services</b>        | <b>2 634</b> | <b>2 558</b> |

\*The Authority's accommodation is provided by the Department for Infrastructure and Transport (DIT) 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.

**Outback Communities Authority**  
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**4.2. Depreciation and amortisation**

|                              | 2021       | 2020       |
|------------------------------|------------|------------|
|                              | \$'000     | \$'000     |
| <b>Depreciation</b>          |            |            |
| Buildings and infrastructure | 639        | 615        |
| Water, sewerage and drainage | 85         | 53         |
| Plant and equipment          | 23         | 29         |
| Right-of-use vehicles        | 17         | -          |
| <b>Total depreciation</b>    | <u>764</u> | <u>697</u> |

All non-current assets, not held for sale with a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

**Useful Life**

Depreciation is calculated on a straight line basis. Property, plant and equipment assets depreciation are calculated over the estimated useful life as follows:

| <b>Class of asset</b>        | <b>Useful life (years)</b> |
|------------------------------|----------------------------|
| Buildings and infrastructure | 4 - 100                    |
| Water, sewerage and drainage | 25 - 87                    |
| Plant and equipment          | 2 - 48                     |
| Right-of-use vehicles        | 1 - 2                      |

**Review of accounting estimates**

Assets' residual values, useful lives and amortisation 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.

**4.3. Grant and subsidies**

|  | 2021         | 2020       |
|--|--------------|------------|
|  | \$'000       | \$'000     |
| Drought Communities Programme Extension        | 763          | 453        |
| Local Roads and Community Infrastructure       | 529          | -          |
| Regional Development Initiatives               | 212          | 70         |
| Community Affairs Resourcing Management Grants | 144          | 194        |
| Sports and Youth Grants                        | 7            | 16         |
| Other  | 24           | -          |
| <b>Total grants and subsidies</b>              | <u>1 679</u> | <u>733</u> |

**4.4. Other expenses**

|                                | 2021      | 2020      |
|--------------------------------|-----------|-----------|
|                                | \$'000    | \$'000    |
| Community Levy                 | 43        | 39        |
| Bad and doubtful debts expense | -         | 2         |
| Other                          | -         | 44        |
| <b>Total other expenses</b>    | <u>43</u> | <u>85</u> |

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
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**5. Non-financial assets**

**5.1. Property, plant and equipment by asset class**

Property, plant and equipment comprises of tangible assets owned and right-of-use (leased) assets that do not meet the definition of investment property.

|   | 2021          | 2020          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| <b>Land</b>                                       |               |               |
| Land at fair value                                | 72            | 72            |
| <b>Total land</b>                                 | <u>72</u>     | <u>72</u>     |
| <b>Buildings and Infrastructure</b>               |               |               |
| Buildings and infrastructure at fair value        | 26 744        | 26 462        |
| Accumulated depreciation                          | (16 225)      | (15 586)      |
| <b>Total buildings and infrastructure</b>         | <u>10 519</u> | <u>10 876</u> |
| <b>Water, sewerage and drainage</b>               |               |               |
| Water, sewerage and drainage assets at fair value | 3 619         | 2 761         |
| Accumulated depreciation                          | (1 417)       | (1 332)       |
| <b>Total water, sewerage and drainage</b>         | <u>2 202</u>  | <u>1 429</u>  |
| <b>Plant and equipment</b>                        |               |               |
| Plant and equipment at fair value                 | 1 450         | 1 162         |
| Accumulated depreciation                          | (875)         | (852)         |
| <b>Total plant and equipment</b>                  | <u>575</u>    | <u>310</u>    |
| <b>Right of use vehicles</b>                      |               |               |
| Right of use vehicles at cost                     | 51            | -             |
| Accumulated depreciation                          | (17)          | -             |
| <b>Total right of use vehicles</b>                | <u>34</u>     | <u>-</u>      |
| <b>Work in progress</b>                           |               |               |
| Work in progress                                  | 941           | 728           |
| <b>Total work in progress</b>                     | <u>941</u>    | <u>728</u>    |
| <b>Total property plant and equipment</b>         | <u>14 343</u> | <u>13 415</u> |

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
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**5.2. Property, plant and equipment owned by the Authority**

Property, plant and equipment owned by the Authority with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed.

Property, plant and equipment owned by the Authority is recorded at fair value. Detail about the department's approach to fair value is set out in note 9.2

**Impairment**

Property, plant and equipment owned by the Authority have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity.

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2021.

**Reconciliation of property, plant and equipment**

The following table shows the movement of property, plant and equipment during 2020-21:

| Reconciliation 2020-21                 | Buildings and infrastructure |               | Water,<br>sewerage and<br>drainage | Plant and<br>Equipment | Work in<br>Progress | Total         |
|--|------------------------------|---------------|------------------------------------|------------------------|---------------------|---------------|
|  | Land<br>\$'000               | \$'000        | \$'000                             | \$'000                 | \$'000              | \$'000        |
| Carrying amount at 1 July 2020         | 72                           | 10 876        | 1 429                              | 310                    | 728                 | 13 415        |
| Acquisitions                           | -                            | -             | -                                  | -                      | 1 638               | 1 638         |
| Transfer from works in progress        | -                            | 281           | 857                                | 287                    | (1 425)             | -             |
| Depreciation and amortisation          | -                            | (639)         | (85)                               | (23)                   | -                   | (747)         |
| Other movements                        | -                            | 1             | 1                                  | 1                      | -                   | 3             |
| <b>Carrying amount at 30 June 2021</b> | <b>72</b>                    | <b>10 519</b> | <b>2 202</b>                       | <b>575</b>             | <b>941</b>          | <b>14 309</b> |

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
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**5.3. Property, plant and equipment leased by the Authority**

Right-of-use assets for property, plant and equipment leased by the Authority is measured at cost. Additions to leased property, plant and equipment during 2020-21 were \$51 000.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.1.

The Authority has a limited number of leases:

- 4 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No variable lease payments are provided for in the lease agreements and no options exist to renew the leases at the end of their term.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4.

**Impairment**

Property, plant and equipment leased by the Authority has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

**6. Financial assets**

**6.1. Cash**

|  | 2021         | 2020         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| Deposits with the Department of Treasury and Finance | 2 823        | 2 965        |
| <b>Total cash and cash equivalents</b>               | <b>2 823</b> | <b>2 965</b> |

Cash is measured at nominal amounts.

**6.2. Receivables**

|                                  | 2021       | 2020       |
|----------------------------------|------------|------------|
|                                  | \$'000     | \$'000     |
| <b>Current</b>                   |            |            |
| Receivables                      | 229        | 53         |
| Expected credit loss             | (4)        | (4)        |
| Accrued revenues                 | 577        | 552        |
| Prepayments                      | 89         | 61         |
| <b>Total current receivables</b> | <b>891</b> | <b>662</b> |
| <b>Total receivables</b>         | <b>891</b> | <b>662</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, prepayments and accrued revenues are non-interest bearing. 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.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
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**6.2. Receivables (continued)**

Allowance for impairment loss on receivables

|   | 2021     | 2020     |
|---|----------|----------|
|   | \$'000   | \$'000   |
| Carrying amount at the beginning of the period                            | 4        | 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>4</b> |

**6.3. Contract assets**

|                                      | 2021         | 2020     |
|--------------------------------------|--------------|----------|
|                                      | \$'000       | \$'000   |
| <b>Current</b>                       |              |          |
| Contract assets - current            | 1 220        | -        |
| <b>Total current contract assets</b> | <b>1 220</b> | <b>-</b> |
| <b>Total contract assets</b>         | <b>1 220</b> | <b>-</b> |

Contract assets relate to the Authority's rights to consideration for work completed but not yet billed at the reporting date on the Local Roads and Community Infrastructure Program. Amounts are billed in accordance with agreed upon contractual terms (i.e. periodic intervals). Contract assets are transferred to receivables when the rights become unconditional. Based on assessment of historical invoice billing and collection data, the Authority did not recognise a loss allowance for contract assets in accordance with AASB 9.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
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**7. Liabilities**

**7.1. Payables**

|                                   | 2021<br>\$'000 | 2020<br>\$'000 |
|-----------------------------------|----------------|----------------|
| <b>Current</b>                    |                |                |
| Creditors                         | 624            | 2              |
| Accrued expenses                  | 219            | 45             |
| Employment on-costs               | 39             | 27             |
| <b>Total current payables</b>     | <b>882</b>     | <b>74</b>      |
| <b>Non-current</b>                |                |                |
| Employment on-costs               | 25             | 38             |
| <b>Total non-current payables</b> | <b>25</b>      | <b>38</b>      |
| <b>Total payables</b>             | <b>907</b>     | <b>112</b>     |

Accruals are raised for all amounts owing but unpaid and are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short term nature.

**Employment on-costs**

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. 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 (DTF), the portion of long service leave taken as leave has remained the same at 42%, and the average factor for the calculation of employer superannuation contribution on-costs has increased to 10.1% (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 a decrease in the employment on-cost and employee benefits expense. This decrease was immaterial and the estimated impact on 2021 is not expected to be material.

**Outback Communities Authority**  
**Notes to and forming part of the financial statements**  
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## 7.2. Financial liabilities

|  | 2021<br>\$'000   | 2020<br>\$'000  |
|--|------------------|-----------------|
| <b>Current</b>                                 |                  |                 |
| Lease liabilities                              | 23               | -               |
| <b>Total current financial liabilities</b>     | <u>23</u>        | <u>-</u>        |
| <b>Non current</b>                             |                  |                 |
| Lease liabilities                              | 12               | -               |
| <b>Total non-current financial liabilities</b> | <u>12</u>        | <u>-</u>        |
| <b>Total financial liabilities</b>             | <u><u>35</u></u> | <u><u>-</u></u> |

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or Treasury's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year. All material cash outflows are reflected in the lease liabilities disclosed above.

## 8. Outlook

### 8.1. 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>  | 2021<br>\$'000 | 2020<br>\$'000 |
|---|----------------|----------------|
| 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>  | <u>-</u>       | <u>23</u>      |

| <b>Expenditure commitments</b>  | 2021<br>\$'000 | 2020<br>\$'000 |
|---|----------------|----------------|
| 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   | 500            | 251            |
| Later than one year but not longer than five years  | 237            | 74             |
| Later than five years   | 256            | -              |
| <b>Total expenditure commitments</b>  | <u>993</u>     | <u>325</u>     |

Expenditure commitments relate to commitments arising from other service contracts, accommodation and grant funding.

### 8.2. Contingent assets and contingent liabilities

The Authority is not aware of any contingent assets or liabilities as at 30 June 2021.

### 8.3. Events after balance date

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**  
*for the year ended 30 June 2021*

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**9. Measurement and Risk**

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

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

The actuarial assessment performed by DTF 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 increased from 0.75% (2020) to 1.25% (2021).

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$25 000 and employee benefits expense of \$25 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate the same at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The long service leave liability has been allocated between current and non-current liabilities using the leave pattern history of previous years, except where it is known that leave will be taken in the next 12 months.

**9.2. 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.

**Initial 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. 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**  
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**9.2 Fair value (continued)**

**Revaluation**

Property, plant and equipment, other than right of use asset is subsequently measured at fair value after allowing for accumulated depreciation.

An independent valuation of assets including land, buildings and infrastructure and water and sewerage assets were valued by the 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 2020-21.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Every six years, the authority revalues its land, buildings and infrastructure and water and sewerage assets. 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.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

**9.3. Financial instruments**

***Financial risk management***

Risk management is managed by the Authority's corporate services section and Authority risk management policies are in accordance with the *SA Government Risk Management Guide* and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

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 DTF 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 measured at amortised cost and are current for 2021.