

CTP Regulator

Financial report
for the year ended
30 June 2018



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**To the Chief Executive
CTP Regulator**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of CTP Regulator for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the CTP Regulator as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with the 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Director, Scheme Analytics and Finance.

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 CTP Regulator. 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 have been met.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Executive for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the 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.

Auditor's responsibilities for the audit of the financial report

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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- 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 Chief Executive 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 long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

21 September 2018

CTP Regulator
Statement of Certification
for the year ended 30 June 2018

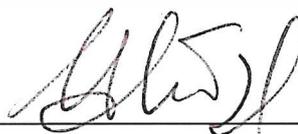
We certify that the financial statements of the Compulsory Third Party Regulator (the Regulator):

- are in accordance with the accounts and records of the Regulator
- comply with relevant Treasurer's Instructions
- comply with relevant accounting standards
- present a true and fair view of the financial position of the Regulator at the end of the financial year and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Regulator for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Kim Birch
Chief Executive
20 September 2018



Ivan Lebedev
Director, Scheme Analytics and Finance
20 September 2018

Compulsory Third Party Regulator

Financial Statements

For the year ended 30 June 2018

CTP Regulator
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Administration premium component distributions	3	57 106	56 535
Other expenses	4	579	5 163
Total expenses		57 685	61 698
Income			
Administration premium component collections	5	60 479	58 073
Interest revenue	6	237	228
Other revenues	7	63	10 178
Total income		60 779	68 479
Net cost of providing services		3 094	6 781
Total comprehensive result		3 094	6 781

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

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CTP Regulator
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	8	11 384	9 282
Receivables	9	669	1 127
Total current assets		12 053	10 409
Total assets		12 053	10 409
Current liabilities			
Payables	10	2 178	3 628
Total current liabilities		2 178	3 628
Total liabilities		2 178	3 628
Net assets		9 875	6 781
Equity			
Retained earnings		9 875	6 781
Total equity		9 875	6 781

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments 11

Contingent assets and liabilities 12

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

CTP Regulator
Statement of Changes in Equity
for the year ended 30 June 2018

	Note	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2016		-	-
Net result for 2016-17		6 781	6 781
Total comprehensive result for 2016-17		6 781	6 781
Balance at 30 June 2017		6 781	6 781
Net result for 2017-18		3 094	3 094
Total comprehensive result for 2017-18		3 094	3 094
Balance at 30 June 2018		9 875	9 875

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

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CTP Regulator
Statement of Cash Flows
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Cash outflows			
Payments for administration fees		(58 438)	(53 040)
Payments for other expenses		(697)	(5 030)
Cash used in operations		<u>(59 135)</u>	<u>(58 070)</u>
Cash inflows			
Receipts from administration fees		60 335	57 574
Other receipts		665	9 567
Interest received		237	211
Cash generated from operations		<u>61 237</u>	<u>67 352</u>
Net cash provided by / (used in) operating activities		<u>2 102</u>	<u>9 282</u>
Net increase / (decrease) in cash and cash equivalents		<u>2 102</u>	<u>9 282</u>
Cash and cash equivalents at the beginning of the reporting period		9 282	-
Cash and cash equivalents at the end of the reporting period	8	<u><u>11 384</u></u>	<u><u>9 282</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

CTP Regulator

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

1 Basis of financial statements

a) Reporting entity

The Regulator is an instrumentality of the Crown and a not-for-profit statutory authority of the South Australian government.

The financial statements and accompanying notes include all the controlled activities of the Regulator. Transactions and balances relating to administered resources are not recognised as Regulator income, expenses, assets or liabilities.

Administered items are disclosed in the schedule of administered items in Note 17. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for Regulator items. The administered activities include the receipt and on-passing of stamp duty on CTP insurance premiums. Stamp Duty is payable under a specific arrangement between the Regulator and the Commissioner of State Taxation pursuant to the *Taxation Administration Act 1996*. Under its MOAA with the Commissioner of State Taxation, the Regulator, on behalf of the CTP Insurers, collects and remits all Stamp Duty payable on premiums.

b) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA). The financial statements are general purpose financial statements.

The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Regulator has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Regulator 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 Department for the period ending 30 June 2018.

c) Basis of preparation

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

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.

Significant accounting policies are set out in the Notes.

d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or Accounting Policy Statements have required a change.

CTP Regulator

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

1 Basis of financial statements (continued)

e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or Accounting Policy Statements have required a change.

f) Taxation

The Regulator is not liable for Payroll Tax, Fringe Benefits Tax (FBT), Income Tax or Goods and Services Tax (GST).

The Department of Treasury and Finance (DTF) prepares the Business Activity Statements on behalf of the Regulator under the grouping provision of GST legislation. Under these provisions, the net amount of GST recoverable from, or payable to the Australian Taxation Office (ATO) is included in DTF Financial Statements as DTF is liable for the payments and entitled to the recovery of GST.

The Regulator is liable for the payment of stamp duties levied under the *Stamp Duties Act 1923*. Stamp Duties are levied on the CTP insurance premium component collected by the Regulator on behalf of the four CTP insurers. The Regulator is required to pay the stamp duties to the Commissioner of State Taxation pursuant to a MOAA.

2 Objectives and activities

Objectives

The Compulsory Third Party Regulator (the Regulator) is established as an independent statutory authority under the *Compulsory Third Party Insurance Regulation Act 2016* (CTPIR Act).

The Regulator is responsible for leading the ongoing development of an efficient, competitive, and viable CTP insurance industry in South Australia, and the oversight, monitoring and reporting of CTP Insurer activities.

The Regulator's role includes ensuring that a fair and affordable CTP Insurance Scheme (Scheme) is maintained, continuing to improve Scheme outcomes for injured persons, and having oversight of the CTP insurance premium setting process.

Four private CTP Insurers (AAMI, Allianz, QBE, and SGIC) were approved to write CTP Insurance Premiums in South Australia from 1 July 2016. Each CTP Insurer was allocated an initial share of the CTP market during the transition period. From 1 July 2019 under the competitive model, motorists will be able to actively choose their CTP Insurer.

During 2017-18, the Regulator has progressed operational implementation to ensure the model is market ready for CTP insurance policies effective 1 July 2019 onwards.

The total scheduled CTP Insurance Premium is made up of:

- the Insurer Premium Component;
- the Administration Premium component; and
- GST and Stamp Duty

All Premiums are collected by the Department of Planning, Transport and Infrastructure (DPTI), through the registration process using the Transport Regulation User Management Processing System (TRUMPS). TRUMPS has integrated front end processes within DPTI and Service SA to allow motorists to register their vehicles through various methods.

DPTI disburses the Insurer Premium component and the associated GST to the relevant CTP Insurer and the Stamp Duty and Administration fees to the Regulator.

CTP Regulator

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

2 Objectives and activities (continued)

The components of the CTP managed by CTP Regulators are:

- the full stamp duty payable on the CTP Insurance Premium, disbursed by the Regulator to RevenueSA. This occurs under a specific arrangement with the Commissioner of State Taxation under section 35 of the *Taxation Administration Act 1996*;
- a health care component which funds disbursements by the CTP Regulator to SA Public Hospitals and other relevant SA Government health care providers. This includes Bulk Hospital, Bulk Ambulance and the State Rescue Helicopter;
- a road safety component which funds disbursement by the Regulator to the Motor Accident Commission for the State's Road Safety Program
- a collection fee (DPTI) which funds disbursement by the Regulator to DPTI for management of the collection of premiums, maintenance of policy records and provision of access to information regarding policy records; and
- a Regulator fee component to be retained by the Regulator to fund its operations.

These arrangements, with the exception of the Regulator fee, are detailed in Memorandum of Administrative Arrangements (MoAAs) between the Regulator and the individual government agencies.

Activities

The *Compulsory Third Party Insurance Regulation Act 2016* specifies a general set of functions for the Regulator.

During the year ended 30 June 2018, the principle regulation activities of the Regulator were:

- regulation of the CTP Insurers
- determination of the premium amounts payable in respect of the CTP Insurance policies in 2018-19
- determination of the minimum terms and conditions of CTP Insurance policies
- monitoring, auditing and review of the operation and efficiency of the CTP insurance business
- provision of information to consumers about the CTP insurance business and CTP Insurers
- establishment, monitoring and review of rules that the CTP Insurers must comply with.

Nominal Defendant

The Regulator has performed the nominal defendant function since 1 January 2017.

The nominal defendant acts as an insurer and bears the liabilities of meeting claims in cases where:

- injuries are caused to a claimant by a motor vehicle that is not identified
- injuries are caused to a claimant by a motor vehicle for which there is no in force policy.

The Nominal Defendant claims costs are reflected in the accounts of the CTP Insurer.

The Motor Accident Injury Assessment Scheme (MAIAS)

During the year ended 30 June 2018, the Regulator performed the secretariat function for the Accreditation Panel and the Motor Accident Injury Assessment Scheme (MAIAS).

The MAIAS was established by the designated Minister (the South Australian Attorney-General) under section 76 of the *Civil Liability Act 1936* to accredit health professionals to undertake Injury Scale Value (ISV) medical assessments and reports. These reports are to assist the claimant and the CTP Insurer in the determination of the ISV. The ISV is used to assist in determining an injured person's entitlements to compensation, subject to certain thresholds, under the CTP Insurance Scheme.

CTP Regulator
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

3 Administration premium component distributions

	2018	2017
	\$'000	\$'000
Hospital and emergency fees	27 305	26 688
Road safety fees	13 931	13 525
CTPI premium collection fees - paid to DPTI for admin	11 500	11 500
Regulator fees - paid to DTF for admin	4 370	4 822
Total administration fees	57 106	56 535

Audit fees paid/payable to the Auditor-General's Department (AGD) relating to work performed under the PFAA and included in Regulator fees above were \$25,200 (2017: \$31,000).

Administration premium component distributions

The Administration premium component distributions are recognised on an accrual basis and cover the costs of a range of government services associated with CTP insurance policy administration, including health services for injuries sustained during a motor vehicle accident and road safety initiatives.

The Regulator has entered into a MoAA with DTF for the 2017-18 financial year. Under the MoAA, DTF provides the Regulator with staff and infrastructure required to meet its functions under a cost recovery relationship. Based on the Regulator fees - paid to DTF for admin (as per note 3) and the CTPI Scheme improvement projects (as per note 4), the total amount payable to DTF under the cost recovery relationship was \$4.795 million in the 2017-18 financial year.

4 Other expenses

	2018	2017
	\$'000	\$'000
CTPI Scheme improvement projects	425	2 601
Medical practitioner payments	134	123
Insurer premium payments	-	553
Compensable patient refunds	3	328
Refunds for novated policy cancellations	17	1 555
Other	-	3
Total other expenses	579	5 163

***Refunds for Novated Policy Cancellations.**

These payments only apply to policies that were novated as at 1 July 2016, which in most cases had a policy term of 12 months or less, that were subsequently cancelled by motorists.

CTP Regulator
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

5 Administration premium component collections

	2018	2017
	\$'000	\$'000
Hospital and emergency fees	28 067	26 664
Road safety fees	14 232	13 634
DPTI premium collection fees	11 713	11 596
Regulator operations	6 467	6 179
Total administration fees collected	60 479	58 073

Administration premium component collections

Premiums are collected from motorists by the Department of Planning, Transport and Infrastructure. The Stamp Duty and administration components of the CTP insurance premiums collected by DPTI are paid to the Regulator. These are recognised as earned on the date of receipt in the DPTI TRUMPS.

6 Interest revenue

	2018	2017
	\$'000	\$'000
Deposit account interest receipts	237	228
Total Interest revenue	237	228

7 Other revenues

	2018	2017
	\$'000	\$'000
Regulator's share of advance renewal premiums*	-	1 296
Recoveries for novated policy cancellations**	25	1 294
Compensable patient recoveries	3	328
Regulator's share of unearned premium on novated policies***	-	6 534
Premium recoveries	-	704
Other	35	22
Total other revenues	63	10 178

***Regulator's Share of Advance Renewal Premiums**

This reflects the Regulator's share of premiums on policies renewed in advance of the policy commencement date that was transferred from DTF Administered Items transitional funds on 1 July 2016. This is a one-off transaction.

****Recoveries for Novated Policy Cancellations.**

These recoveries only apply to policies that were novated as at 1 July 2016, which in most cases had a policy term of 12 months or less.

*****Regulator's Share of Unearned Premiums on Novated Policies**

This reflects the Regulator's share of the administrative component of the unearned premiums on novated policies transferred from the Motor Accident Commission on 4 August 2016. This is a one-off transaction.

CTP Regulator
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

8 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	11 384	9 282
Total cash and cash equivalents	11 384	9 282

Cash and cash equivalents in the Statement of Financial Position includes cash at bank held in a deposit account with the Treasurer.

Cash is measured at nominal value.

The Regulator's physical cash balance is held within the Department of Treasury and Finance Operating Bank Account.

9 Receivables

	2018	2017
	\$'000	\$'000
Current		
Receivables	652	1 110
Accrued interest revenue	17	17
Total current receivables	669	1 127
 Total receivables	 669	 1 127

Receivables include amounts receivable from services provided, transactions performed by the Regulator to facilitate functions of the Regulator scheme and other accruals.

The collectability of receivables is reviewed on an ongoing basis. An allowance for impairment loss (doubtful debt) is raised when there is objective evidence that the Regulator will not be able to collect the debt. Bad debts are written off when identified.

Other classes of assets, including non-current assets and intangible assets are held by DTF through the Memorandum of Administrative Arrangements.

CTP Regulator
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

10 Payables

	2018	2017
	\$'000	\$'000
Current		
Creditors and accrued expenses	2 178	3 628
Total current payables	2 178	3 628
Total payables	2 178	3 628

Payables include creditors and accrued expenses.

Creditors represent the amount owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices and payment requests received relating to the normal operations of the Regulator.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

11 Unrecognised contractual commitments

Commitments include expenditure commitments arising from contractual sources and are disclosed at their nominal value.

These primarily relate to expenditure expected to be incurred under MoAAs between the Regulator and other South Australian government agencies.

The Regulator has entered into MoAAs that cover the costs of a range of government services connected with CTP insurance policy administration, including health services for injuries sustained during a motor vehicle accident and road safety initiatives.

	2018	2017
	\$'000	\$'000
No later than one year	53 789	52 736
Later than one year but not later than five years	-	53 789
Total commitments	53 789	106 525

CTP Regulator
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

12 Contingent assets and liabilities

Ministerial Direction

In accordance with the Ministerial Direction on Unearned Premium Payments by the Minister of Finance, dated 27 July 2016, the MAC was requested to make payment of the administrative component of the Unearned Premium to the DTF Operating Account. The payment was to be made at dates and amounts directed by the Chief Executive of DTF to a total of \$21.623 million.

The Chief Executive of DTF requested MAC make a payment of \$6.534 million on 4 August 2016. The balance remaining at 30 June 2018 is \$15.089 million. The payment of the remaining balance is subject to the direction of the Chief Executive of DTF.

CTP Regulator
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

13 Related party transactions

The Regulator is a statutory authority and is wholly owned and controlled by the Crown. Related parties of the Regulator include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Collectively, but not individually significant transactions with government related entities.

Quantitative information about transactions and balances between the Regulator and other SA Government entities is disclosed at Note 16.

Key management personnel

Key management personnel of the Regulator include the Minister, the Chief Executive and the three members of the Executive team who have responsibility for the strategic direction and management of the agency. The compensation detailed below 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 (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2018	2017
	\$'000	\$'000
Salaries and other short term employee benefits	843	632
Post-employment benefits	76	62
Total related parties transactions	919	694

Transactions with Key Management Personnel and other related parties

There were not any significant transactions identified between Key Management Personnel and other related parties.

14 Cash flow reconciliation

	2018	2017
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	11 384	9 282
Balance as per the Statement of Cash Flows	11 384	9 282
Reconciliation of net cash provided by / (used in) operating activities to net result		
Net cash provided by/(used in) operating activities	2 102	9 282
Movement in assets and liabilities		
Increase/(decrease) in receivables	(458)	1 127
(Increase)/decrease in payables	1 450	(3 628)
Net result	3 094	6 781

CTP Regulator

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

15 Impact of standards and statements not yet implemented

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Regulator for the period ending 30 June 2018. The Regulator has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies of the financial statements of the Regulator, except below.

AASB 16 *Leases* will apply for the first time to reporting periods beginning on or after 1 January 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases.

The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost and amortisation will be recognised as an expense.

The Regulator has not yet quantified the exact impact of applying AASB 16 *Leases* to its operating lease arrangements and the resulting impact on the Statement of Comprehensive Income or the Statement of Financial Position and the Commitments disclosure in the Notes to the financial statements. The exact impact will not be known until the year of transition.

It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

The Regulator has no current lease commitment, however the Regulator may enter leases in 2018-19 for office accommodation.

AASB 15 replaces AASB 118 and AASB 111, and introduces a five-step process for revenue recognition. The core principle of the new standard is to recognise revenue "when control of a good or service transfer to a customer". This is effectively when performance obligations have been met, rather than the current model of "where the risk and rewards of ownership reside". AASB 1058 specifies income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15.

AASB 1058 and AASB 15 will supersede much of income recognition requirements relating to public sector NFP entities previously specified in AASB 1004. The timing of income recognition will depend on whether a transaction gives rise to a liability or other performance obligation such as a promise to transfer goods and services, or a contribution by owners related to an asset received by the CTP Regulator. Where no liability is recognised under another standard or the liability is less than the fair value of the asset received then income will be recognised. AASB 15 and AASB 1058 applies to reporting periods commencing after 1 January 2019. The application date for the CTP Regulator is 1 July 2019. CTP Regulator will assess the full impact of applying AASB15 and AASB 1059 during the 2018/19 financial year.

CTP Regulator
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

16 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Administration premium							
Component distributions	3	56 409	56 535	697	-	57 106	56 535
Other expenses	4	445	4 487	134	676	579	5 163
Total expenses		56 854	61 022	831	676	57 685	61 698
Income							
Administration premium							
Component collections	5	60 479	58 073	-	-	60 479	58 073
Interest revenue	6	237	228	-	-	237	228
Other revenues	7	-	9 041	63	1 137	63	10 178
Total income		60 716	67 342	63	1 137	60 779	68 479
Financial assets							
Cash and cash equivalents	8	11 384	9 282	-	-	11 384	9 282
Receivables	9	660	582	9	545	669	1 127
Total financial assets		12 044	9 864	9	545	12 053	10 409
Financial liabilities							
Payables	10	2 163	3 607	15	21	2 178	3 628
Total financial liabilities		2 163	3 607	15	21	2 178	3 628
Administered expenses							
Stamp duty expenses	17	52 595	51 398	-	-	52 595	51 398
Total administered expenses		52 595	51 398	-	-	52 595	51 398
Administered income							
Stamp duty collected	17	52 595	51 398	-	-	52 595	51 398
Total administered income		52 595	51 398	-	-	52 595	51 398
Administered financial assets							
Cash and cash equivalents	17	4 251	4 758	-	-	4 251	4 758
Administered receivables	17	568	483	-	-	568	483
Total administered assets		4 819	5 241	-	-	4 819	5 241
Administered financial liabilities							
Administered payables	17	4 819	5 241	-	-	4 819	5 241
Total administered liabilities		4 819	5 241	-	-	4 819	5 241

CTP Regulator
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

17 Administered items

	2018	2017
	\$'000	\$'000
Administered expenses		
Stamp Duty expenses	52 595	51 398
Total administered expenses	52 595	51 398
Administered income		
Stamp Duty collected	52 595	51 398
Total administered income	52 595	51 398
Net result	-	-
	2018	2017
	\$'000	\$'000
Administered assets		
Receivables	568	483
Cash and cash equivalents	4 251	4 758
Total administered assets	4 819	5 241
Administered liabilities		
Payables	4 819	5 241
Total administered liabilities	4 819	5 241
Net administered assets	-	-
	2018	2017
	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Taxation receipts	52 510	50 915
Cash generated from operating activities	52 510	50 915
Cash outflows		
Taxation payments	(53 017)	(46 157)
Cash used in operations	(53 017)	(46 157)
Net cash provided by / (used in) operating activities	(507)	4 758
Net increase / (decrease) in cash and cash equivalents	(507)	4 758
Cash and cash equivalents at the beginning of the reporting period	4 758	-
Cash and cash equivalents at the end of the reporting period	4 251	4 758

CTP Regulator
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

18 Events after the reporting period

No circumstance has arisen that has affected or may significantly affect the Regulator's operations since 30 June 2018.