

Lifetime Support Authority of South Australia

Financial report
for the year ended
30 June 2018



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To the Chair of the Board Lifetime Support Authority of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 21(2) of the *Motor Vehicle Accident (Lifetime Support Scheme) Act 2013*, I have audited the financial report of the Lifetime Support Authority of South Australia 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 Lifetime Support Authority of South Australia 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 Chair, the Acting Chief Executive and the Director Corporate.

Significant inherent uncertainty – provision for participants' treatment, care and support services

Without qualification to the opinion expressed above, attention is drawn to note 20 of the financial report. There is significant inherent uncertainty surrounding the estimate of the provision for participants' treatment, care and support services because of the long-term nature of the provision and limited participants' experience to date. This uncertainty will remain until sufficient participants' experience is available.

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 Lifetime Support Authority of South Australia. 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 Conduct 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 Acting Chief Executive and members of the Board for the financial report

The Acting 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 promulgated under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The members of the Board are responsible for overseeing the entity's financial reporting process.

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 Acting 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 Acting Chief Executive regarding, 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 'Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

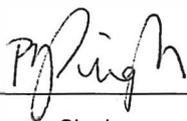
17 September 2018

Lifetime Support Authority of South Australia
Statement of Certification
for the year ended 30 June 2018

We certify that the financial statements of the Lifetime Support Authority of South Australia (LSA):

- are in accordance with the accounts and records of the LSA
- comply with relevant Treasurer's Instructions
- comply with relevant accounting standards
- present a true and fair view of the financial position of the LSA 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 LSA for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Rebecca Singh
Acting Chief Executive
13 September 2018



Sorana Dinmore
Director, Corporate
19 September 2018



Juliet Brown
Chair
13 September 2018

**Lifetime Support Authority of South Australia
(LSA)**

Financial Statements

For the year ended 30 June 2018

Lifetime Support Authority of South Australia
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Participant treatment, care and support expenses	3	130 265	113 546
Duty on LSS Fund levy		14 963	14 755
Reinsurance		2 769	3 221
Employee benefits expenses	4	4 789	3 137
Service delivery and corporate expenses	6	2 495	1 913
Research, education and programs		2 517	581
Managed client		-	442
Amortisation	8	375	179
Total expenses		158 173	137 774
Income			
Revenues from LSS Fund levy		150 715	148 888
Investment revenues	9	49 546	32 836
Other revenues	10	4	22 924
Total income		200 265	204 648
Net result from operating activities		42 092	66 874
Net result		42 092	66 874
Total comprehensive result		42 092	66 874

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

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

Lifetime Support Authority of South Australia
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	11	1 359	1 126
Receivables	12	2 688	2 098
Total current assets		4 047	3 224
Non-current assets			
Receivables	12	-	23 285
Financial assets at fair value	14	597 767	441 053
Property, plant and equipment	15	234	512
Intangible assets	16	199	281
Total non-current assets		598 200	465 131
Total assets		602 247	468 355
Current liabilities			
Payables	18	4 346	5 028
Employee benefits	19	460	310
Provisions	20	36 727	23 373
Total current liabilities		41 533	28 711
Non-current liabilities			
Payables	18	62	37
Employee benefits	19	672	404
Provisions	20	361 063	282 378
Total non-current liabilities		361 797	282 819
Total liabilities		403 330	311 530
Net assets		198 917	156 825
Equity			
Retained earnings		198 917	156 825
Total equity		198 917	156 825

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

Unrecognised contractual commitments	21
Contingent assets and liabilities	22

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

Lifetime Support Authority of South Australia
Statement of Changes in Equity
for the year ended 30 June 2018

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 30 June 2016	89 951	89 951
Net result for 2016-17	66 874	66 874
Total comprehensive result for 2016-17	66,874	66,874
Balance at 30 June 2017	156,825	156,825
Net result for 2017-18	42 092	42 092
Total comprehensive result for 2017-18	42 092	42 092
Balance at 30 June 2018	198 917	198 917

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

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

Lifetime Support Authority of South Australia
Statement of Cash Flows
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Cash outflows			
Duty on LSS Fund levy		(14 989)	(14 649)
Participant treatment, care and support expenses		(38 280)	(10 479)
Employee benefits expenses		(4 314)	(2 937)
Reinsurance		19 750	(2 419)
Service delivery and corporate expenses		(3 149)	(1 175)
Research education and programs		(2 419)	(480)
Managed client		-	(442)
GST paid to the ATO		(56)	(30)
Payments for Paid Parental Leave Scheme		-	(2)
Cash used in operations		(43 457)	(32 613)
Cash inflows			
LSS Fund levy		150 969	148 422
Interest received		32	24
Other revenues		4	197
Cash generated from operations		151 005	148 643
Net cash provided by / (used in) operating activities	24	107 492	116 030
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(59)	(541)
Purchase of intangibles		-	-
Purchase of investments		(107 200)	(115 300)
Cash used in investing activities		(107 259)	(115 841)
Net cash provided by / (used in) investing activities		(107 259)	(115 841)
Net increase / (decrease) in cash and cash equivalents		233	189
Cash and cash equivalents at the beginning of the reporting period		1 126	937
Cash and cash equivalents at the end of the reporting period	11	1 359	1 126

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

Lifetime Support Authority of South Australia

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 LSA does not control any other entity and has no interest in unconsolidated structured entities.

b) Statement of compliance

The LSA has prepared these financial statements 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 LSA has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the LSA 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 LSA for the period ending 30 June 2018.

c) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the LSA's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
 - (b) expenses incurred as a result of engaging consultants
 - (c) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than direct out-of-pocket reimbursement
 - (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

The LSA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

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 even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the LSA has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1 Basis of financial statements (continued)

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.

e) Taxation

The LSA is liable for Payroll Tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). A nil tax rate is currently approved by the Treasurer for the calculation of income tax equivalent payments to the South Australian Government, consistent with the establishment of LSS Fund levy to be on a break-even basis.

The Department of Treasury and Finance (DTF) prepares the Business Activity Statement on behalf of the LSA under the grouping provisions of the GST legislation. Under these provisions, DTF is liable for the payments and entitled to the receipt of GST. As such, GST applicable to the LSA forms part of the financial statements of DTF.

2 Objectives

The Lifetime Support Authority of South Australia (LSA) is a not-for-profit statutory authority of the South Australian Government. The LSA was established on 1 July 2013 under section 7 of the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013* (the Act).

The Board is the governing body of the LSA, and was appointed by the Governor effective from 8 October 2013.

The LSA is responsible for the administration of the Lifetime Support Scheme (LSS), which commenced on 1 July 2014.

The LSS provides necessary and reasonable treatment, care and support for people who suffer very serious injuries in motor vehicle accidents in South Australia, regardless of fault. People who sustain injuries that cause paraplegia or quadriplegia, brain injury, amputations or equivalent, major burns or blindness, in accordance with the LSS Rules, qualify for support. The LSS is funded by the LSS Fund levy paid on motor vehicle registrations. The LSS is governed by the LSS Rules, which are made by the Governor on the recommendation of the Lifetime Support Authority of South Australia.

The functions of the LSA under the Act are to:

- monitor the operation of the LSS
- provide advice to the Minister about the administration, efficiency and effectiveness of the LSS
- provide support and funding for programs that will provide high-quality services to participants in the LSS, and research and education in connection with services provided to participants in the LSS
- disseminate information about the LSS
- keep the LSS Rules under review
- be responsible for the LSS Fund.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

3 Participant treatment, care and support expenses

	2018	2017
	\$'000	\$'000
Hospital	4 539	6 026
Rehabilitation	2 901	1,265
Equipment	1 566	655
Attendant care	4 583	2,064
Home and vehicle modifications	692	284
Medical treatment services	451	294
Other	209	184
	14 941	10 772
	115 324	102 774
Movement in provision for participants' treatment, care and support (refer note 20)		
	130 265	113 546
Total participant treatment care and support		

Participant treatment, care and support expenses

People very seriously injured in motor vehicle accidents from 1 July 2014 are accepted as participants of the LSS under the eligibility criteria provided in the LSS Rules. Participant treatment, care and support expenses relate to the necessary and reasonable benefits provided to participants, related to the motor vehicle injury and in line with criteria detailed in the LSS Rules, from date of acceptance into the LSS. Costs are recognised in the reporting period in which they are incurred, via the movement in the provision for Participant treatment, care and support or when the service has been provided.

4 Employee benefits

Employee benefits expenses

	2018	2017
	\$'000	\$'000
Salaries and wages	3 176	2 045
Board and committee fees	341	357
Employment on-costs - superannuation	385	270
Employment on-costs - Payroll Tax	222	147
Long service leave	284	80
Annual leave	350	221
Skills and experience retention leave	14	1
Other employee related expenses	17	16
Total employee benefits expenses	4 789	3 137

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

4 Employee benefits (continued)

Key management personnel

Key management personnel of the LSA are the LSA Board, the Chief Executive Officer and other directors/members of the Executive Team who have responsibility for the strategic direction and management of the LSA.

	2018	2017
	\$'000	\$'000
Compensation		
Short term benefits	937	935
Post-employment benefits	88	100
Total compensation	<u>1 025</u>	<u>1 035</u>

Remuneration of employees

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

	2018	2017
	Number	Number
\$159 001 - \$169 000	-	1
\$169 001 - \$179 000	-	1
\$179 001 - \$189 000	2	-
\$249 001 - \$259 000	-	1
\$269 001 - \$279 000	1	-
Total	<u>3</u>	<u>3</u>

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The employees reflected in the table are executive staff and total remuneration received for the year was \$648 000 (2017: \$587 000).

5 Remuneration of board members

Members that were entitled to receive remuneration for membership during the 2017-18 financial year were:

LSA Board

J Brown (Chair)
A Branson
C Fox (resigned 25 June 2018)
M OLeary
G Potter
K Williams
J Ullianich

Audit Committee

J Ullianich (Chair)
J Brown
G Potter
K Williams

Applications and Rules Committee

A Branson (Chair)
C Fox (resigned 25 June 2018)
G Potter
J Ullianich

Finance and Investment Committee

K Williams (Chair)
J Brown
M OLeary

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

5 Remuneration of board members (continued)

There were no changes to members.

The number of members whose remuneration received/receivable falls within the following bands:	2018	2017
\$20 000 - \$30 000	1	-
\$40 000 - \$49 999	1	2
\$50 000 - \$59 999	4	4
\$90 000 - \$99 999	1	1
Total number of members	7	7

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$376 000 (2017: \$397 000).

Amounts paid to a superannuation plan for board/committee members was \$34 000 (2017: \$36 000).

6 Service delivery and corporate expenses

	2018	2017
	\$'000	\$'000
Professional fees	97	45
Information technology	537	523
Training and development	107	75
General administration and consumables	129	108
Accommodation and telecommunication	203	180
Consultants	98	81
Contractors and other outsourced services	745	391
Minor works maintenance and equipment	44	32
Service level agreement fees	267	279
Other expenses	268	199
Total service delivery and corporate expenses	2 495	1 913

Service delivery and corporate expenses generally represent day-to-day running costs incurred in the normal operations of the LSA. These items are recognised as an expense in the reporting period in which they are incurred.

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	2018	2018	2017	2017
	Number	\$'000	Number	\$'000
Below \$10 000	3	11	2	10
\$10 000 or above	2	87	3	71
Total paid / payable to the consultants engaged	5	98	5	81

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

7 Auditor's remuneration

	2018	2017
	\$'000	\$'000
Audit fees paid or payable to the Auditor-General's Department	38	38
Total auditor's remuneration	38	38

Other services

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of Service delivery and corporate expenses (refer to note 6).

8 Amortisation

	2018	2017
	\$'000	\$'000
Internally developed software	82	82
Leasehold improvements	293	97
Total amortisation	375	179

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

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

The value of leasehold improvements is depreciated over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Depreciation/amortisation is calculated on a straight-line basis over the estimated useful life of the following class of assets as follows:

Class of asset	Useful life (years)
Leasehold Improvements	Term of Lease
Internally Developed Software	5 Years

9 Investment revenues

	2018	2017
	\$'000	\$'000
Interest income	32	26
Net gain on financial asset designated at fair value through profit or loss	49 514	32 810
Total investment revenues	49 546	32 836

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

10 Other revenues

	2018	2017
	\$'000	\$'000
Managed client	1	449
Reinsurance recoveries	-	22 475
Other recoveries	3	-
Total other revenues	4	22 924

Reinsurance

The LSA had in place reinsurance programs throughout the reporting period to limit the LSA's liability exposure for Participant treatment, care and support expenses according to the deductible and terms of the treaties. All panel reinsurers are contractually required to have a minimum security Standard and Poor's rating of "A-", which is monitored by the LSA's reinsurance broker. Premiums paid to reinsurers are recognised as an expense in accordance with the pattern of reinsurance received.

11 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
LSA Operating Account	1 359	1 126
Total cash and cash equivalents	1 359	1 126

Interest rate risk

Deposits with the Treasurer are interest bearing and earn a variable interest rate. The carrying amount of cash and cash equivalents represents fair value.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

12 Receivables

	2018	2017
	\$'000	\$'000
Current		
Accrued revenue	1 814	2 068
Receivables	56	-
GST input tax recoverable	86	30
Prepayments	732	-
Total current receivables	2 688	2 098
Non-current		
Reinsurance recoveries	-	23 285
Total non-current receivables	-	23 285
Total receivables	2 688	25 383

Receivables include accrued revenue related to the LSS Levy, prepayments and reinsurance recoveries.

The LSS Fund levy is received by the LSA two days in arrears of collection by the Registrar of Motor Vehicles. The receivable represents the amount collected by the Registrar to 30 June 2018, but not yet received by the LSA.

As a result of the annual process of reviewing the re-insurance recovery with participant's actuarial information the balance recognised in the 2016/17 financial statements has been written down to Nil. Estimated participant treatment, care and support costs are not anticipated to activate the reinsurance recovery for 2018/19.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts or provision for impairment is raised when there is objective evidence that the LSA will not be able to collect the amounts owed. Bad debts are written off when identified.

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received, are normally settled within 30 days, and are non-interest bearing.

It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Maturity analysis of receivables - refer to note 25.

Categorisation of financial instruments and risk exposure information - refer to note 25.

13 Non-current assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

14 Financial assets at fair value

	2018	2017
	\$'000	\$'000
Funds SA LSA Strategy	597 767	441 053
Total financial assets at fair value	597 767	441 053

Categorisation of financial instruments and risk exposure information - refer to note 25.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented as investment revenue in the Statement of Comprehensive Income.

The LSA's financial assets consist of investments managed by Funds SA, the South Australian Government owned corporation which invests and manages funds of approved authorities. The LSA invests in Funds SA's untaxed funds.

15 Property, plant and equipment

	2018	2017
	\$'000	\$'000
Leasehold improvements	732	732
Accumulated amortisation	(513)	(220)
Total leasehold improvements	219	512
Plant and equipment	15	-
Total plant and equipment	15	-
Total property, plant and equipment	234	512

Acquisition and recognition

Property, plant and equipment is stated at cost net of accumulated depreciation/amortisation and accumulated impairment losses, deemed to be fair value. Refer also to the section *Fair value measurement* below. The capitalisation threshold is \$10 000. Items of equipment purchased for participant treatment, care and support are expensed as incurred.

Impairment

The LSA holds its property, plant and equipment and intangible assets for their service potential (value in use).

All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any cost of disposal will be negligible, accordingly the recoverable amount will be close to or greater than fair value.

The LSA also expects for all other non-current tangible assets that any costs of disposal will be negligible, and the recoverable amount to be close to or greater than fair value.

There were no indications of impairment of property, plant and equipment at 30 June 2018.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

15 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2017-18:

2018	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	512	-	512
Additions	-	15	15
Amortisation	(293)	-	(293)
Carrying amount at the end of the period	219	15	234

The following table shows the movement of property, plant and equipment during 2016-17:

2017	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	24	-	24
Additions	585	-	585
Amortisation	(97)	-	(97)
Carrying amount at the end of the period	512	-	512

16 Intangible assets

	2018	2017
	\$'000	\$'000
Internally developed software	411	411
Accumulated amortisation	(212)	(130)
Total intangible assets	199	281

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The LSA has only intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiable, control and the existence of future economic benefits), recognition criteria (probability of future economic benefits and cost can be reliably measured) and is \$10 000 or more.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

16 Intangible assets (continued)

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2017-18:

2018	Internally developed software	Total
	\$'000	\$'000
Carrying amount at the beginning of the period	281	281
Amortisation expense	(82)	(82)
Carrying amount at the end of the period	199	199

The following table shows the movement of intangible assets during 2016-17:

2017	Internally developed software	Total
	\$'000	\$'000
Carrying amount at the beginning of the period	363	363
Amortisation expense	(82)	(82)
Carrying amount at the end of the period	281	281

The internally developed computer software relates to the LSA's participant management system (SALSA) with an estimated useful life of 5 years.

There were no indications of impairment for Intangible assets as at 30 June 2018.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

17 Fair value measurement

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.

The LSA classifies fair value measurement using the following fair value hierarchy. The level reflects the significance of the inputs used in making the measurement, based on the data and assumptions used in the most recent revaluation:

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed at each reporting date.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Fair value hierarchy

All non-financial assets are classified as Level 3 for fair value measurement, using significant unobservable inputs. The following is a reconciliation of movements:

	2018	2017
	\$'000	\$'000
Property plant and equipment		
Carrying amount at the beginning of the year	512	24
Additions	15	585
Amortisation	(293)	(97)
Total property plant and equipment	234	512

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

18 Payables

	2018	2017
	\$'000	\$'000
Current		
Accrued expenses	4 274	4 983
Employment on-costs	72	45
Total current payables	<u>4 346</u>	<u>5 028</u>
Non-current		
Employment on-costs	62	37
Total non-current payables	<u>62</u>	<u>37</u>
Total payables	<u><u>4 408</u></u>	<u><u>5 065</u></u>

As a result of an actuarial assessment performed by the DTF, the proportion of long service leave taken as leave has increased to 41% (2017: 40%) and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2017 rate (10.1%) to 9.9%. These rates are used in the employment on-cost calculation. The net financial effect of the change in the current financial year on employment on-cost and employee benefit expenses is immaterial.

Interest rate and credit risk

Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Maturity analysis of payables - refer to note 25.

Categorisation of financial instruments and risk exposure information - refer to note 25.

19 Employee benefits

	2018	2017
	\$'000	\$'000
Current		
Accrued salaries and wages	99	71
Annual leave	342	229
Long service leave	7	6
Skills and experience retention leave	12	4
Total current employee benefits	<u>460</u>	<u>310</u>
Non-current		
Long service leave	672	404
Total non-current employee benefits	<u>672</u>	<u>404</u>
Total employee benefits	<u><u>1 132</u></u>	<u><u>714</u></u>

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

19 Employee benefits (continued)

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

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

The liability for salary 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 twelve months and is measured at the nominal amount 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.

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 the reporting period using the projected unit credit method.

The actuarial assessment performed by DTF provides a basis for the measurement of long service leave liability. AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate for long service leave cash flows. This yield on long-term Commonwealth Government bonds for both 2017 and 2018 was 2.5%.

The actuarial assessment left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

It is based on actuarial assumptions including expected future salary and wage levels, experience of employee departures and periods of service. These assumptions and the split between current and non-current are based on employee data from the DTF. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match as closely as possible to the estimated future cash outflows.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$35 000 and employee benefits expense of \$35 000. 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.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

20 Provisions

Provision for participant treatment, care and support services

The liability for participant treatment, care and support is measured as the present value of the expected future payments. The present values after discounting are as follows:

	2018	2017
	\$'000	\$'000
Current		
Provision for participant treatment, care and support	36 727	23 373
Total current provisions	36 727	23 373
Non-current		
Provision for participant treatment, care and support	361 063	282 378
Total non-current provisions	361 063	282 378
Total provisions	397 790	305 751
	2018	2017
	\$'000	\$'000
Not later than one year	36 727	23 373
Later than one year but not later than five years	72 275	55 456
Later than five years but not later than ten years	66 621	51 875
Later than ten years	222 167	175 047
Total provisions	397 790	305 751

The LSA's provisions consist of liabilities for participant treatment, care and support expenses, valued by the LSS Actuary, Finity Consulting Pty Ltd, as at the end of the financial year.

The LSA's provisions are measured at the present value of the expected future payments for claims of the LSS incurred as at the date of valuation, including claims incurred but not yet reported, discounted for the time value of money, and take account of the risks specific to the liability.

Movement in provisions

Movements in the provision for participant care and support during the financial year are set out below.

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	305 751	202 977
Payments	(10 754)	-
Changes in Actuarial Assumptions	(14 798)	-
Additional provisions recognised	117 591	102 774
Carrying amount at the end of the period	397 790	305 751

Sensitivity analysis for the valuation as at 30 June 2018

The liability represents the best estimate and is based on standard actuarial assessment. The table below shows sensitivities to some of the key actuarial assumptions used in the valuation. Significant uncertainty exists in the estimate due to the long-term nature of the liability, and the ultimate liability is subject to the outcomes of events yet to occur. These include, but are not limited to, factors such as the improvement in the injury severity of participants, mortality assumptions and levels of future treatment, care and support provided to participants.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

20 Provisions (continued)

	30 June		
	2018	Effect on	Percentage
	Liability	Liability	Effect
	\$m	\$m	%
Central estimate of provisions	397.8		
Different long term gap assumptions			
a. One per cent per annum lower for all future years	346.0	-51.8	-13%
b. One per cent per annum higher for all future years	466.7	68.9	17%
Mortality assumptions			
a. One percent per annum increase in mortality improvement	420.8	23.0	6%
b. One percent per annum decrease in mortality improvement	372.5	-25.3	-6%
Other assumptions			
a. All participants with a brain injury decrease by 1 score on the CANS scale	326	-71.8	-18%
b. Long term attendant care rate (in 2017/18 dollars) is 10% higher	427.9	30.2	8%

Actuarial assumptions and methods

In determining the liability each participant is valued on an individual level based on their injury, age and expected future care needs. The following assumptions were used in determining the liability:

	2018	2017
Weighted mean term	Years	Years
Uninflated, undiscounted	21.1	20.9
Inflated, discounted	16.1	16.3
	2018	2017
Equivalent single rate (all future years)	%	%
Inflation rate	4.25%	4.25%
Investment return rate	6.25%	6.25%

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

20 Provisions (continued)

Definitions

Inflated mean term

The inflated mean term represents the dollar weighted average period to payment of claims and is unaffected by discounting. It provides an indication of the timeframe over which the LSA must manage and control the cost of these claims.

Discounted mean term

The discounted mean term is based on the inflated and discounted cash flows weighted by the period to payment.

Inflation

Wage inflation is adopted as the base for the inflation of projected future payments and is set by reference to long term economic indicators. Inflation is with reference to wage inflation (a key driver of attendant care costs and rehabilitation type services). A wages growth rate of 3.5% p.a. has been adopted.

Inflation also includes an allowance for superimposed inflation (that is, the growth in claims cost not explained by underlying inflation or other factors). This includes an allowance for:

- medical inflation costs to grow faster than underlying inflation (0.75% p.a. for all services plus an additional 0.5% per annum for medical services for participants with a brain injury)
- attendant care costs to grow faster than underlying inflation (market supply and demand for services) by 0.75% per annum.

Discount rates

The adopted discount rate reflects the expected long term return for the LSA's portfolio of assets.

21 Unrecognised contractual commitments

Commitments include operating commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO). If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Expenditure commitments

Expenditure commitments include contracts for services such as reinsurance and actuarial services.

Commitments in existence at the reporting date but not recognised as liabilities are payable as follows:

	2018	2017
	\$'000	\$'000
No later than one year	557	5 450
Later than one year but not later than five years	1 131	4 881
Total other commitments	1 688	10 331

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

21 Unrecognised contractual commitments (continued)

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2018	2017
	\$'000	\$'000
No later than one year	10	10
Total operating lease commitments	10	10

At the reporting date, the LSA has an operating lease for office accommodation.

Office accommodation is leased from the Department of Planning, Transport and Infrastructure (DPTI). Rental is payable in arrears.

22 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The LSA is not aware of any contingent assets or liabilities, and has not made any guarantees.

23 Related party transactions

23.1 Significant Transactions with government related entities

The LSA does not have any significant transactions with government related entities which are not elsewhere disclosed in the financial statements.

23.2 Collectively, but not individually significant transactions with government entities

Quantitative information about transactions and balances between the LSA and other SA Government entities are disclosed at note 28.

23.3 Transactions with Key Management Personnel and other related parties

Related parties of the Lifetime Support Authority of South Australia include all key management personnel and their close family members and all public authorities that are consolidated into the whole of government financial statements and other interests of the Government.

Compensation of Key Management Personnel is disclosed at note 4.

There were no other transactions with key management personnel or other related parties in the financial year.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

24 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	1 359	1 126
Balance as per the Statement of Cash Flows	1 359	1 126
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash provided by/(used in) operating activities	107 492	116 030
Add / (less) non-cash Items		
Amortisation	(375)	(179)
Unrealised gain/(loss) on financial assets	49 514	32 810
Movement in assets and liabilities		
Increase/(decrease) in receivables	(22695)	22 411
(Increase)/decrease in payables	613	(1 254)
(Increase)/decrease in employee benefits	(418)	(170)
(Increase)/decrease in provisions	(92 039)	(102 774)
Net result from operating activities	42 092	66 874

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

25 Financial risk management / financial instruments

The LSA's principal financial instruments are outlined below. These financial instruments arise directly from the LSA's operations or are required to finance the LSA's operations. The LSA does not enter into or trade financial instruments, including derivative instruments, for speculative purposes.

The LSA's main risks arising from financial instruments are outlined below, together with its objectives, policies and processes for measuring and managing risk.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and has approved policies for managing each of these risks. The LSA's *Investment Policy Statement* describes the governance framework within which the LSA's investments are managed and monitored.

Refer to table 25.2 for the carrying amounts of each of the categories of financial assets and liabilities.

Fair value measurement

AASB 7 *Financial Instrument: Disclosures* requires disclosure of fair value measurement by level of the following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly (as prices) or indirectly (derived from prices)

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

25 Financial risk management / financial instruments (continued)

The table below presents LSA's financial assets, consisting of investments managed by Funds SA, and measured and recognised at fair value.

Table 25.1 LSA Categories of fair value measurement

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value 30 June 2018				
Funds SA LSA Strategy		597 767		597 767
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value 30 June 2017				
Funds SA LSA Strategy	-	441 053		441 053

Credit risk

Credit risk arises when there is the possibility of the LSA's debtors defaulting on their contractual obligations resulting in financial loss to the Lifetime Support Authority of South Australia. The LSA measures credit risk on a fair value basis and monitors risk on a regular basis.

The LSA has no concentration of credit risk. The LSA does not engage in high risk hedging for its financial assets.

The LSA has no financial assets past due.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

25 Financial risk management / financial instruments (continued)

The following table discloses the maturity analysis of financial assets and financial liabilities:

Table 25.2: Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	11	1 359	1 359	-	-	-
Receivables ⁽¹⁾⁽²⁾	12	2 602	2 602	-	-	-
Financial assets at fair value ⁽³⁾	14	597 767	597 767	-	-	-
Total financial assets		601 728	601 728	-	-	-
Financial liabilities						
Payables ⁽¹⁾	18	2 946	2 946	-	-	-
Total financial liabilities		2 946	2 946	-	-	-

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2017 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	11	1 126	1 126	-	-	-
Receivables ⁽¹⁾⁽²⁾	12	23 595	310	-	23 185	100
Financial assets at fair value ⁽³⁾	14	441 053	441 053	-	-	-
Total financial assets		465 774	442 489	-	23 185	100
Financial liabilities						
Payables ⁽¹⁾	18	3 165	3 165	-	-	-
Total financial liabilities		3 165	3 165	-	-	-

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

⁽²⁾ Receivable amount disclosed here excludes prepayments. Prepayments are presented in note 13 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined by AASB 132 *Financial Instruments: Presentation* as the future economic benefits of these assets is the receipt of goods and services rather than right to receive cash or another financial asset.

⁽³⁾ The LSA invests in Funds SA's untaxed funds. The intention is to hold the investments on a long term basis, however, investments are available for a withdrawal at call.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

25 Financial risk management / financial instruments (continued)

Liquidity risk

Liquidity risk arises where the LSA is unable to meet its financial obligations as they fall due. The continued existence of the LSA is dependent on State Government policy for the LSA's administration and programs. The LSA settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The LSA's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in table 25.2 represent the LSA's maximum exposure to financial liabilities.

Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The LSA's exposures to market risk are primarily associated with movement in the unit price of the investments with Funds SA. The LSA does not have direct exposure to foreign currency risk and its direct exposure to interest rate risk is insignificant based on a current assessment of risk.

The LSA does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. The LSA does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the Government's risk management strategy articulated in Treasurer's Instruction 23 *Management of Foreign Currency Exposures*.

Sensitivity disclosure analysis

A sensitivity analysis for a movement in the unit price of the investments with Funds SA is provided in the table below. The sensitivity analysis uses historically based volatility information collected over a 10 year period, quoted at two standard deviations (that is, 95% probability). A reasonably possible change is based on the percentage change in unit price multiplied by the redemption value as at 30 June 2018.

	Change in unit price		Impact on profit and loss		Impact on equity	
	2018	2017	2018	2017	2018	2017
	%	%	\$'000	\$'000	\$'000	\$'000
Funds SA Investment	26.4	27.9	157 810	123 054	157 810	123 054
	-8.2	-10.9	(49 017)	(48 075)	(49 017)	(48 075)

Capital management

To provide for a financially responsible and sustainable LSS over the long term, the LSA aims to maintain an appropriate capital balance to act as a buffer against uncertainties in the value of outstanding claims liabilities and investment returns. Detailed financial modelling suggests that the LSS's funding position will be at its most vulnerable to these uncertainties in the earlier years of the LSS.

The LSA has adopted for the LSS a minimum probability of sufficiency of 70% (the chance that the capital of the LSS is expected to be adequate to cover actual outcomes) through a solvency margin in excess of actuarial provisions. As at 30 June 2018, the probability of sufficiency for the LSS was 78%.

The Board continually reviews the LSA's funding position, and assesses the policy on an annual basis to ensure it remains appropriate.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

26 Impact of standards and statements not yet implemented

AASB 9 Financial Instruments

The revision to AASB 9 *Financial Instruments* applies to reporting periods beginning on or after 1 January 2018, i.e. to financial statements as at 30 June 2019. AASB 9 *Financial Instruments* provides the principles for the classification, measurement, recognition, de-recognition and disclosure associated with financial assets and liabilities. The key changes include simplified requirements for classification and measurement of financial assets and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognised impairment only when incurred.

The LSA has reviewed the impact of AASB 9 *Financial Instruments* on the classification and measurement of its financial assets. The following summarises the estimated impact to the categorisation and valuation of the amounts reported:

- The Funds invested with Funds SA are currently classified as Available for Sale at Fair Value through Profit and Loss (FVTPL). On adoption of AASB 9 *Financial Instruments*, these instruments will continue to be measured at FVTPL and no election is required.

AASB 16 Leases

This standard will apply for the first time to reporting periods beginning on or after 1 January 2019, i.e. to financial statements as 30 June 2020. The standard supersedes AASB 117 *Leases* and unlike AASB 117 *Leases*, AASB 16 *Leases* introduces a single lease accounting model for lessees, eliminating the distinction between operating and finance leases. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

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 rental payments will no longer be expensed in the Statement of Comprehensive Income. 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 will also be recognised as an expense.

AASB 16 *Leases* allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. The LSA will apply the 'cumulative approach', and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

The LSA has not yet quantified the exact impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 *Leases* to its current operating leases, including the extent of additional disclosures required. The exact impact will not be known until the year of transition.

It is anticipated that there will be a marginal impact each year on net result due to recognition of depreciation and interest on lease liabilities as expenses. There will be no impact on the total net result over the life of the lease.

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.

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

26 Impact of standards and statements not yet implemented (continued)

The LSA's current operating lease commitments note (see note 21) provides an indication of the amounts to be recognised 'on-balance sheet' at transition (an expected increase in lease liabilities with a corresponding right-of-use asset). The reclassification between supplies and services expense and depreciation/interest has not yet been estimated.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

These standards will apply for the first time to reporting periods beginning on or after 1 January 2019, i.e. to financial statements as 30 June 2020. The LSA has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts.

The LSA does not currently have any revenue contract with a material impact for the period after 1 July 2018 and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

27 Events after the reporting period

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

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

28 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							
Participant treatment care and support expenses	3	13 526	13 961	116 739	99 585	130 265	113 546
Duty on LSS Fund levy		14 963	14 755	-	-	14 963	14 755
Reinsurance		-	-	2 769	3 221	2 769	3 221
Employee benefits expenses	4	225	157	4 564	2 980	4 789	3 137
Service delivery and corporate expenses	6						
Professional fees		-	-	97	45	97	45
Information technology		-	-	537	523	537	523
Training and development		-	-	107	75	107	75
General administration and consumables		-	-	129	108	129	108
Accommodation and telecommunication		173	162	30	18	203	180
Consultants		-	-	98	81	98	81
Contractors and other outsourced services		-	-	745	391	745	391
Minor works maintenance and equipment		-	-	44	32	44	32
Service level agreement fees		267	279	-	-	267	279
Other		-	-	268	199	268	199
Research education programs		-	-	2 517	581	2 517	581
Amortisation	8	-	-	375	179	375	179
Service agreement for case management		-	-	-	442	-	442
Total expenses		29 154	29 314	129 019	108 460	158 173	137 774
Income							
Revenues from LSS Fund levy		-	-	150 715	148 888	150 715	148 888
Investment revenues	9	49 546	32 836	-	-	49 546	32 836
Other revenue		-	449	4	22 475	4	22 924
Total income		49 546	33 285	150 719	171 363	200 265	204 648

Lifetime Support Authority of South Australia
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

28 Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Receivables	12	1 870	311	818	25 072	2 688	25 383
Financial assets at fair value	14	597 767	441 053	-	-	597 767	441 053
Total financial assets		599 637	441 364	818	25 072	600 455	466 436
Financial liabilities							
Payables	18	2 747	4 774	1 661	291	4 408	5 065
Employee benefits	19	-	-	1 132	714	1 132	714
Provisions	20	-	23 500	397 790	282 251	397 790	305 751
Total financial liabilities		2 747	28 274	400 583	283 256	403 330	311 530