

Outback Communities Authority

Financial report
for the year ended
30 June 2018



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To the Chairperson Outback Communities Authority

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Outback Communities Authority (OCA) 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 Outback Communities Authority as at 30 June 2018, their financial performance and their 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 Chairperson and the Director, Outback Communities Authority.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of Outback Communities Authority. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Director and the members of the Outback Communities Authority for the financial report

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

The members of the Outback Communities Authority are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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 Director
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Director and members of the Outback Communities Authority about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

26 September 2018

Certification of the financial statements

We certify that the:

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



Cecilia Woolford
CHAIRPERSON
OUTBACK COMMUNITIES AUTHORITY

26 September 2018



Mark Sutton
DIRECTOR
OUTBACK COMMUNITIES AUTHORITY

26th September 2018

**Outback Communities Authority
(OCA)**

Financial Statements

For the year ended 30 June 2018

Outback Communities Authority
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Note No	2018 \$'000	2017 \$'000
Expenses			
Employee benefit expenses	3	1 042	969
Supplies and services	5	1 923	2 230
Depreciation expense	6	712	384
Grants and subsidies	7	221	349
Other expenses	8	50	371
Total expenses		3 948	4 303
Income			
Advances and grants	9	1 830	2 840
Interest revenue	10	13	16
Resources received free of charge	12	362	6 401
Net gain from the disposal of non-current assets	11	83	-
Other income	13	532	635
Total income		2 820	9 892
Net cost of providing services		(1 128)	5 589
Revenues from SA Government			
Revenues from SA Government	14	1 402	1 220
Net revenues from SA Government		1 402	1 220
Net result		274	6 809
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus		(1 430)	-
Total other comprehensive income		(1 430)	-
Total comprehensive result		(1 156)	6 809

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

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

Outback Communities Authority
STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Note No	2018 \$'000	2017 \$'000
Current assets			
Cash	15	1 359	1 113
Receivables	16	558	545
Total current assets		1 917	1 658
Non-current assets			
Property, plant and equipment	17	13 067	14 571
Total non-current assets		13 067	14 571
Total assets		14 984	16 229
Current liabilities			
Payables	18	92	204
Employee benefits	19	152	140
Total current liabilities		244	344
Non-current liabilities			
Payables	18	32	31
Employee benefits	19	344	334
Provisions	20	1	1
Total non-current liabilities		377	366
Total liabilities		621	710
Net assets		14 363	15 519
Equity			
Retained earnings		11 947	11 673
Asset revaluation surplus		2 416	3 846
Total equity		14 363	15 519

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.

Outback Communities Authority
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2018

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2016	3 968	4 742	8 710
Net result for 2016-17	-	6 809	6 809
Total comprehensive result for 2016-17	-	6 809	6 809
Transfer between equity components			
Equity transfer on asset disposals	(122)	122	-
Balance at 30 June 2017	3 846	11 673	15 519
Net result for 2017-18	-	274	274
Gain (loss) on Revaluation of Property during 2017-18	(1 430)	-	(1 430)
Total comprehensive result for 2017-18	(1 430)	274	(1 156)
Balance at 30 June 2018	2 416	11 947	14 363

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

Outback Communities Authority
STATEMENT OF CASH FLOWS
for the year ended 30 June 2018

	2018	2017
	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities		
Cash outflows		
Employee benefit payments	(1 020)	(949)
Supplies and services	(2 036)	(2 075)
Grants and subsidies	(221)	(349)
Other payments	(39)	(31)
Cash used in operations	(3 316)	(3 404)
Cash inflows		
Advances and Grants	1 830	2 840
Interest received	14	20
Other receipts	523	540
Cash generated from operations	2 367	3 400
Cash flows from (payments to) SA Government		
Receipts from SA Government	1 402	1 220
Cash generated from SA Government	1 402	1 220
Net Cash provided by (used in) operating activities	453	1 216
Cash flows from investing activities		
Cash outflows		
Purchase of property, plant and equipment	(307)	(240)
Cash Used in investing activities	(307)	(240)
Cash inflows		
Proceeds from sale of property, plant and equipment	100	-
Cash generated from investing activities	100	-
Net Cash provided by (used in) investing activities	(207)	(240)
Net increase / (decrease) in cash	246	976
Cash at 1 July	1 113	137
Cash at 30 June	1 359	1 113

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

Outback Communities Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2018

Note 1: Objectives of the Outback Communities Authority

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

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

In performing its functions the Authority is to:

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

Note 2: Basis of Financial Statements

a) Reporting Entity

The Authority is established and empowered by the *Outback Communities (Administration and Management) Act 2009* ("The Act") which is within the portfolio responsibilities of the Minister for Transport, Infrastructure and Local Government. The Act also defines the areas of the State to which its provisions apply, sets out the Authority's powers and functions and makes provision for the support staff. It also enables specific provisions of the *Local Government Act 1999* to be applied by regulation to part, or all, of the Authority's area.

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

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

b) Statement of Compliance

The Authority has prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general-purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

The Authority has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Authority is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2018.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 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 another measurement basis is specifically disclosed in the notes.

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 below and within the Notes.

d) Taxation

The Authority is not subject to income tax. The Authority is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and the emergency services levy.

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

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

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

There are no cash flows relating to GST transactions with the ATO in the Statement of Cash Flows.

e) 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.

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation. All non-current tangible assets with a value equal to or in excess of \$10,000 are capitalised.

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

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Depreciation is applied to tangible assets such as property, plant and equipment.

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

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

Land is not depreciated.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

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

Class of asset	Useful life (years)
Buildings and infrastructure	9-100
Water, sewerage and drainage	38-87
Plant and equipment	2-48

Revaluation of non-current assets

All non-current assets are valued at written down current cost (a proxy for fair value), and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

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

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

Impairment

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

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

Fair Value measurement- Non-financial assets

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

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

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

f) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

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.

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

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

Note 3: Employee benefits expense

	2018	2017
	\$'000	\$'000
Salaries and wages	719	659
Board fees	68	76
Employment on-costs	139	127
Annual leave	73	67
Long service leave	32	30
Skills and experience retention leave	4	4
Other employee related expenses	7	6
Total employee benefit expenses	1 042	969

Targeted Voluntary Separation Packages (TVSPs)

No employees were paid TVSPs during the period from 1 July 2017 to 30 June 2018.

3.1 Remuneration of employees

	2018	2017
	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$167 001 - \$177 000 *	-	1
\$179 001 - \$189 000	1	-
Total Number of Employees	1	1

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2017-18.

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

3.2 Key Management Personnel

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

The total compensation for the Authority's key management personnel was \$275,468 (\$271,617). Salaries and other benefits the Minister for Transport, Infrastructure and Local Government receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

Note 4: Remuneration of Board and Committee Members

Members that received remuneration for membership during the year were:

Outback Communities Authority

BOOTH J M
 FENNEL M A
 FERGUSON J D (appointment ended 31/12/2017)
 FORT J (re-appointed 1/01/2018)
 MARSLAND M P (re-appointed 1/01/2018)
 MICHELMORE C P (re-appointed 1/01/2018)
 ROACH, T S (appointed 1/01/2018)
 WOOLFORD C

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

	2018	2017
	Number	Number
\$1 - \$9 999	7	9
\$10 000 - \$19 999	-	3
\$20 000 - \$29 999	1	-
\$30 000 - \$39 999	-	1
Total Number of Members	8	13

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$74,000 (\$84,000). Mileage allowance paid to board members has not been included in the remuneration.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Note 5: Supplies and services

	2018	2017
	\$'000	\$'000
Administrative costs	13	19
Utilities	164	91
Property expenses	361	548
Information technology	42	49
Materials and other purchases	26	38
Auditor's remuneration	34	33
Insurance	164	151
Plant, equipment and vehicle expenses	146	262
Operating leases	52	49
Other service contracts	799	814
Other	122	176
Total supplies and services	1 923	2 230

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

Note 6: Depreciation expense

	2018	2017
	\$'000	\$'000
Depreciation		
Buildings and infrastructure	624	303
Water, sewerage and drainage	45	55
Plant and equipment	43	26
Total depreciation expense	712	384

Asset useful life was reassessed in 2017-18, this review resulted in \$0.047 million increase in depreciation expense relative to the amount that would have been expensed based on the previous estimate of the useful life.

Note 7: Grant and subsidies

	2018	2017
	\$'000	\$'000
Community Affairs Resourcing Management Grants	155	254
Regional Development Initiatives	66	95
Total grants and subsidies	221	349

Note 8: Other expenses

	2018	2017
	\$'000	\$'000
Bad and doubtful debts expense	3	-
Community Levy	30	29
Asset write offs	11	340
Other	6	2
Total other expenses	50	371

Note 9: Advances and grants

	2018	2017
	\$'000	\$'000
Commonwealth Grants	1 502	2 177
Intra-government Transfers	328	647
Other	-	16
Total advances and grants	1 830	2 840

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

Financial Assistance Grants	1 495	2 177
Outback Community Parks	76	260
Andamooka Town Services	62	167
Dunjiba Municipal Services	107	104
Northern Flinders Project Officer	-	83
Other	90	49
Total advances and grants	1 830	2 840

Advances and grants are recognised as an asset and income when the Authority obtains control of the advances and grants or obtains the right to receive the advances and grants and the income recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable). For grants relating to agreements with conditional stipulations, income is recognised when the stipulations are met. When agreements have unconditional stipulations, income is recognised on execution of an enforceable agreement.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

Note 10: Interest revenue

	2018	2017
	\$'000	\$'000
Interest from the Department of Treasury and Finance	13	16
Total interest revenue	13	16

Note 11: Net Gain (Loss) from the Disposal of Non-Current Assets

	2018	2017
	\$'000	\$'000
Net gain (loss) from the disposal of non-current assets received / receivable:		
Plant and Equipment:		
Proceeds from disposal	100	-
Net book value of assets disposed	(17)	-
Net gain (loss) from disposal of plant and equipment	83	-

Note 12: Resources received free of charge

	2018	2017
	\$'000	\$'000
Land and buildings	-	6 401
Plant and equipment	362	-
Total resources received free of charge	362	6 401

In 2016-17, the Authority received free of charge land and buildings (\$6.401 million) of the township of Leigh Creek from the Generation Lessor Corporation. In 2017-18, the Authority received free of charge a further \$0.362 million for plant and equipment from the Generation Lessor Corporation.

Resources received free of charge were recognised at their fair value.

Note 13: Other Income

	2018	2017
	\$'000	\$'000
Recoveries/reimbursements	177	293
Community Contribution Scheme	303	309
Other	5	22
Airstrip landing fees	47	11
Total other income	532	635

Other income consists of recoveries, reimbursements and community contributions which is derived in accordance with section 21 of the Act. Other income is recognised as revenue when the Authority obtains control of the funds or right to receive the funds and the income recognition criteria are met.

Note 14: Revenues from SA Government

	2018	2017
	\$'000	\$'000
Revenues from SA Government	1 402	1 220
Total revenues from SA Government	1 402	1 220

Revenues from SA Government for program funding are recognised as revenues where the Authority obtains control over the funding. Control over revenues from SA government is normally obtained upon receipt.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

Note 15: Cash

	2018	2017
	\$'000	\$'000
Deposits with the Department of Treasury and Finance	1 359	1 113
Total cash	1 359	1 113

Cash is measured at nominal amounts.

Note 16: Receivables

	2018	2017
	\$'000	\$'000
Current		
Receivables	45	64
Allowance for doubtful debts	(2)	-
Accrued revenues	464	432
Prepayments	51	49
Total current receivables	558	545
Total receivables	558	545

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectability of receivables is reviewed on an ongoing basis.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

Note 17: Property, plant and equipment

	2018	2017
	\$'000	\$'000
Land		
Land at fair value	72	94
Total land	72	94
Buildings and Infrastructure		
Buildings and infrastructure at fair value	25 180	23 266
Accumulated depreciation	(14 272)	(10 321)
Total buildings and infrastructure	10 908	12 945
Water, sewerage and drainage		
Water, sewerage and drainage assets at fair value	2 516	2 387
Accumulated depreciation	(1 199)	(1 034)
Total water, sewerage and drainage	1 317	1 353
Plant and equipment		
Plant and equipment at fair value	1 142	139
Accumulated depreciation	(804)	(114)
Total plant and equipment	338	25
Work in progress		
Work in progress	432	154
Total work in progress	432	154
Total property, plant and equipment	13 067	14 571

Valuation of property, plant and equipment

The valuation of property assets including Land, Buildings and Infrastructure and Water and Sewerage assets were valued by Valuer-General as at 1 July 2017. The Valuer-General used depreciated replacement cost due to there not being an active market for such buildings and facilities. The valuation was based on a combination of internal records, specialised knowledge and acquisition/transfer costs.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

Note 17.1: 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:

2017-18	Land	Buildings and Infrastructure	Water, sewerage and drainage	Plant and Equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	94	12,945	1,353	25	154	14,571
Additions	-	-	-	-	307	307
Transfer from works in progress	-	30	-	-	(30)	-
Disposals	-	-	-	(17)	-	(17)
Write offs	(11)	-	-	-	-	(11)
Resources received free of charge	-	-	-	362	-	362
Revaluations increment / (decrement)	(12)	(1 441)	8	15	-	(1 430)
Depreciation and amortisation	-	(624)	(45)	(43)	-	(712)
Other movements	1	(2)	1	(4)	1	(3)
Carrying amount at 30 June	72	10 908	1 317	338	432	13 067

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

2016-17	Land	Buildings and Infrastructure	Water, sewerage and drainage	Plant and Equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	74	6,803	1,654	50	72	8,653
Additions	-	-	-	-	240	240
Transfer from works in progress	-	158	-	-	(158)	-
Write offs	-	(94)	(246)	-	-	(340)
Resources received free of charge	20	6 381	-	-	-	6 401
Depreciation and amortisation	-	(303)	(55)	(26)	-	(384)
Other movements	-	-	-	1	-	1
Carrying amount at 30 June	94	12 945	1 353	25	154	14 571

Impairment

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

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Note 18: Payables

	2018	2017
	\$'000	\$'000
Creditors	26	-
Accrued expenses	46	185
Employment on-costs	20	19
Total current payables	92	204
Non-current		
Employment on-costs	32	31
Total non-current payables	32	31
Total payables	124	235

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

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave, skills and experience retention leave and annual leave.

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2017 rate (40%) to 41% and the average factor for the calculation of employer superannuation on-cost has changed from the 2017 rate (10.1%) to 9.9%. These rates are used in the employment on-cost calculation. The estimated impact on 2018 and 2019 is not expected to be materially different to the impact in 2017.

Note 19: Employee benefits-Liability

	2018	2017
	\$'000	\$'000
Current		
Annual leave	90	83
Skills and experience retention leave	7	7
Long service leave	40	33
Accrued salaries and wages	15	17
Total current employee benefits	152	140
Non-current		
Long service leave	344	334
Total non-current employee benefits	344	334
Total employee benefits	496	474

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

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

The liability for 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 12 months and is measured at the undiscounted 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 for sick leave.

Long service leave

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

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

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service liability. The yield on long term Commonwealth Government bonds remains unchanged from 2017 (2.5%).

The net financial effect of the changes to actuarial assumptions in the current financial year is minor. The impact on future periods is impracticable to estimate as long service leave is calculated using a number of assumptions- a key assumptions is the long term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance 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 financial effect resulting from changes in the salary inflation rate.

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

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Note 20: Provisions

	2018	2017
	\$'000	\$'000
	\$'000	\$'000
Non-current		
Provision for workers compensation	1	1
Total non-current provisions	1	1
Total provisions	1	1
Carrying amount as at 1 July	1	1
Carrying amount at 30 June	1	1

A liability has been recognised to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2018 provided by a consulting actuary engaged by the Office for the Public Sector (a division of the Department of Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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Note 21: Unrecognised contractual commitments

Capital commitments	2018	2017
	\$'000	\$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	-	102
Total capital commitments	-	102

There are no capital commitments in 2017-18. The capital commitment in 2016-17 relates to the construction and installation of two water stations at Oodnadatta and Marla.

Operating lease commitments	2018	2017
	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	35	9
Later than one year but no later than five years	71	-
Total operating lease commitments	106	9

Representing:

Non-cancellable operating leases	-	9
Total operating lease commitments	-	9

Operating leases relates to property and accommodation occupied by the Authority. The lease is cancellable, with rent payable monthly in advance for the property and accommodation lease. The term of the lease is 4 years.

Other commitments	2018	2017
	\$'000	\$'000
Commitments for the payment of maintenance and other service contracts at the reporting date but not recognised as payables in the financial statements are payable as follows:		
Within one year	78	215
Later than one year but no later than five years	-	68
Total other commitments	78	283

Other commitments relate to cancellable commitments arising from other service contracts and Regional Development Initiatives.

Note 22: Contingent assets and contingent liabilities

The Authority is not aware of any contingent assets or liabilities as at 30 June 2018.

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Note 23: Related Party Transactions

The Authority is a statutory authority established pursuant to the *Outback Communities (Administration and Management) Act 2009* and is wholly owned and controlled by the Crown.

Related parties of the Authority 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.

Transactions with Key Management Personnel and other related parties

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

Note 24: Financial instruments/Financial risk management

Financial Risk Management

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

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

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

Categorisation of financial instruments

All financial assets and liabilities are carried at cost and are current for 2018 and 2017.

Note 25: Events after balance date

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

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Note 26: New and Revised Accounting Standards and Policies

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Outback Communities Authority for the reporting period ending 30 June 2018.

The Outback Communities Authority has assessed the impact of:

- new and changed Australian Accounting Standards Board Standards and Interpretations not yet implemented; and
- changes to Accounting Policy Statements issued by the Treasurer.

26.1 AASB 15 – Revenue from Contracts and Customers

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures.

The changes in AASB 15 may result in changes to the timing and amount of revenue recognised by the Authority. Some revenue may need to be deferred to a later reporting period to the extent that the Authority has received cash but has not yet met the associated performance obligations.

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

The Authority has commenced assessing but not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the statement of comprehensive income.

26.2 AASB 16 – Leases

AASB 16 *Leases* applies to reporting periods commencing after 1 January 2019. The application date for the Authority is 1 July 2019. AASB 16 will replace AASB 117 *Leases*.

This standard introduces a single accounting model for lessees. 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 Authority, as lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments on the statement of financial position. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.

The Authority is in the process of analysing its current leasing arrangements based on AASB 16 and will apply the new standard from the reporting period beginning 1 July 2019. The impact of the new standard is yet to be quantified by the Authority – refer to Note 21 which outlines the Authority's current operating lease commitments.