

Teachers Registration Board of South Australia

Financial report
for the year ended
30 June 2018



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To the Presiding Member Teachers Registration Board of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 18 (2) of the *Teachers Registration and Standards Act 2004*, I have audited the financial report of the Teachers Registration Board of South Australia (the Board) 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 Teachers Registration Board 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 the *Teachers Registration and Standards Act 2004* 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 Presiding Member, Registrar and Manager, Corporate Services.

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 Board. 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 Registrar and the members of the Board for the financial report

The Registrar 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 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 Registrar
- 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 Registrar and members of the Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

25 September 2018

FINANCIAL STATEMENTS

THE TEACHERS REGISTRATION BOARD OF SOUTH AUSTRALIA

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the Teachers Registration Board of South Australia (the Board):

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards;
- are in accordance with the accounts and records of the Board; and
- present a true and fair view of the financial position of the Board as at 30 June 2018 and the results of its operation and cash flows for the financial year.

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



Jane Lomax-Smith
Presiding Member

21 September 2018



Peter Lind
Registrar

21 September 2018



Cathy Lewis
Manager, Corporate Services

21 September 2018

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Expenses			
Employee and staff benefits expenses	3	3,261	2,964
Supplies and services	5	1,328	1,246
Depreciation and amortisation expense	6	105	68
Total expenses		4,694	4,278
Income			
Fees and charges	7	4,808	4,026
Interest revenues		144	141
Other revenues	8	9	16
Total income		4,961	4,183
Net result		267	(95)
Total comprehensive Income		267	(95)

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

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note No	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	9	10,559	9,954
Receivables	10	36	39
Total current assets		10,595	9,993
Non-current assets			
Receivables	10	1	2
Property, plant and equipment	11	159	209
Intangible assets	12	273	251
Total non-current assets		433	462
Total assets		11,028	10,455
Current liabilities			
Payables	13	306	174
Employee and staff benefits	14	280	237
Total current liabilities		586	411
Non-current liabilities			
Payables	13	56	51
Employee and staff benefits	14	928	802
Total non-current liabilities		984	853
Total liabilities		1,570	1,264
Net Assets		9,458	9,191
Equity			
Retained earnings		9,458	9,191
Total Equity		9,458	9,191
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	15		
Contingent assets and liabilities	16		

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Retained earnings \$'000
Balance at 30 June 2016	9,286
Total comprehensive result for 2016-17	(95)
Balance at 30 June 2017	9,191
Total comprehensive result for 2017-18	267
Balance at 30 June 2018	9,458

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

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Cash outflows			
Employee and staff benefit payments		(3,082)	(2,875)
Payments for supplies and services		(1,357)	(1,510)
Cash used in operations		(4,439)	(4,385)
Cash inflows			
Fees and charges		4,808	4,026
Interest received		143	145
Other receipts		9	16
GST recovered from the ATO		161	204
Cash generated from operations		5,121	4,391
Net cash provided by operating activities		682	6
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		-	(234)
Purchase of intangible assets		(77)	(194)
Cash used in investing activities		(77)	(428)
Net (decrease)/increase in cash and cash equivalents		605	(422)
Cash and cash equivalents at the beginning of the period		9,954	10,376
Cash and cash equivalents at the end of the period		10,559	9,954

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

NOTES TO
AND
FORMING PART
OF THE FINANCIAL
STATEMENTS

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1. BASIS OF FINANCIAL STATEMENTS

1.1. Reporting entity

The Board is an independent statutory authority established under the *Teachers Registration and Standards Act 2004* (the Act) to regulate the teaching profession.

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

1.2. Statement of compliance

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

1.3. Basis of preparation

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

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

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

Significant accounting policies are set out in the notes.

1.4. Taxation

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

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; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

1.5. Workers compensation

The Board is self-insured for workers compensation purposes. The Board is responsible for the payment of workers compensation claims. For the period from 1 July 2017 to 30 June 2018, the Board has processed zero workers compensation claims.

A provision for workers compensation liabilities has not been included as there are no known existing claims or outstanding liabilities as at 30 June 2018.

2. OBJECTIVES

The Teachers Registration Board (the Board) is established under the Teachers Registration and Standards Act 2004 (the Act) and the Teachers Registration and Standards Regulations 2016 (the Regulations) to regulate the teaching profession. The object of the Act is to establish and maintain a teacher registration system and professional standards for teachers to safeguard the public interest in the teaching profession whose members are competent educators and fit and proper persons to have care of children.

The functions of the Board are stated in Section 6 of the Act:

- a) *To administer the provisions of the Act for the regulation of the teaching profession;*
- b) *To promote the teaching profession and professional standards for teachers;*
- c) *To confer and collaborate with teacher education institutions with respect to the appropriateness for registration purposes, of teacher education courses;*
- d) *To confer and collaborate with teacher employers, the teaching profession, teacher unions or other organisations and other bodies and persons with respect to requirements for teacher registration and professional and other standards for teachers;*
- e) *To confer and collaborate with other teacher regulatory authorities to ensure effective national exchange of information and promote uniformity and consistency in the regulation of the teaching profession within Australia and New Zealand; and*
- f) *To keep the teaching profession, professional standards for teachers and other measures for the regulation of the profession under review and to introduce change or provide advice to the Minister of Education as appropriate.*

3. EMPLOYEE AND STAFF BENEFITS

3.1. Employee and staff benefits expenses

	2018 \$'000	2017 \$'000
Salaries and wages	2,314	2,145
Long service leave	124	77
Annual leave	237	205
Skills and experience retention leave (SERL)	15	16
Employee and staff on-costs – superannuation	268	240
Employee and staff on-costs - other	116	98
Board and Committee fees	66	58
Other employee and staff related expenses	121	125
Total employee and staff benefits expenses	3,261	2,964

Employee and staff benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

In addition to those directly employed by the Board there was one staff member nominally employed by the Department for Education as at 30 June 2018. The Board reimburses the Department for Education for this staff member.

The superannuation employment on-cost charge represents the Board's contributions to superannuation plans in respect of current services of current employees.

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Board direct to the superannuation fund for Board members, the Board's employees and also through the Department for Education to the superannuation plan in respect of current services of Department for Education staff.

3.2. Key management personnel

The Board is a statutory authority established under the *Teachers Registration and Standards Act 2004* (the Act) and is a wholly owned entity of the Crown.

Key management personnel of the Board include the Minister, the Registrar, the Board and Deputy members of the Board who have responsibility for the strategic direction and management of the board.

Total compensation for the Board's key management personnel was \$295,000 (\$290,000). Salaries and other benefits the Minister for Education and Child Development 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*.

3.3. Remuneration of employees and staff

	2018 No	2017 No
The number of employees and staff whose remuneration received or receivable falls within the following bands:		
\$229 001 to \$239 000	1	1
Total number of employees and staff	1	1

The table includes Board employees and staff who received remuneration equal to or greater than the base executive remuneration level during the year. The Board pays the Department for Education for the remuneration of a staff member. Remuneration of this staff member reflects all costs of employment including salary and superannuation contributions. The incumbent is contracted until 31 August 2019.

4. REMUNERATION OF BOARD MEMBERS

Members during the 2018 financial year were:

Board members

1 July 2017 – 30 June 2018

Jane Lomax-Smith - Presiding Member

Mardi Barry*

Susan Miels*

Robert Woodbury*

Joanne Hill*

Colleen Tomlian*

David Coulter*

Patricia Cavanagh*

Lynda MacLeod

Bruno Vieceli**

Bernadine Bourne

David Freeman

Julie Clark

Helen Doyle*

Kate Cameron

Fiona Brady**

Deputy Board members

1 July 2017 – 30 June 2018

Leona Graham*

Cezanne Green*

Peter Ryan

Shoma Roy*

Geeta Verma*

Marian Nayda*

Karen Roberts*

Meredith Beck

Michael Kenny**

Michael Francis**

Anthony Haskell**

Stephen Dobson

Marina Elliott*

Monique Russell

David Caruso**

The tenure of all members and deputy members expires on 30 March 2020.

The total value of remuneration paid or payable to eligible Board members, deputy Board members or their nominating organisations during the year was \$66,000 (\$58,000). This amount comprised sitting fees as well as a total of \$4,000 (\$3,000) paid to superannuation plans for eligible Board members.

* In accordance with the Department of Premier and Cabinet Circular No. 16, SA Government employees did not receive any remuneration for board/committee duties during the financial year ended 30 June 2018.

** For some members/deputy members (attending in the absence of the member), the TRB remits their remuneration directly to their nominating organisations.

The number of members whose remuneration received falls within the following bands during the financial year:	2018	2017
\$0 - \$9,999	15	15
\$10,000 - \$19,999	1	1
Total number of members	16	16

As part of these arrangements, legal fees paid to two Board members during the year was \$7,000 (\$4,000). These legal fees were charged at an hourly rate approved by the Commissioner for Public Employment.

5. SUPPLIES AND SERVICES

	2018	2017
	\$'000	\$'000
Accommodation and cleaning	272	259
Information technology expenses	188	160
Insurance	10	10
Minor works, maintenance and equipment	13	39
Postage and courier expenses	39	37
Printing, stationery and office consumables	50	31
Professional fees	20	20
Telecommunications	31	25
Enhanced screening charges	75	74
Sundry operating expenses	53	73
Criminal history checks	319	264
Legal costs	204	198
Promotions, research and sponsorship	54	56
Total supplies and services	1,328	1,246

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, as it is representative of the pattern of benefits derived from the leased assets.

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the board not holding a tax invoice or payments relating to third party arrangements.

6. DEPRECIATION AND AMORTISATION EXPENSE

	2018 \$'000	2017 \$'000
Depreciation		
Plant and equipment	3	4
Leasehold improvements	47	47
Intangible assets	55	17
Total depreciation and amortisation expense	105	68

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.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

6.1. Useful life

Depreciation/amortisation 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)
Plant and equipment	1-7 years
Computer software	5 years
Leasehold improvements	Life of lease

7. FEES AND CHARGES

	2018 \$'000	2017 \$'000
Regulatory fees	4,470	3,743
Other fees and charges	338	283
Total fees and charges	4,808	4,026

Revenues from fees and charges are recognised upon receipt by the Board.

Registration is for a three-year period. There is an uneven distribution of teachers due to renew in any given year which impacts on the revenue collection.

8. OTHER REVENUE

	2018 \$'000	2017 \$'000
Other revenue	9	16
Total other revenues	9	16

Non-refundable lump sum payments received from other entities for expenses paid by the Board have been included in other revenues.

In 2017-2018 the Board received \$7,250 salary reimbursement from the Australian Institute for Teaching and School Leadership (AITSL) for the Registrar to be a member of the expert panel to facilitate a national review of teacher registration.

The United Nations Educational, Scientific and Cultural Organization (UNESCO) International Teacher Task Force provided a non-refundable lump sum of \$1,667 to cover the travel costs, accommodation and incidental costs for travel to the Republic of Congo.

9. CASH AND CASH EQUIVALENTS

	2018 \$'000	2017 \$'000
Deposits with the Treasurer	10,558	9953
Cash on hand and at bank	1	1
Total cash and cash equivalents	10,559	9,954

The Teachers Registration Board has one deposit account with the Treasurer which is a general operating account. The Board earns interest on its deposits with the Treasurer.

10. RECEIVABLES

	2018 \$'000	2017 \$'000
Current		
Receivables	2	-
Prepayments	15	16
Accrued revenues	12	11
GST input tax recoverable	7	12
Total current receivables	36	39
Non-current		
Prepayments	1	2
Total non-current receivables	1	2
Total receivables	37	41

11. PROPERTY, PLANT AND EQUIPMENT

	2018 \$'000	2017 \$'000
Leasehold improvements		
Leasehold improvements at fair value	579	579
Accumulated amortisation at the end of the period	(427)	(380)
Total leasehold improvements	152	199
Plant and equipment		
Plant and equipment at cost (deemed fair value)	120	120
Accumulated depreciation at the end of the period	(113)	(110)
Total plant and equipment	7	10
Total property, plant and equipment	159	209

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value.

11.1. 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.

12. INTANGIBLE ASSETS

	2018 \$'000	2017 \$'000
Computer software		
Computer software	1,274	1,021
Accumulated amortisation	(1,042)	(987)
Total computer software	232	34
Work in progress	41	217
Total intangible assets	273	251

The work in progress relates to two projects: The enhancements to the 'Teachers Portal' for the online renewal of registration project (\$28,000) and the implementation of a Document Verification Service (\$13,000). Both projects are scheduled to be capitalised by September 2018.

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 Board only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis.

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

12.1. Reconciliation of property, plant and equipment and intangible assets

The following table shows the movement of property, plant and equipment and intangible assets during 2017-2018.

	Leasehold improvements	Plant and equipment	Tangible assets total	Work in Progress	Computer software	Intangible assets total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	199	10	209	217	34	251
Additions	-	-	-	77	-	77
Transfer from WIP	-	-	-	(253)	253	-
Depreciation and amortisation	(47)	(3)	(50)	-	(55)	(55)
Carrying amount at the end of the period	152	7	159	41	232	273

Additions to the computer software reflect two projects. The ICT infrastructure refresh and system upgrade (\$217,000) which was capitalised from 1 September 2017 and the PureCloud phone system (\$36,000) which was capitalised in May 2018.

13. PAYABLES

	2018 \$'000	2017 \$'000
Current		
Creditors	227	98
Accrued expenses	34	37
Employee and staff on-costs*	45	39
Total current payables	306	174
Non-current		
Employee and staff on-costs*	56	51
Total non-current payables	56	51
Total payables	362	225

* Employee and staff benefits on-costs include payroll tax and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

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 actual cost of superannuation for employees has been used in the on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$2,000 and staff benefits expense of \$11,000.

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received

14. EMPLOYEE BENEFITS - LIABILITY

	2018 \$'000	2017 \$'000
Current		
Accrued salaries and wages	40	34
Annual leave	216	170
Purchase leave	2	2
Skills and Experience Retention Leave	12	15
Long service leave	10	16
Total current employee and staff benefits	280	237
Non-current		
Long service leave	928	802
Total non-current employee and staff benefits	928	802
Total employee and staff benefits	1,208	1,039

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

14.1. Salaries and wages, annual leave, skills and experience retention leave (SERL) 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.

14.2. 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.

AASB 119 contains the calculation methodology for long service leave liability. 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.

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 leave liability. The yield on long-term Commonwealth Government bonds has not changed from the 2017 rate of 2.5%.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability and employee benefits expense of \$11,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The 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 net financial effect resulting from changes in the salary inflation rate.

15. UNRECOGNISED CONTRACTUAL COMMITMENTS

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

Unrecognised contractual commitments 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.

15.1. Capital commitments

	2018 \$'000	2017 \$'000
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:		
Within one year	31	29
Total capital commitments	31	29

The Board's capital commitment relates to the ICT project to the Implementation of a Document Verification Service and update of core operating systems. Both expect to be completed by September 2018.

15.2. Operating lease commitments

	2018 \$'000	2017 \$'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	223	217
Later than one year not longer than five years	531	750
Total operating lease commitments	754	967

The Board's operating lease relates to its office accommodation contracted with the Department of Planning, Transport and Infrastructure. The lease is non-cancellable and ends in September 2021.

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The only lease that the Board has entered into is an operating lease for the property it uses as its Head Office.

16. CONTINGENT ASSETS AND LIABILITIES

The Board is not aware of any contingent assets and liabilities.

17. RELATED PARTY TRANSACTIONS

The Board has not entered into any transactions with key management personnel and other related parties.

Compensation of Key Management Personnel is disclosed as note 4.

18. EVENTS AFTER THE REPORTING PERIOD

There were no events after balance date which will materially impact on the financial report.