

Lifetime Support Authority of South Australia

Financial report
for the year ended
30 June 2021



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

Opinion

I have audited the financial report of the Lifetime Support Authority of South Australia for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Lifetime Support Authority of South Australia as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The consolidated financial report comprises:

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

Emphasis of matter – Significant inherent uncertainty – provision for participant treatment, care and support

Without qualification to the opinion expressed above, attention is drawn to note 7.3 of the financial report. There is a significant inherent uncertainty surrounding the estimate of the provision for participant treatment, care and support services because of the long-term nature of the provision and limited participant experience to date.

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 Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive and members of the Board for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* 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 2021.

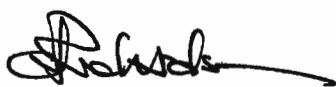
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lifetime Support Authority of South Australia's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Chief Executive and the 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.



Andrew Richardson

Auditor-General

22 September 2021

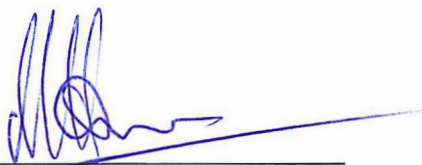
**Lifetime Support Authority of South Australia
(LSA)**

**Financial Statements
For the year ended
30 June 2021**

Lifetime Support Authority of South Australia
Statement of Certification
for the year ended 30 June 2021

We certify that the:

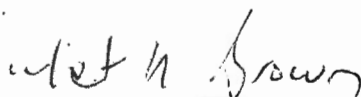
- financial statements for the Lifetime Support Authority of South Australia (LSA):
 - are in accordance with the accounts and records of the LSA; and
 - comply with relevant Treasurer's Instructions; and
 - comply relevant Australian Accounting Standards; and
 - present a true and fair view of the financial position of the LSA at the end of the financial year and the results of its operation and cash flows for the financial year.
- internal controls employed by the LSA for the financial year over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Rick Howe
Chief Executive
17 September 2021



Boris Petrovic
Director Corporate
17 September 2021



Juliet Brown
Chair
17 September 2021

Lifetime Support Authority of South Australia
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Revenues from LSS Fund levy	2.1	168 514	160 651
Investment revenues/ (losses)	2.2	214 767	(10 232)
Other revenues		34	2
Resources received free of charge	2.3	77	82
Total income		383 392	150 503
Expenses			
Participant treatment, care and support expenses	4.1	616 832	125 479
Duty on LSS Fund levy		16 701	15 921
Reinsurance		2 916	3 047
Employee benefits expenses	3.3	9 666	8 324
Service delivery and corporate expenses	4.2	3 348	3 541
Research Education Programs		3 123	2 630
Depreciation and amortisation		813	378
Borrowing Costs		27	29
Total expenses		653 426	159 349
Net result		(270 034)	(8 846)
Total comprehensive result		(270 034)	(8 846)

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

Lifetime Support Authority of South Australia
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	3 548	10 840
Receivables	6.2	1 888	1 467
Total current assets		5 436	12 307
Non-current assets			
Financial assets at fair value	6.3	1 175 950	846 686
Property, plant and equipment	5.1	2 882	1 733
Intangible assets	5.3	47	137
Total non-current assets		1 178 879	848 556
Total assets		1 184 315	860 863
Current liabilities			
Payables	7.1	5 595	3 826
Employee benefits	3.4	1 220	832
Financial liabilities	7.2	450	258
Provisions	7.3	38 850	40 462
Total current liabilities		46 115	45 378
Non-current liabilities			
Payables	7.1	124	106
Employee benefits	3.4	1 320	1 148
Financial liabilities	7.2	960	833
Provisions	7.3	1 157 743	565 311
Total non-current liabilities		1 160 147	567 398
Total liabilities		1 206 262	612 776
Net assets		(21 947)	248 087
Equity			
Retained earnings		(21 947)	248 087
Total equity		(21 947)	248 087

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

Lifetime Support Authority of South Australia
Statement of Changes in Equity
for the year ended 30 June 2021

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019	256 933	256 933
Net result for 2019-20	(8 846)	(8 846)
Total comprehensive result for 2019-20	(8 846)	(8 846)
Balance at 30 June 2020	248 087	248 087
Net result for 2020-21	(270 034)	(270 034)
Total comprehensive result for 2020-21	(270 034)	(270 034)
Balance at 30 June 2021	(21 947)	(21 947)

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

Lifetime Support Authority of South Australia
Statement of Cash Flows
for the year ended 30 June 2021

	2021	2020
	Inflows (Outflows)	Inflows (Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
LSS Fund levy	168 391	161 404
Interest received	4	21
GST recovered from the ATO	(21)	(4)
Other revenues	119	-
Receipts for Paid Parental Leave Scheme	-	2
Cash generated from operating activities	168 493	161 423
Cash outflows		
Duty on LSS Fund levy	(16 747)	(15 921)
Participant treatment, care and support expenses	(24 883)	(21 691)
Employee benefits expenses	(9 002)	(7 911)
Reinsurance	(2 880)	(2 978)
Service delivery and corporate expenses	(3 343)	(4 352)
Interest paid	(27)	(29)
Research, education and programs	(2 787)	(2 628)
Payments for Paid Parental Leave Scheme	(4)	-
Cash used in operating activities	(59 673)	(55 510)
Net cash provided by/(used in) operating activities	8.1 108 820	105 913
Cash flows from investing activities		
Cash outflows		
Purchase of property, plant and equipment	(1 232)	(739)
Purchase of intangibles	-	(29)
Purchase of investments	(114 501)	(96 000)
Cash used in investing activities	(115 733)	(96 768)
Net cash provided by / (used in) investing activities	(115 733)	(96 768)
Cash flows from financing activities		
Cash outflows		
Repayment of leases	(379)	(153)
Cash used in financing activities	(379)	(153)
Net cash provided by / (used in) financing activities	(379)	(153)
Net increase / (decrease) in cash and cash equivalents	(7 292)	8 992
Cash and cash equivalents at the beginning of the period	10 840	1 848
Cash and cash equivalents at the end of the period	6.1 3 548	10 840

The accompanying notes form part of these financial statements.

Lifetime Support Authority of South Australia

Notes to and forming part of the financial statements

for the year ended 30 June 2021

1. About the Lifetime Support Authority of South Australia

The Lifetime Support Authority (the LSA) is a not-for-profit government authority of the State of South Australia. The LSA does not control any other entity and has no interest in unconsolidated structure entities.

The LSA was established on 1 July 2013 under section 7 of the *Motor Vehicle Accident (Life 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.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

The financial statements are prepared based on a 12 month reporting 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.

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

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, 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.

No provision has been made in these accounts for Income Tax Equivalent payment as the LSA has not made a profit from insurance operations in this financial year.

There were no changes in accounting policies.

Significant accounting policies are set out throughout the notes.

Change in discount rate

For the 2020-21 financial statements the LSA adopted the risk free discount rate for the purpose of calculating its provision for participant, treatment care and support, and further information is provided in note 7.3.

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.2. Objectives

The LSS provides necessary and reasonable treatment, care and support for people who suffer very serious injuries in motor vehicle accidents on South Australian roads, regardless of fault. People who sustain injuries including 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 LSA.

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.

1.3. Impact of COVID-19 pandemic on the LSA

The COVID-19 pandemic has not had a material impact on the operations of LSA.

1.4. Significant transactions with government related entities

Significant transactions with the SA Government are defined as exceeding \$5.0m in the financial year. In 2020-21, these comprise the below:

- The LSA is funded by the LSS Fund levy, paid on motor vehicle registrations in South Australia. During 2021 \$168.5m (2020: \$160.7m) of LSS Fund levy was collected by the Department for Infrastructure and Transport (DIT) and remitted to the LSA (refer to Statement of Comprehensive Income).
- Duty on the LSS Fund levy of \$16.7m (2020: \$15.9m) was paid to Revenue SA (refer to Statement of Comprehensive Income).
- The LSA invests with Funds SA, the South Australian Government owned corporation, which invests and manages funds of approved authorities. As at 30 June 2021, the fair value of the investment was \$1 175.9m (2020: \$846.7m) as set out in note 6.3. The increase of \$329.3m (2020: \$85.8m) was comprised of funds invested of \$114.5m (2020: \$96.0m) and a return on investments of \$214.8m (2020: loss on investments of \$10.2m).
- The LSA has a Memorandum of Administrative Agreement (MoAA) with the Department for Health and Wellbeing (DHW) in relation to the funding for Lifetime Support Scheme participants receiving acute and non-acute services in Public Hospitals. The cost incurred under this agreement in 2021 was \$5.7m (2020: \$5.2m).

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2. Income

2.1. Revenues from LSS Fund Levy

	2021	2020
	\$'000	\$'000
Revenues from LSS Fund levy	168 514	160 651
Total revenues from LSS fund levy	168 514	160 651

The LSS Fund levy revenue received or receivable is calculated on an accrual basis. The gross amount is inclusive of stamp duty payable to Revenue SA.

2.2. Investment revenues/ (losses)

	2021	2020
	\$'000	\$'000
Interest income/(loss)	4	(16)
Net gain/(loss) on financial assets designated at fair value through profit or loss	214 763	(10 216)
Total investment revenues/ (losses)	214 767	(10 232)

Refer to financial assets note 6.3 for further information.

2.3. Resources received free of charge

	2021	2020
	\$'000	\$'000
Services received free of charge - Shared Services SA	77	82
Total Resources received free of charge	77	82

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the LSA are the Minister for Health and Wellbeing, the Treasurer, the LSA Board, the Chief Executive and 3 members of the Executive Team who have responsibility for the strategic direction and management of the LSA.

The compensation disclosed in this note excludes salaries and other benefits received by the Minister and the Treasurer. The Minister's and the Treasurer'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*.

	2021	2020
Compensation		
Short term benefits	1 123	1 126
Post-employment benefits	136	491
Total compensation	1 259	1 617

Transactions with Key Management Personnel and other related parties

LSA did not enter into any transactions with key management personnel or their close family during the reporting period.

3.2. Board and committee members

Members during the 2021 financial year were:

LSA Board

Juliet Brown (Chair)
 Arabella Branson
 Melinda OLeary
 George Potter
 Joseph Ullianich
 Kenneth Williams

Audit Committee

Joseph Ullianich (Chair)
 Juliet Brown
 George Potter
 Kenneth Williams

Applications and Rules Committee

Arabella Branson (Chair)
 George Potter
 Joseph Ullianich

Finance and Investment Committee

Kenneth Williams (Chair)
 Juliet Brown
 Melinda OLeary

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.2. Board and committee members (continued)

Board and committee remuneration

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

	2021	2020
\$40 000 - \$59 999	5	5
\$80 000 - \$99 999	1	1
Total number of members	6	6

The total remuneration received or receivable by members was \$347 000 (2020: \$348 000). Remuneration of members reflects all costs of performing board/committee member duties including includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

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

3.3. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	7 053	5 789
Employment on-costs - superannuation	797	626
Annual leave	669	590
Employment on-costs - Payroll Tax	417	348
Board and committee fees	317	319
Long service leave	155	542
Skills and experience retention leave	30	22
Other employee related expenses	228	88
Total employee benefits expenses	9 666	8 324

Employment on-costs – superannuation

The superannuation employment on-cost charge represents the LSA's contributions to superannuation plans in respect of current services of current employees. As LSA is controlled entity of the Crown, DTF centrally recognises the superannuation liability in the whole of government statements.

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.3. Employee benefits expenses(continued)

Executive remuneration

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

	2021	2020
\$154 001 - \$174 000	-	1
\$174 001 - \$194 000	1	-
\$194 001 - \$214 000	1	-
\$254 001 - \$274 000	-	1
\$274 001 - \$294 000	2	-
\$534 001 - \$554 000	-	1
Total number of employees	4	3

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflect all costs of employment including salaries and wages, payments in lieu of leave, termination payments, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax. The total remuneration received by those employees for the year was \$946 000 (2020: \$966 000).

3.4. Employee benefits liability

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Accrued salaries and wages	374	195
Annual leave	782	585
Long service leave	41	39
Skills and experience retention leave	23	13
Total current employee benefits	1 220	832
<u>Non-current</u>		
Long service leave	1 320	1 148
Total non-current employee benefits	1 320	1 148
Total employee benefits	2 540	1 980

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

Salaries and wages, annual leave, skills and experience retention leave (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 the reporting date.

The annual leave liability and the SERL liability in full 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.

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.4. Employee benefits liability (continued)

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. Details about the measurement of long service leave liability is provided as note 10.1.

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1. Participant treatment, care and support expenses

	2021	2020
	\$'000	\$'000
Attendant care	12 686	9 583
Hospital	5 681	5 481
Rehabilitation	3 746	3 181
Equipment	2 012	1 835
Medical treatment services	837	596
Home and vehicle modifications	518	617
Other	590	428
	<u>26 070</u>	<u>21 721</u>
Movement in the provision for participant treatment, care and support costs (refer note 7.3)	590 762	103 758
Total participant treatment care and support expenses	<u>616 832</u>	<u>125 479</u>

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, in connection with the motor vehicle injury and in line with criteria detailed in the LSS Rules, from date of acceptance into the LSS. The costs reported represent the treatment, care and support expenses paid during 2020-21, plus the movement in the provision consisting of the actuarially assessed liabilities associated with previously accepted participants as well as new participants entering into the scheme in 2020-21. The significant increase in the movement in the provision for participant treatment, care and support costs is due primarily to the LSA's change to risk-free discounting in 2020-21. Further information is provided in note 7.3.

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2021

4.2. Service delivery and corporate expenses

	2021	2020
	\$'000	\$'000
Consultants	1 110	980
Information technology	777	710
Service level agreement fees	410	377
Accommodation and telecommunication	262	273
Contractors and other outsourced services	238	475
Training and development	134	84
Minor works maintenance and equipment	73	107
Professional fees	74	101
General administration and consumables	63	200
Other expenses	207	234
Total service delivery and corporate expenses	3 348	3 541

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.

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* were \$50 000 (2020: \$46 000). No other services were provided by the Auditor-General's Department.

Consultants

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

	2021	2021	2020	2020
	Number	\$'000	Number	\$'000
Below \$10 000	2	12	2	5
\$10 000 or above	10	1 098	7	975
Total	12	1 110	9	980

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2021

5. Non-financial assets

5.1. Property, plant and equipment owned and leased by the authority

Reconciliation 2020-21

	Leasehold improvements	Plant and equipment	Work in Progress	Right-of-use buildings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2020	-	71	667	995	1 733
Acquisitions	-	-	1 232	660	1 892
Capital transfers from work in progress	1 477	69	(1 546)	-	-
Depreciation and amortisation	(295)	(34)	-	(414)	(743)
Carrying amount at 30 June 2021	1 182	106	353	1 241	2 882

Gross carrying amount

Gross carrying amount	2 174	156	353	1 904	4 587
Accumulated depreciation	(992)	(50)	-	(663)	(1 705)
Carrying amount at 30 June 2021	1 182	106	353	1 241	2 882

Reconciliation 2019-20

5.1: Reconciliation of property, plant and equipment

	Leasehold improvements	Plant and equipment	Work in Progress	Right-of-use buildings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	-	10	-	-	10
Acquisitions	-	72	667	1 244	1 983
Depreciation and amortisation	-	(11)	-	(249)	(260)
Carrying amount at 30 June 2020	-	71	667	995	1 733

Gross carrying amount

Gross carrying amount	732	87	667	1 244	2 730
Accumulated depreciation	(732)	(16)	-	(249)	(997)
Carrying amount at 30 June 2020	-	71	667	995	1 733

Acquisition and recognition

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised. Items of equipment purchased for participant treatment, care and support are expensed as incurred.

Property, plant and equipment is recorded at fair value. Detail about the authority's approach to fair value is set out in note 10.2.

Lifetime Support Authority of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2021

5.1 Property, plant and equipment owned and leased by the authority (continued)

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected 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.

Depreciation

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

Class of asset	Useful life (years)
Leasehold Improvements	Life of lease
Right-of-Use buildings	Life of lease
Internally developed computer software	5 Years
Plant and equipment	3 - 5 Years

The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

5.2. Leased Property

Right of use assets leased by the LSA as lessee are measured at cost and there were no indications of impairment. Additions to right of use assets during the year were \$660 000 (2020: \$1 244 000).

The authority leases three floors for staff office accommodation in Wakefield House at 30 Wakefield Street Adelaide (part of level 1, all of level 5 and level 6) from its landlord the Department for Infrastructure and Transport. The lease terms commenced 1 July 2019 for part level 1 for 5 years and 4 and a half years commencing 1 January 2020 for level 5. The lease term commenced 01 July 2020 for level 6 for 4 years. All three leases have 5 year right of renewal extension options.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15 000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.2 under Other expenses.

The Lease liabilities and interest expenses related to the right-of-use assets are disclosed in note 7.2. The authority's maturity analysis of the lease liabilities is disclosed in note 10.3. Depreciation is disclosed at note 5.1. Cash outflows relates to leases are disclosed in note 8.1.

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5.3. Intangible assets

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000. Capitalised software is amortised over 5 years.

There were no indications of impairment for intangible assets as at 30 June 2021.

Software relates to the customer management system database and consolidated reporting.

Reconciliation 2020-21

	Internally developed software \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2020	107	30	137
Amortisation	(70)	-	(70)
Capital work in progress transfers	-	(20)	(20)
Total as at 30 June 2021	37	10	47
Gross carrying amount			
Gross carrying amount	521	10	531
Accumulated amortisation	(484)	-	(484)
Carrying amount at 30 June 2021	37	10	47

Reconciliation 2019-20

5.3: Reconciliation of Intangible assets

	Internally developed software \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2019	117	109	226
Acquisitions	-	29	29
Capital work in progress transfers	108	(108)	-
Amortisation	(118)	-	(118)
Total as at 30 June 2020	107	30	137
Gross carrying amount			
Gross carrying amount	520	30	550
Accumulated amortisation	(413)	-	(413)
Carrying amount at 30 June 2020	107	30	137

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6. Financial assets

6.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Special deposit account		
Lifetime Support Authority Operating Account	3 548	10 840
Total cash and cash equivalents	3 548	10 840

Cash is measured at nominal amounts.

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used accordance with their approved purpose.

Special deposits accounts are interest bearing and earn a variable interest rate. From November 2020, the official interest rate for interest bearing deposit accounts changed to zero. The carrying amount of cash and cash equivalents represents fair value.

6.2. Receivables

	2021	2020
	\$'000	\$'000
Current		
Accrued revenues	1 375	1 252
From government entities	145	90
From non-government entities	6	1
GST input tax recoverable	65	44
Prepayments	297	80
Total current receivables	1 888	1 467
Total receivables	1 888	1 467

Accrued revenue reflects the LSS Fund levy which 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 2021, but not yet received by the LSA.

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.

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.

Receivables, prepayments and accrued revenues are non-interest bearing.

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6.3. Financial assets at fair value

	2021	2020
	\$'000	\$'000
Funds SA LSA Strategy	1 175 950	846 686
Total financial assets at fair value	1 175 950	846 686

Categorisation of financial instruments and risk exposure information – refer to note 10.3.

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.

7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2021	2020
	\$'000	\$'000
Current		
Accrued expenses	5 121	3 663
Trade payables	250	-
Employment on-costs	221	156
Paid Parental Leave Scheme payable	3	7
Total current payables	5 595	3 826
Non-current		
Employment on-costs	124	106
Total non-current payables	124	106
Total payables	5 719	3 932

Payables are measured at nominal amounts.

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

Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has remained at 42% for 2021. The average factor for the calculation of employer superannuation on-cost has increased to 10.1% (9.8%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

Lifetime Support Authority of South Australia
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7.1. Payables (continued)

Paid parental leave scheme

Paid Parental Leave Scheme payable represents amounts which the LSA has received from the Commonwealth Government to forward onto eligible employees via the LSA's standard payroll processes. That is, the LSA is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

7.2. Financial liabilities

	2021	2020
	\$'000	\$'000
Current		
Lease liabilities	450	258
Total current financial liabilities	450	258
Non-current		
Lease liabilities	960	833
Total non-current financial liabilities	960	833
Total financial liabilities	1 410	1 091

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or Treasury's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year. Borrowing costs associated with lease liability payments was \$27,000 (\$29,000).

All material cash outflows are reflected in the lease liabilities disclosure above.

The LSA has entered into long-term leases with the DIT relating to office accommodation at 30 Wakefield Street, Adelaide, (part of level 1, all of level 5 and level 6). As at 30 June 2021, the leases have remaining terms of 3 years.

As at 30 June 2021 it is not reasonably certain that the authority will take up an option to extend the lease due to uncertainty regarding office space requirements as a result of ongoing growth in staff numbers, and ongoing considerations of alternative accommodation models which incorporate a flexible approach to working arrangements.

7.3. Provisions

	2021	2020
	\$'000	\$'000
All provisions		
Current		
Provision for participant treatment, care and support	38 800	40 452
Provision for non-resident insurers tax withheld	36	-
Provision for workers' compensation - current	14	10
Total current provisions	38 850	40 462
Non-current		
Provision for participant treatment, care and support	1 157 705	565 290
Provision for workers' compensation - non current	38	21
Total non-current provisions	1 157 743	565 311
Total provisions	1 196 593	605 773

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7.3 Provisions (continued)

	2021	2020
	\$'000	\$'000
Provision for participant treatment, care and support only		
Current		
Provision for participant treatment, care and support	38 800	40 452
Total current provisions	38 800	40 452
Non-current		
Provision for participant treatment, care and support	1 157 705	565 290
Total non-current provisions	1 157 705	565 290
Total provisions	1 196 505	605 742
	2021	2020
	\$'000	\$'000
Not later than one year	38 800	40 452
Later than one year but not later than five years	132 690	106 421
Later than five years but not later than ten years	170 795	108 169
Later than ten years	854 220	350 700
Total provisions	1 196 505	605 742

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 takes into the account of the risks specific to the liability.

Movement in provisions

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

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	605 743	501 984
Payments	(24 133)	(19 078)
Changes in Actuarial Assumptions	334 597	142
Additional provisions recognised	280 298	122 694
Carrying amount at the end of the period	1 196 505	605 742

Change in discount rate

As the LSA does not issue insurance contracts, claims liabilities are accounted for in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Lifetime Support Authority of South Australia
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7.3 Provisions (continued)

Under AASB 137, these liabilities are valued at the inflated and discounted value of the expected future payments for all claims incurred up to valuation date. Paragraph 47 of AASB 137 states the discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money (interpreted as risk-free rate) and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted. The LSA had previously, and since its inception, applied a 6.25% discount rate (based on the long term investment target return) together with a 4.25% inflation rate when valuing this liability based on their informed assessment. In 2020-21, LSA determined that the discount rate applied to the provision for participant treatment, care and support measured in accordance with AASB 137 should be based on the risk-free rate. In 2020-21, it has been determined that the yields on Commonwealth Government Bonds are the most appropriate basis for risk-free discounting. This also provides consistency in approach and improves comparability across similar schemes in Australia. As at 30 June 2021, the risk-free discount applied was 2.60%.

The financial effect of the change to risk-free discount rates in the current financial year is an increase of \$524.9 million in the net central estimate. This results in an increase in the total provision for participant treatment, care and support and in the expense for participant treatment, care and support. The impact on future periods is impracticable to estimate as the liability is calculated using a number of assumptions including the risk-free discount rate.

Sensitivity analysis for the valuation as at 30 June 2021

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, levels of future treatment, care and support provided to participants and uncertainty in discount rate assumptions.

	30 June 2021 Liability \$m	Effect on Liability \$m	Percentage Effect %
Central estimate of provisions	1 196.5		
Alternative CANS transitions			
a. Improvement of 1 CANS severity for all Brain Injury Participants	948.4	(248.1)	-21%
b. Deterioration of 1 CANS severity for all Brain Injury Participants	1 524.2	327.7	27%
c. No further CANS improvement	1 279.7	83.2	7%
Mortality improvement			
a. One percent per annum higher than expected	1 294.4	97.9	8%
b. One percent per annum lower than expected	1 094.6	(101.9)	-9%
Discount rate			
a. One percent per annum higher than expected	980.3	(216.2)	-18%
b. One percent per annum lower than expected	1 496.5	300.0	25%
c. Previous long- term economic assumptions [^]	671.6	(524.9)	-44%

[^]The previous long-term economic assumption refers to the 6.25% discount rate and 4.25% inflation rate applied when valuing the scheme liabilities in 2019-20.

Lifetime Support Authority of South Australia
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7.3 Provisions (continued)

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:

	<u>2021</u>	<u>2020</u>
Weighted mean term	Years	Years
Uninflated, undiscounted	20.6	20.8
Inflated, discounted	21.7	16.4
	<u>2021</u>	<u>2020</u>
Equivalent single rate (all future years)	%	%
Inflation rate	3.64	4.25
Discount rate	2.60	6.25

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. In 2020-21, a wages growth rate of 2.89% p.a. (2020: 3.50%) 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

In 2020-21, the discount rate reflected the risk-free rate, which is based on the expected yield on Commonwealth Government bonds. In 2019-20, the discount rate reflected the expected long-term return for the LSA's portfolio of assets.

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7.3 Provisions (continued)

Provision for workers compensation

	2021	2020
	\$'000	\$'000
Provision for workers compensation		
Current		
Provision for workers compensation - current	14	10
Total current provisions	<u>14</u>	<u>10</u>
Non-current		
Provision for workers compensation - non-current	38	21
Total non-current provisions	<u>38</u>	<u>21</u>
Total provisions for workers compensation	<u>52</u>	<u>31</u>

LSA is responsible for the payment of workers compensation claims.

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment. The provision was calculated in accordance with AASB 137 as the present value of the expenditure expected to be required to settle obligations incurred as at 30 June. No risk margin is included in this estimate.

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8. Other disclosures

8.1. Cash flow

	2021	2020
	\$'000	\$'000
Leases		
Right-Of-Use buildings	407	182
Net cash outflow for leases	<u>407</u>	<u>182</u>

	2021	2020
	\$'000	\$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	3 548	10 840
Balance as per the Statement of Cash Flows	3 548	10 840

<u>Reconciliation of net cash provided by operating activities to net result</u>		
Net cash provided by/(used in) operating activities	108 820	105 913

<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense of non-current assets	(813)	(378)
Gain/losses on financial assets designated at fair value through profit or loss	214 763	(10 216)

<u>Movement in assets and liabilities</u>		
Increase/(decrease) in receivables	421	(732)
Increase/(decrease) in payables	(1 845)	769
Increase/(decrease) in employee benefits	(560)	(433)
Increase/(decrease) in provisions	(590 820)	(103 769)
Net result	<u>(270 034)</u>	<u>(8 846)</u>

Total cash outflows for leases was \$407 005 (2020: \$182 000)

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9. Outlook

9.1. Unrecognised contractual commitments

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

Expenditure commitments

	2021	2020
	\$'000	\$'000
Within one year	1 599	3 511
Later than one year but no longer than five years	993	354
Total expenditure commitments	2 592	3 865

Unrecognised grant commitments in 2021 total \$693 000 (2020: \$3 283 000).

9.2. Contingent assets and liabilities

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

9.3. Impact of standards and statements not yet effective

The LSA has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

AASB 17 Insurance Contracts

The Australian Accounting Standards Board is currently consulting on expanding the scope of AASB 17 to include Government injury insurance schemes like the LSA. If this occurs, the LSA will have to comply with AASB 17 for the reporting period beginning 1 July 2023.

Assuming AASB 17 is implemented in its current form, the LSA would likely be required to:

- hold a liability for participants arising from future accidents that occur in the time period remaining on levies already collected.
- apply risk free economics to projected cash flows
- hold a risk margin above the central estimate of liabilities

Adopting AASB 17 would increase LSA's liability for participant treatment, care and support as at 30 June 2021 to \$1 471.6 million. This is made up of \$1 380.0 million for participant treatment, care and support and \$91.6 million for unexpired levy liability.

9.4. Events after the reporting period

LSA is not aware of any after balance date events.

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10. Measurement and risk

10.1. Long service leave liability - measurement

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

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

AASB 119 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 changed from 0.75% (2020) to 1.25% (2021).

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$201 000 and employee benefits expense of \$201 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

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

The current portion of long service leave taken reflects the authority past experience of long service leave which is expected to continue in future.

10.2. Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Revaluation

Revaluation of non-current assets other than ROU assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life exceeds three years.

Revaluation is undertaken on a regular cycle. 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.

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

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10.2. Fair value (continued)

Fair value hierarchy

The LSA classifies fair value measurement using the following fair value hierarchy that 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 LSA's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

All non-financial assets are classified as Level 3 for fair value measurement, using significant unobservable inputs.

Plant and equipment

All items of plant and equipment owned by the authority had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life that less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

10.3. 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 Framework* describes the governance framework within which the LSA's investments are managed and monitored.

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

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 2021.

Refer to table 10.3 for the carrying amounts of each of the categories of financial assets and liabilities.

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10.3. Financial instruments (continued)

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).

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

Table LSA Categories of fair value measurement

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value 30 June 2021				
Funds SA LSA Strategy	-	1 175 950	-	1 175 950
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value 30 June 2020				
Funds SA LSA Strategy	-	846 686	-	846 686

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification of financial instruments

The LSA measures all financial instruments at amortised cost.

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10.3. Financial instruments (continued)

Maturity analysis of financial instruments

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2021 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents						
Cash and cash equivalents	6	3 548	3 548	-	-	-
Financial assets at amortised cost						
Receivables**	6	145	145	-	-	-
Financial assets at fair value	6	1 175 950	1 175 950	-	-	-
Total financial liabilities		1 179 643	1 179 643	-	-	-

Financial liabilities

Financial liabilities at amortised cost

Payables**	7	250	250	-	-	-
Lease liabilities	7	1 410	-	450	960	-
Total financial liabilities		1 660	250	450	960	-

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2020 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents						
Cash and cash equivalents	6	10 840	10 840	-	-	-
Financial assets at amortised cost						
Receivables**	6	1 252	1 252	-	-	-
Financial assets at fair value	6	846 686	846 686	-	-	-
Total financial liabilities		858 778	858 778	-	-	-

Financial liabilities

Financial liabilities at amortised cost

Payables**	7	2 306	2 306	-	-	-
Lease liabilities	7	1 091	-	258	833	-
Total financial liabilities		3 397	2 306	258	833	-

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10.3. Financial instruments (continued)

*Maturities analysis is presented using the undiscounted cash flows and therefore may not total to equal the carrying amount/fair value of the financial instrument.

** Total amounts disclosed here exclude statutory amounts. Receivables do not include prepayments as these are not financial instruments. Prepayments are presented in note 6.2.

Statutory receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes, fees and charges, Auditor-General's Department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

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.

Expected credit loss

The total outstanding debt for LSA is immaterial and there is no material credit loss risk. All receivables are with government entities. The expected credit loss is considered to be nil based on the external credit ratings and nature of the counterparties.

Lifetime Support Authority of South Australia
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10.3. 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 the maturity analysis table above represents 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.

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). The 95% confidence interval for one year represents the expected range of return outcomes from 23.7% (2020:27.9%) to -11.5% (2020: -12.2%) for the LSA strategy over a one year period. The impact of these expected range of returns on profit and loss and equity is demonstrated in the table below.

Change in unit price		Impact on profit and loss		Impact on equity	
2021	2020	2021	2020	2021	2020
%	%	\$'000	\$'000	\$'000	\$'000
23.7	27.9	278 700	236 225	278 700	236 225
(11.5)	(12.2)	(135 234)	(103 296)	(135 234)	(103 296)

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 75% (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 2021, the probability of sufficiency for the LSS was 92%.

This measure is derived from dynamic modelling of asset and liability outcomes, assuming a discount rate equal to the LSA's long-term investment return target of 6.25%. The Board continually reviews the LSA's funding position, and assesses the policy on an annual basis to ensure it remains appropriate.