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To the Presiding Member Outback Communities Authority

Opinion

I have audited the financial report of the Outback Communities Authority for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Outback Communities Authority as at 30 June 2023, 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 – Simplified Reporting Requirements.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Presiding Member and the Director.

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 Outback Communities Authority. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (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 Director and Members of the Outback Communities Authority for the financial report

The Director is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards – Simplified Reporting Requirements 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 Director is responsible for assessing the entity's ability to continue as a going concern, 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 Outback Communities Authority 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*, I have audited the financial report of the Outback Communities Authority for the financial year ended 30 June 2023.

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 Outback Communities Authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director
- conclude on the appropriateness of the Director'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 Director and Presiding Member 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.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

29 September 2023

Outback Communities Authority

Financial Statements

For the year ended 30 June 2023

Outback Communities Authority
Certification of the Financial Statements
for the year ended 30 June 2023

We certify that the:

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



Jan Ferguson OAM
Presiding Member
Outback Communities Authority
28 September 2023



Margaret Howard
Director
Outback Communities Authority
28 September 2023

Outback Communities Authority
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Commonwealth sourced funding	2.1	2 850	2 593
Revenue from SA Government		2 336	1 613
SA Government grants subsidies and transfers	2.2	3 787	802
Interest revenue	2.3	50	-
Other income	2.4	567	601
Total income		9 590	5 609
Expenses			
Supplies and services	4.1	2 961	2 415
Employee benefits expenses	3.3	1 072	1 328
Grants and subsidies	4.2	2 545	1 290
Depreciation and amortisation	5.1	726	694
Net loss on disposal of non-current assets		-	60
Other expenses	4.3	56	51
Total expenses		7 360	5 838
Net result		2 230	(229)
Total comprehensive result		2 230	(229)

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

Outback Communities Authority
Statement of Financial Position
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.1	4 611	3 581
Receivables	6.2	841	838
Total current assets		5 452	4 419
Non-current assets			
Property plant and equipment	5.1	14 935	13 930
Total non-current assets		14 935	13 930
Total assets		20 387	18 349
Current liabilities			
Payables	7.1	325	469
Employee benefits	3.4	109	156
Lease liabilities	7.2	28	10
Total current liabilities		462	635
Non-current liabilities			
Employee benefits	3.4	124	238
Payables	7.1	13	24
Lease liabilities	7.2	108	2
Total non-current liabilities		245	264
Total liabilities		707	899
Net assets		19 680	17 450
Equity			
Retained earnings		17 266	15 036
Asset revaluation surplus		2 414	2 414
Total equity		19 680	17 450

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

Outback Communities Authority
Statement of Changes of Equity
for the year ended 30 June 2023

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2021	2 414	15 265	17 679
Net result for 2021-22	-	(229)	(229)
Total comprehensive result for 2021-22	-	(229)	(229)
Balance at 30 June 2022	2 414	15 036	17 450
Net result for 2022-23		2 230	2 230
Total comprehensive result for 2022-23	2 414	17 266	19 680
Balance at 30 June 2023	2 414	17 266	19 680

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

Outback Communities Authority
Statement of Cash Flows
for the year ended 30 June 2023

	2023	2022
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Commonwealth sourced funding	2 850	3 813
Revenue from SA Government	2 338	1 560
Other receipts	460	669
SA Government grants, subsidies and transfers	3 787	231
Interest received	50	-
Cash generated from operating activities	9 485	6 273
Cash outflows		
Payments for supplies and services	(2 859)	(2 392)
Employee benefit payments	(1 247)	(1 526)
Payments for grants and subsidies	(2 545)	(1 290)
Interest paid	(1)	-
Other payments	(54)	(43)
Cash used in operating activities	(6 706)	(5 251)
Net cash provided by / (used in) operating activities	2 779	1 022
Cash flows from investing activities		
Cash inflows		
Proceeds from the sale of property, plant and equipment	-	5
Cash generated from investing activities	-	5
Cash outflows		
Purchase of property, plant and equipment	(1 731)	(246)
Cash used in investing activities	(1 731)	(246)
Net cash provided by / (used in) investing activities	(1 731)	(241)
Cash flows from financing activities		
Cash outflows		
Repayment of leases	(18)	(23)
Cash used by financing activities	(18)	(23)
Net cash provided by / (used in) financing activities	(18)	(23)
Net increase / (decrease) in cash and cash equivalents	1 030	758
Cash and cash equivalents at the beginning of the reporting period	3 581	2 823
Cash and cash equivalents at the end of the reporting period	4 611	3 581

The accompanying notes form part of these financial statements.

Outback Communities Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2023

1. About the Outback Communities Authority

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

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

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

1.1. Basis of Preparation

The Authority has prepared these general purpose financial statements 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 applying simplified disclosures.

The financial statements have been prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless another measurement basis is identified in the notes to the financial statement.

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 throughout the notes.

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

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

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

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.2. Objectives and programs

The functions of the Outback Communities Authority (the Authority) are:

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

In performing its functions the Authority is to:

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

1.3. Changes to the Authority

The Authority transferred from the Attorney-General's Department to the Department of Infrastructure and Transport effective 1 July 2022.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2. Income

2.1. Commonwealth sourced funding

	2023	2022
	\$'000	\$'000
Commonwealth-sourced Grant Funding	2 439	2 121
Commonwealth grant funding with sufficient performance obligations	411	472
Total Commonwealth sourced funding	2 850	2 593

The above commonwealth sourced funding were allocated to the following programs / projects:

Financial Assistance Grants	2 439	2 121
Drought Communities Programme Extension	-	175
Leigh Creek Aerodrome Runway Resealing	350	150
Kati-Thanda Lake Eyre Water Event Response Plan	20	-
Glendambo Aerodrome	10	-
Oodnadatta Aerodrome Fencing	31	47
Northern Flinders Ranges Pastoral Business Review	-	100
Total Commonwealth sourced funding	2 850	2 593

Financial Assistance Grants are recognised as income on receipt. Obligations under Commonwealth-sourced grants and funding are required to be met by the State of South Australia.

All revenue from Commonwealth Grant Funding with sufficient performance obligations is revenue recognised from contracts with customers.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.2. SA Government grants, subsidies and transfers

	2023	2022
	\$'000	\$'000
SA Government Funding with sufficient performance obligations	3 787	767
SA Government Grants	-	35
Total SA Government grants subsidies and transfers	3 787	802

The above SA Government grants, subsidies and transfers were allocated to the following programs / projects:

Local Roads & Community Infrastructure	2 845	571
Regional drought resilience plan	130	-
Dunjiba Municipal Services	124	122
STARCLUB Field Officer Program	18	-
Andamooka Road Maintenance	67	74
General Purpose SA Government Grants	-	35
RAUP Leigh Creek Resealing	500	-
RAUP Glendambo Aerodrome	25	-
RAUP Oodnadatta	78	-
Total SA Government grants subsidies and transfers	3 787	802

SA Government Grants are recognised as income on receipt.

All revenue from SA Government Grant Funding with sufficient performance obligations is revenue recognised from contracts with customers.

The Authority recognises revenue from the following major sources:

Local Roads and Communities Programme Extension

Local Roads and Community Infrastructure Programme supports local councils to deliver priority local road and community infrastructure projects across Australia. In the Outback areas within South Australia funding has been received to complete projects enhancing local community facilities. Revenue is recognised when specific milestones in the agreement are reached.

2.3. Interest

	2023	2022
	\$'000	\$'000
Interest:		
Interest	50	-
Total interest	50	-

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.4. Other Income

	2023	2022
	\$'000	\$'000
Community Contribution Scheme	364	317
Recoveries/reimbursements	124	213
Airstrip landing fees	49	41
Other grants	30	27
Other	-	3
Total other income	567	601

Other income consists of recoveries, reimbursements and community contributions which is derived in accordance with section 21 of the Act.

Other income is recognised as an asset and income when the Authority obtains control of the income or obtains the right to receive the income and the income recognition criteria are met (that is, the amount can be reliably measured and the flow of resources is probable).

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3. Board, committees and employees

3.1. Key Management Personnel

Key management personnel of the Authority include the Minister for Local Government (the board members and the Director who have responsibility for the strategic direction and management of the Authority).

The total compensation for the Authority's key management personnel was \$391,808 (\$283 896). This compensation excludes salaries and other benefits the Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 of the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

A board member is the owner of Up the Creek Pty Ltd which has a contract with the Authority for cleaning services. During the year the Authority spent \$12,000 on this contract under normal commercial terms and conditions. At year end there were no outstanding amounts. The board member did not take part in any decisions relating to the engagement.

3.2. Board and Committee Members

Members of the Outback Communities Authority during the financial year 2023 were:

Day L R (appointed 13/10/2022)
 Ferguson J D (appointed (07/07/2022)
 Johnson S C
 Sylvania N (appointed 13/10/2022)
 Vaughan A R
 Wright T W

Board and committee remuneration

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

	2023	2022
\$0 - \$19 999	6	7
Total number of members	6	7

The total remuneration received or receivable by members was \$48,100 (\$70 600). Mileage allowance paid to board members has not been included in the remuneration. Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.3. Employee benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	758	978
Employment on-costs	142	189
Long service leave	26	(11)
Annual leave	81	99
Board fees	44	63
Skills and experience retention leave	14	10
Other employee related expenses	7	-
Total employee benefits expenses	1 072	1 328

Employment on-costs – superannuation

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

Employee remuneration

	2023	2022
	No	No
The number of employees whose remuneration received or receivable falls within the following bands:		
\$180 001 – \$200 000	-	1
\$320 001 – \$340,000	1	-
Total	1	1

The total remuneration received by these employees for the year was \$0.323 million (2022: \$0.183 million).

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, termination payments, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.4. Employee benefits liability

	2023	2022
	\$'000	\$'000
Current		
Annual leave	75	128
Long service leave	22	16
Skills and experience retention leave	12	8
Accrued salaries and wages	-	4
Total current employee benefits	109	156
Non-current		
Long service leave	124	238
Total non-current employee benefits	124	238
Total employee benefits	233	394

Long term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

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 reporting period using the projected unit credit method. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which is then applied to the authority's employee details. Key assumptions include whether the characteristics of employee remuneration, terms of service with the public sector, and expectations as to when employees take long service leave, as established by the actuary, are applicable to employees of the authority. These assumptions affect both the expected amount to be paid that has been factored into the calculation of the liability. The discount rate used in measuring the liability is another key assumption. The discount rate is reflective of long-term Commonwealth Government bonds. The yield on long term Commonwealth Government bonds has increased from 3.5% (2022) to 4 % (2023).

This increase in the bond yield results in a decrease in the reported long service leave liability.

Current long service leave has been allocated between current and non-current liabilities based on DIT's leave pattern history of previous years.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

4. Expenses

4.1. Supplies and services

	2023	2022
	\$'000	\$'000
Service contracts	1 647	1 172
Property expenses	361	421
Insurance	323	219
Administrative costs	126	205
Utilities	90	103
Plant, equipment and vehicle expenses	42	91
Accommodation expenses*	65	52
Auditor's remuneration**	37	36
Materials and other purchases	112	8
Legal services	8	2
Information technology and communications	30	-
Other	120	106
Total supplies and services	2 961	2 415

*The Authority's accommodation is provided by the Department for Infrastructure and Transport (DIT) under Memorandum of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of a lease set out in AASB 16.

** Audit fees paid / payable to the Auditor-General's Department relate to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

4.2. Grant and subsidies

	2023	2022
	\$'000	\$'000
Local Roads and Community Infrastructure	2 192	950
Community Affairs Resourcing Management Grants	158	158
Drought Communities Programme Extension	-	86
Regional Development Initiatives	50	76
Sports and Youth Grants	2	5
Other	143	15
Total grants and subsidies	2 545	1 290

4.3. Other expenses

	2023	2022
	\$'000	\$'000
Community Levy	51	43
Bad and doubtful debts expense	(2)	3
Other	7	5
Total other expenses	56	51

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

5. Non-financial assets

5.1. Property, plant and equipment

Property, plant and equipment comprise tangible assets owned and right-of-use (leased) assets.

All non-current assets with a value of \$10 000 or greater are capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value. Detail about the Authority's approach to fair value is set out in note 9.1

Depreciation and Amortisation

All non-current assets not held for sale with a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

Useful Life

Depreciation is calculated on a straight-line basis. Property, plant and equipment assets depreciation are calculated over the estimated useful life as follows:

Class of asset	Useful life (years)
Buildings and infrastructure	4 - 100
Water, sewerage and drainage	25 - 87
Plant and equipment	3 - 48
Right-of-use vehicles	1 – 5

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 useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2023.

Revaluation of property, plant and equipment 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.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

5.1. Property, plant and equipment (continued)

The following table shows the movement of property, plant and equipment during 2022-23:

2023	Land	Buildings and	Water, sewerage	Plant and	Work in	ROU Vehicles	Total
	\$'000	Infrastructure	and drainage	Equipment	Progress	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	72	10 069	2 132	477	1 168	12	13 930
Additions	-	-	-	-	1 590	141	1 731
Transfer to/(from) works in progress	-	2 408	-	-	(2 408)	-	-
Other movements	-	-	(1)	1	(1)	1	-
Subtotal:	72	12 477	2 131	478	349	154	15 661
Gains/(losses) for the period recognised in net result:							
Depreciation and amortisation	-	(589)	(88)	(30)	-	(19)	(726)
Subtotal:	-	(589)	(88)	(30)	-	(19)	(726)
Carrying amount at the end of the period	72	11 888	2 043	448	349	135	14 935
Gross carrying amount							
Gross carrying amount	72	29 269	3 637	1 050	349	154	34 531
Accumulated depreciation	-	(17 381)	(1 594)	(602)	-	(19)	(19 596)
Carrying amount at the end of the period	72	11 888	2 043	448	349	135	14 935

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

5.2. Property, plant and equipment leased by the Authority

Right-of-use assets leased by the Authority as lessee are measured at cost and there are no indications of impairment.

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 Authority has a limited number of leases:

- 4 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No variable lease payments are provided for in the lease agreements and no options exist to renew the leases at the end of their term.

The measurement of and the maturity analysis associated with lease liabilities are disclosed in note 7.2. Depreciation expenses related to the leases is disclosed in note 5.1. Cash outflows related to leases are disclosed in note 7.2.

6. Financial assets

6.1. Cash

	2023	2022
	\$'000	\$'000
Deposits with the Department of Treasury and Finance	4 611	3 581
Total cash and cash equivalents	4 611	3 581

Cash is measured at nominal amounts.

6.2. Receivables

	2023	2022
	\$'000	\$'000
Current		
Accrued revenues	740	638
Prepayments	-	104
Receivables	106	103
Less impairment loss on receivables	(5)	(7)
Total current receivables	841	838

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice, or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting contractual cash flows and they are measured at amortised cost.

Collectability of receivables is reviewed on an ongoing basis.

Impairment losses relate to contracts with customers external to the SA Government.

Outback Communities Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

6.2. Receivables (continued)

Allowance for impairment loss on receivables

	2023	2022
	\$'000	\$'000
<i>Carrying amount at the beginning of the period</i>	7	4
Increase/(decrease) in allowance recognised in profit or loss	(2)	3
Carrying amount at the end of the period	5	7

7. Liabilities

7.1. Payables

	2023	2022
	\$'000	\$'000
Current		
Accrued expenses	306	245
Creditors	2	200
Employment on-costs	17	24
Total current payables	325	469
Non-current		
Employment on-costs	13	24
Total non-current payables	13	24
Total payables	338	493

Payables and accrued expenses are recognised for all amounts owing but unpaid and 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 and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

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

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has changed from the 2022 rate of 42% to 43%, and the average factor for the calculation of employer superannuation contribution on-costs has increased to 11.1% (10.6%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost and employee benefits expense. This increase was immaterial and the estimated impact on 2024 is not expected to be material.

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7.2. Lease liabilities

A maturity analysis of lease liabilities based on undiscounted gross cash flows is reported in the table below:

	2023	2022
	\$'000	\$'000
Lease liabilities		
within 1 year	28	10
1 to 5 years	108	2
Total lease liabilities	136	12

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. The borrowing costs associated with these lease liabilities was nil (2022: nil).

Total cash outflows for lease for \$18 000 (2022: \$23 000). All material cash outflows are reflected in the lease liabilities disclosed above.

8. Outlook

8.1. Unrecognised contractual commitments

Commitments include capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value (net of GST).

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	\$'000	\$'000
Within one year	395	15
Total capital Commitments	395	15

Expenditure commitments

Commitments for the payment of maintenance and other service contracts at the reporting date but not recognised as payables in the financial statements are payable as follows:

	2023	2022
	\$'000	\$'000
Within one year	828	583
Later than one year but not longer than five years	226	202
Later than five years	65	199
Total expenditure commitments	1 119	984

Expenditure commitments relate to commitments arising from other service contracts, accommodation and grant funding.

8.2. Contingent assets and contingent liabilities

The Authority is not aware of any contingent assets or liabilities as at 30 June 2023.

8.3. Events after balance date

There are no known events after balance date that will have a material impact.

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9. Measurement and Risk

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

Revaluation

Property, plant and equipment, other than right of use asset is subsequently measured at fair value after allowing for accumulated depreciation.

An independent valuation of assets including land, buildings and infrastructure and water and sewerage assets were valued by the Valuer-General as at 1 July 2017. Land is valued using market approach, and buildings and facilities is valued using replacement cost approach due to not being an active market. The valuation was based on a combination of internal records, specialised knowledge and acquisition/transfer costs. No asset classes were revalued in 2022-23.

Non-current tangible assets are valued at fair value and revaluation of non-current 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 is greater than three years.

Every six years, the Authority revalues its land, buildings and infrastructure and water and sewerage assets. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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.

9.2. Financial instruments

Financial risk management

Risk management is managed by the Authority's corporate services section and Authority risk management policies are in accordance with the *SA Government Risk Management Guide* and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

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

Liquidity risk

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

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

All financial assets and liabilities are measured at amortised cost and are current for 2023.