

Planning and Development Fund

Financial report
for the year ended
30 June 2020



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To the Chief Executive Department for Infrastructure and Transport

Opinion

I have audited the financial report of Planning and Development Fund for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Planning and Development Fund as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with the relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- Notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Executive Director People and Corporate Services, Department for Infrastructure and Transport.

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 Department for Infrastructure and Transport. 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 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.

Auditor's responsibilities for the audit of the financial report

As required by section 196(2) of the *Planning, Development and Infrastructure Act 2016*, I have audited the financial report of Planning and Development Fund for the financial year ended 30 June 2020.

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 Planning and Development Fund's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Chief Executive about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

30 September 2020

Planning and Development Fund CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the:

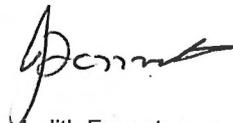
- financial statements of the Planning and Development Fund:
 - are in accordance with the accounts and records of the Planning and Development Fund; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial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



Tony Braxton-Smith
Chief Executive

Department for Infrastructure
and Transport
South Australia

30 September 2020



Judith Formston
Executive Director, People
and Corporate Services

Department for Infrastructure
and Transport
South Australia

30 September 2020

Planning and Development Fund

Financial Statements

for the year ended 30 June 2020

Planning and Development Fund
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note No	2020 \$'000	2019 \$'000
Income			
Fees and charges	3.1	27 559	27 009
Transfers from SA Government	3.2	11 100	-
Interest		107	317
Other income		-	48
Total income		38 766	27 374
Expenses			
Grants and contributions	2.2	40 754	23 425
Supplies and services	2.1	2 224	2 124
Other expenses	2.3	54	75
Total expenses		43 032	25 624
Net result		(4 266)	1 750
OTHER COMPREHENSIVE INCOME			
Changes in land asset revaluation surplus		-	830
Total other comprehensive Income		-	830
Total comprehensive result		(4 266)	2 580

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

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

Planning and Development Fund
Statement of Financial Position
as at 30 June 2020

	Note No	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents		12 936	26 208
Receivables	5.1	2	33
Total current assets		12 938	26 241
Non-current assets			
Land	4.1	17 964	17 964
Total non-current Assets		17 964	17 964
Total assets		30 902	44 205
Current liabilities			
Payables	6.1	4 847	13 712
Other liabilities	6.2	2 546	2 718
Total current liabilities		7 393	16 430
Total liabilities		7 393	16 430
Net assets		23 509	27 775
Equity			
Retained earnings		16 751	21 017
Asset revaluation surplus		6 758	6 758
Total equity		23 509	27 775

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

Unrecognised contractual commitments	7.1
Contingent assets and liabilities	7.2

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

Planning and Development Fund
Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Asset revaluation surplus \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 30 June 2018		5 928	19 267	25 195
Net result for 2018-19		-	1 750	1 750
Gain (loss) on revaluation of land during 2018-19	8.1	830	-	830
Total comprehensive result for 2018-19		830	1 750	2 580
Balance at 30 June 2019		6 758	21 017	27 775
Net result for 2019-20		-	(4 266)	(4 266)
Total comprehensive result for 2019-20		-	(4 266)	(4 266)
Balance at 30 June 2020		6 758	16 751	23 509

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

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

Planning and Development Fund
Statement of Cash Flows
for the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities		
Cash inflows		
Fees and charges	27 387	27 147
Transfers from SA Government	11 100	-
Interest received	138	302
Other receipts	-	48
Cash generated from operations	38 625	27 497
Cash outflows		
Payments of grants and contributions	(48 829)	(12 778)
Payments for supplies and services	(3 014)	(2 124)
Other payments	(54)	(75)
Cash used in operations	(51 897)	(14 977)
Net cash provided by / (used in) operating activities	(13 272)	12 520
Net increase /(decrease) in cash and cash equivalents	(13 272)	12 520
Cash and cash equivalents at 1 July	26 208	13 688
Cash and cash equivalents at 30 June	12 936	26 208

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

Planning and Development Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About the Planning and Development Fund

The Department of Planning, Transport and Infrastructure (DPTI) is responsible for the administration of the Planning and Development Fund ("the Fund"). The *Development Act 1993* requires the Fund to provide an annual report to State Parliament. The Fund does not control any other entity and has no interests in unconsolidated structured entities.

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 with reduced disclosure requirements.

The Fund has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Fund is a not-for-profit entity.

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.

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.

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 Fund is a member of an approved GST group of which the Department of Planning, Transport and Infrastructure is responsible for the remittance and collection of GST.

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.

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the department. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

Planning and Development Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1.2. Objectives of the Planning and Development Fund

The Fund was established under section 79 of the *Development Act 1993*.

The key objective of the Fund is to provide the Government with the means to implement open space and public realm programs across South Australia. It enables the Government to adopt a state-wide overview to strategically address open and public space issues in an objective manner through the Open Space and Places for People grant programs to local government.

The primary source of funding is from developers who are required to contribute to the Fund in lieu of providing a proportion of the development as open space, pursuant to Section 50 of the *Development Act 1993*.

The *Planning, Development and Infrastructure Act 2016* was assented to by the Governor on 21 April 2016. This Act provides for the repeal of the *Development Act 1993* and continues the existence of the Fund. Commencement of the *Planning, Development and Infrastructure Act 2016* was proclaimed by the Governor on 28 March 2017. The *Planning, Development and Infrastructure Act 2016* for the Planning and Development Fund commenced on 1 July 2019.

1.3. Impact of COVID-19 pandemic on the Planning and Development Fund

The COVID-19 pandemic has impacted on the operations of the Fund and the impacts are included under the relevant disclosure notes. The key impact in 2019-20 is the receipt of SA Government funding to accelerate the Planning and Development grant program as part of the Premier's Economic Stimulus Package.

At this stage, there is insufficient information to determine whether the COVID-19 pandemic will have any other material impacts on the operations of the Fund in 2020-21. The Fund will continue to assess the impact of the COVID-19 pandemic on their operations in 2020-21.

1.4. Key Management Personnel

Key management personnel of the Fund includes the Minister for Planning, the Chief Executive and the Executive Director of the Department of Planning, Transport and Infrastructure who have responsibility for the strategic direction and management of the Fund.

The Fund does not compensate its key management personnel.

The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

The remuneration of the Chief Executive and the Executive Director are paid by the Department of Planning, Transport and Infrastructure.

Transactions with Key Management Personnel and other related parties

There were no transactions with key management personnel and other related parties during the year.

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2. Expenses

2.1. Supplies and services

	2020	2019
	\$'000	\$'000
Supplies and services:		
Consultants	-	57
Other contracted services	27	-
Management service cost	1 269	1 246
Auditor's remuneration	27	24
Property costs	901	797
Total supplies and services	2 224	2 124

2.2. Grants and Subsidies

	2020	2019
	\$'000	\$'000
Grants and contributions:		
Places for People and Open Space grants	22 701	13 245
Strategic Investment Grants*	18 053	10 180
Total Grants and contributions	40 754	23 425

Grants are used to implement relevant sections of the Planning Strategy and Council based open space strategies, through the Places for People and Open Space program grants and through strategic investment grants.

*Included within Strategic Investment Grants are contribution payments provided to the Department of Planning, Transport and Infrastructure for the implementation of the planning reform.

2.3. Other expenses

	2020	2019
	\$'000	\$'000
Other expenses:		
Emergency services levy	13	16
Rates, taxes and levies	8	8
Refunds	33	51
Total other expenses	54	75

Refunds paid by the Fund represents previously recognised land development fees

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3. Income

3.1. Fees and charges

	2020	2019
	\$'000	\$'000
Fees and charges:		
Torrens Title	16 125	15 946
Community Title	11 424	11 052
Regulated and Significant Tree Contributions	10	11
Total fees and charges	<u>27 559</u>	<u>27 009</u>

Land division fees are a requirement of the planning decision process and are payable by the applicant prior to the issue of the Certificate of Approval by the State Commission Assessment Panel. Revenue is recognised as the Certificate of Approval is issued to the applicant.

	2020	2019
	\$'000	\$'000
3.2. Transfers from SA Government		
Transfers from SA Government	11 100	-
Total Transfers from SA Government	<u>11 100</u>	<u>-</u>

In 2019-20 funding was received for the acceleration of the Planning and Development grant program. Transfers are recognised on receipt.

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4. Non-Financial Assets

4.1. Land

	2020 \$'000	2019 \$'000
Land	17 964	17 964
Total land	17 964	17 964

Reconciliation of land

The following table shows the movement of land during the financial year:

	2020 \$'000	2019 \$'000
Carrying amount at the beginning of the period	17 964	17 134
Revaluations increment/(decrement)	-	830
Assets donated	-	-
Carrying amount at the end of the period	17 964	17 964

The Fund operates under the *Development Act 1993* and provides the means for the Government to implement open and public space programs and urban regeneration programs across South Australia pursuant to the Government planning strategy. Land acquired by the Fund is not held as a fixed property asset in the furtherance of the business operations of the Fund. The land may be transferred to open space for public use, undergo remediation or be returned to Crown Land. The land is periodically revalued.

The land may be vested to other State or Local Government authorities for future management or it may be sold on the open market.

Valuation of land

Land was revalued to fair value as at 1 July 2018 in accordance with *AASB 116 Property, Plant and Equipment*. The valuation of land was performed by the Valuer-General. The Valuer-General arrived at fair value based on recent market transactions for similar land in the area taking into account zoning and restricted use.

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5. Financial Assets

5.1. Receivables

	2020	2019
	\$'000	\$'000
Current		
Accrued interest	2	33
Total current receivables	<u>2</u>	<u>33</u>
Total receivables	<u>2</u>	<u>33</u>

The accrued interest on deposit represents interest on deposits with the Treasurer.

6. Liabilities

6.1. Payables

	2020	2019
	\$'000	\$'000
Current		
Payables	4 847	13 712
Total payables	<u>4 847</u>	<u>13 712</u>

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.

6.2. Other liabilities

	2020	2019
	\$'000	\$'000
Revenue received in advance	2 546	2 718
Total other liabilities	<u>2 546</u>	<u>2 718</u>

The Fund receives monies in advance for land division fees payable by applicants prior to the issue of the Certificate of Approval by the State Commission Assessment Panel. As the Certificate of Approval is issued the amounts received are recognised as revenue in the Statement of Comprehensive Income. The balance of monies received as at 30 June where a Certificate of Approval is yet to be issued is recognised as a liability.

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7. Outlook

7.1. Unrecognised contractual commitments

	2020	2019
	\$'000	\$'000
Expenditure Commitments		
Within one year	1 374	-
Later than one year but not later than five years	1 348	-
Total Expenditure Commitments	<u>2 722</u>	<u>-</u>

Commitments disclosed for 2019-20 relate to grant funding for the support of local government projects in the Green Adelaide Region and contributions towards land management works performed by the State.

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

7.2. Contingent assets and liabilities

The Fund is not aware of any contingent assets or liabilities with respect to the Fund as at 30 June 2020.

7.3. Events after the reporting period

As a consequence of the restructuring of administrative arrangements outlined in the Government Gazette on 29 July 2020, the *Planning, Development and Infrastructure Act 2016* was committed to the Minister for Planning and Local Government.

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

8. Measurement and risk

8.1. Non-Current Assets

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value. Land is not depreciated.

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

The Fund capitalises non-current physical assets with an individual or grouped value of \$10,000 or greater. Land is capitalised irrespective of its value.

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

Revaluation of non-current assets

Land is valued at fair value. The Fund revalues its land every three years. However, if at any time, management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Valuations are performed by the Valuer-General.

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

8.2. Financial instruments

Financial risk management

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

The Fund receives revenue from developers who are required to contribute to the fund in lieu of providing open space. DPTI works with the Department of Treasury and Finance to determine the cash flows associated with its Ministerially approved program of work and to ensure funding is available consistent with SA Government budgetary processes to meet the expected cash flows.

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

Categorisation of financial assets and liabilities

The carrying amounts of each of the following categories of financial assets and liabilities are detailed below:

Category of financial asset and financial liability		Note No	2020	2019
			Carrying Amount \$'000	Carrying Amount \$'000
Financial assets				
Cash and cash equivalents	Cash and cash equivalents		12 936	26 208
Financial assets at amortised cost	Receivables ⁽¹⁾	5.1	2	33
Total financial assets			12 938	26 241
Financial liabilities				
Financial liabilities at amortised cost:	Payables ⁽¹⁾	6.1	4 820	13 686
Total financial liabilities			4 820	13 686

(1) Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables