

Department of Planning, Transport and Infrastructure

Financial report
for the year ended
30 June 2019



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive Department of Planning, Transport and Infrastructure

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department of Planning, Transport and Infrastructure for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department of Planning, Transport and Infrastructure as at 30 June 2019, its financial performance and its cash flows for year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2019
- a Statement of Administered Financial Position as at 30 June 2019
- a Statement of Administered Changes in Equity for the year ended 30 June 2019
- a Statement of Administered Cash Flows for the year ended 30 June 2019
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Director, Finance.

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 of Planning, Transport and Infrastructure. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* have been met.

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

Responsibilities of the Chief Executive 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 the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and 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 that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of Planning, Transport and Infrastructure'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.



Andrew Richardson

Auditor-General

20 September 2019

Department of Planning, Transport and Infrastructure CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the:

- financial statements of the Department of Planning, Transport and Infrastructure:
 - are in accordance with the accounts and records of the Department; 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 Department 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 Department of Planning, Transport and Infrastructure over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Tony Braxton-Smith
Chief Executive

Department of Planning,
Transport and Infrastructure
South Australia

13 September 2019



Bill Cagialis
Director, Finance

Department of Planning,
Transport and Infrastructure
South Australia

13 September 2019

Department of Planning, Transport and Infrastructure
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2019

	Note No	2019 \$'000	2018 \$'000
EXPENSES			
Employee benefit expenses	2.3	244 729	225 640
Supplies and services	3.1	1 005 363	911 086
Depreciation and amortisation expense	3.2	424 740	427 230
Grants and subsidies	3.3	76 797	175 868
Borrowing costs	3.4	704	845
Other expenses	3.5	81 043	44 098
Total Expenses		1 833 376	1 784 767
INCOME			
Fees and charges	4.2	698 797	642 111
Commonwealth grants and payments	4.3	553 580	742 656
Sale of goods and services	4.4	173 805	166 371
Rental income	4.5	217 898	221 789
Grants and subsidies	4.6	59 522	59 362
Interest	4.7	1 641	1 612
Net gain from the disposal of property, plant and equipment	4.9	5 119	2 616
Resources received free of charge	4.8	5 299	6 448
Other income	4.10	62 941	69 381
Total Income		1 778 602	1 912 346
NET REVENUE FROM / (COST OF) PROVIDING SERVICES		(54 774)	127 579
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	4.1	540 554	989 875
Payments to SA Government	4.1	(75 573)	(29 965)
Net Revenues from (payments to) SA Government		464 981	959 910
Net result		410 207	1 087 489
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to net result</i>			
Changes in property, network assets and plant and equipment asset revaluation surplus		535 076	281 413
Total Other Comprehensive Income		535 076	281 413
TOTAL COMPREHENSIVE RESULT		945 283	1 368 902

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

Department of Planning, Transport and Infrastructure
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	Note No	2019 \$'000	2018 \$'000
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	6.1	4 166 031	3 883 645
Receivables	6.2	165 249	206 397
Inventories	5.6	11 208	10 015
Other assets	6.3	58 067	36 595
Non-current assets classified as held for sale	5.7	12 174	5 093
Total Current Assets		4 412 729	4 141 745
NON-CURRENT ASSETS:			
Receivables	6.2	6 304	6 443
Other assets	6.3	29 766	33 568
Land, buildings and facilities	5.1	2 600 041	2 723 813
Plant and equipment	5.2	670 438	610 364
Network assets	5.3	21 773 901	20 778 706
Capital works in progress	5.4	1 682 996	1 910 935
Intangible assets	5.5	29 303	16 513
Total Non-Current Assets		26 792 749	26 080 342
Total Assets		31 205 478	30 222 087
LIABILITIES:			
CURRENT LIABILITIES:			
Payables	7.1	216 555	216 827
Borrowings	7.2	2 680	2 415
Employee benefits	2.4	35 442	32 842
Provisions	7.3	18 103	23 068
Other liabilities	7.4	24 458	24 991
Total Current Liabilities		297 238	300 143
NON-CURRENT LIABILITIES:			
Payables	7.1	29 042	25 335
Borrowings	7.2	10 172	11 508
Employee benefits	2.4	71 546	61 718
Provisions	7.3	12 849	6 861
Other liabilities	7.4	31 991	35 931
Total Non-Current Liabilities		155 600	141 353
Total Liabilities		452 838	441 496
NET ASSETS		30 752 640	29 780 591
EQUITY:			
Retained earnings		11 412 329	11 240 716
Asset revaluation surplus		15 497 147	14 973 559
Contributed capital		3 843 164	3 566 316
Total Equity		30 752 640	29 780 591

Total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	10.1
Contingent assets and liabilities	10.2

Department of Planning, Transport and Infrastructure
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2019

	Note No	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2017		3 304 468	14 695 236	10 137 472	28 137 176
Prior Period - error corrections	8.1	-	-	26 457	26 457
Restated Balance at 30 June 2017		3 304 468	14 695 236	10 163 929	28 163 633
Net result for 2017-18		-	-	1 087 489	1 087 489
Gain (loss) on Revaluation of Property during 2017-18		-	21 371	-	21 371
Gain (loss) on Revaluation of Network Assets during 2017-18		-	290 041	-	290 041
Gain (loss) on Revaluation of Plant and Equipment during 2017-18		-	(29 999)	-	(29 999)
Total comprehensive result for 2017-18		-	281 413	1 087 489	1 368 902
Transfer between equity components					
Equity transfer on asset disposals		-	(3 091)	3 092	1
Other		-	1	3	4
Net assets transferred as a result of an administrative restructure		-	-	(12 091)	(12 091)
Transactions with SA Government as Owner					
Equity Contribution Received		261 848	-	-	261 848
Dividends Paid		-	-	(1 706)	(1 706)
Balance at 30 June 2018		3 566 316	14 973 559	11 240 716	29 780 591
Adjustments on initial adoption of AASB 9	6.2	-	-	345	345
Other equity adjustments		-	-	1 596	1 596
Adjusted balance at 1 July 2018		3 566 316	14 973 559	11 242 657	29 782 532
Net result for 2018-19		-	-	410 207	410 207
Gain (loss) on Revaluation of Property during 2018-19	5.1	-	207 432	-	207 432
Gain (loss) on Revaluation of Network Assets during 2018-19	5.3	-	328 333	-	328 333
Gain (loss) on Revaluation of Plant and Equipment during 2018-19	5.2	-	(689)	-	(689)
Total comprehensive result for 2018-19		-	535 076	410 207	945 283
Transfer between equity components					
Equity transfer on asset disposals		-	(11 489)	11 489	-
Other		-	1	-	1
Net assets transferred as a result of an administrative restructure	1.3	-	-	(250 004)	(250 004)
Transactions with SA Government as Owner					
Equity Contribution Received		276 848	-	-	276 848
Dividends Paid		-	-	(2 020)	(2 020)
Balance at 30 June 2019		3 843 164	15 497 147	11 412 329	30 752 640

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

Department of Planning, Transport and Infrastructure
STATEMENT OF CASH FLOWS
for the year ended 30 June 2019

	Note No	2019 \$'000 Inflows (Outflows)	2018 \$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefit payments		(231 557)	(229 364)
Payments for supplies and services		(1 434 246)	(1 451 587)
Payments of grants and subsidies		(76 797)	(175 276)
Interest paid		(704)	(845)
Construction work payments		(315 545)	(425 406)
Lease incentives		-	(250)
Other payments		(31 673)	(31 416)
Cash used in Operations		(2 090 522)	(2 314 144)
CASH INFLOWS:			
Fees and charges		698 797	643 703
Receipts from Commonwealth		553 580	742 656
Rental income		301 446	279 986
Sale of goods and services		404 453	446 069
Grants and subsidies		59 522	59 348
Interest received		2 365	2 272
Construction work reimbursements		336 316	430 682
GST received from the ATO		127 141	164 274
Lease incentives		100	1 023
Other receipts		77 867	89 240
Cash generated from Operations		2 561 587	2 859 253
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		540 554	989 875
Payments to SA Government		(75 573)	(29 965)
Cash Generated from SA Government		464 981	959 910
Net Cash provided by (used in) Operating Activities	8.2	936 046	1 505 019
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(154 705)	(101 960)
Purchase of network assets		(789 809)	(1 057 228)
Cash Used in Investing Activities		(944 514)	(1 159 188)
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		17 959	16 003
Cash generated from Investing Activities		17 959	16 003
Net Cash provided by (used in) Investing Activities		(926 555)	(1 143 185)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Payment of dividend to SA Government		(2 020)	(1 706)
Repayment of borrowings		-	(241)
Repayment of finance leases		(2 668)	(2 305)
Cash Used in Financing Activities		(4 688)	(4 252)
CASH INFLOWS:			
Equity contributions received		276 848	261 848
Principal repayments residential housing		735	556
Cash generated from Financing Activities		277 583	262 404
Net Cash provided by (used in) Financing Activities		272 895	258 152
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		282 386	619 986
CASH AND CASH EQUIVALENTS AT 1 JULY		3 883 645	3 263 659
CASH AND CASH EQUIVALENTS AT 30 JUNE	6.1	4 166 031	3 883 645

Department of Planning, Transport and Infrastructure

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1 About the Department of Planning, Transport and Infrastructure

The Department of Planning, Transport and Infrastructure (the department) is a government department of the State of South Australia, established pursuant to the *Public Sector Act 2009*. The department is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of the department.

The department does not control any other entity and has no interests in unconsolidated structured entities.

Transactions and balances relating to administered resources are not recognised as departmental controlled income, expenses, assets and liabilities.

As administered items are significant in relation to the department's overall financial performance and position, they are disclosed in the Administered Financial Statements following the controlled departmental general purpose financial statements. Except as otherwise disclosed administered items are accounted for on the same basis and using the same accounting policies as for departmental transactions.

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.

For the 2018-19 financial statements the department adopted *AASB 9 - Financial Instruments* and is required to comply with the new Treasurer's Instructions (Accounting Policy Statements) issued on 22 March 2019. Further information is provided in note 9.

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 a different measurement basis is disclosed.

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 Tax Office (ATO) in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

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

Assets and liabilities that are to be sold, consumed or realised as part of the 12 month 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 outlined in Note 8.3 and within the Notes.

1.2 Objectives and programs

The department has diverse responsibilities for transport systems and services, infrastructure planning and provision, and strategic land use.

The department ensures that South Australia's needs for the movement of people and freight, and the delivery of services across the transport and infrastructure sectors, are met in a safe, efficient, cost effective and sustainable manner. The department also plays a leadership role in the management of public sector building assets and infrastructure, and the State's land use and development planning for all South Australians.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Departmental Organisation

The structure of the department has been established in a manner that provides clear accountabilities and responsibilities for all divisions and enables an open and steady flow of information between these areas.

The divisions of the department as at 30 June 2019 are:

- Across Government Services;
- People and Corporate Services;
- Planning and Land Use Services;
- Policy, Strategy and Program Development;
- Public Transport Services;
- Road and Marine Services; and
- Transport Project Delivery.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

In achieving its objectives, the department provides a range of services classified into the following programs:

Program 1 Road Safety

Provision of policy and investment advice, community information on road safety, and the provision of services for safe and sustainable road use and travel behaviour.

Program 2 Roads and Marine

Provision of safe, effective and efficient maintenance and operational services to manage road and marine infrastructure. This program also includes the regulation of driver and vehicle access to the transport network.

Program 3 Public Transport

Provision and maintenance of safe, efficient, equitable and accessible public transport services and infrastructure in metropolitan Adelaide and assist regional councils and communities to deliver diverse passenger transport services.

Program 4 Infrastructure Planning and Management

Provision of planning and investment advice for state transport infrastructure and services to government agencies in relation to the construction and maintenance of buildings and properties. The program also includes statutory services related to land titling, surveying and other land administration functions.

Program 5 Service SA

Provision of a comprehensive range of services to various government agencies and the community. These include the provision of shared business services across government, management of the government's digital technology strategies and infrastructure, and delivery of government information, services and transactions through the Service SA network.

Program 6 Office of Local Government

The Office of Local Government provides policy and other advice to the Minister for Transport, Infrastructure and Local Government regarding the system of local government and related matters.

Program 7 Land Use Planning

Administering the South Australian Planning and Development System, leading and presenting South Australia's strategic land use and development planning, and assessing applications for land use and development.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2019 and 30 June 2018 below.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

	Land Use Planning		Recreation, Sport and Racing		Office of Local Government	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
EXPENSES:						
Employee benefit expenses	19 271	20 128	-	9 534	1 159	1 143
Supplies and services	9 789	8 166	-	5 663	965	865
Depreciation and amortisation expense	99	92	-	8 435	-	-
Grants and subsidies	137	572	-	60 835	-	-
Borrowing costs	-	-	-	4	-	-
Other expenses	17	19	-	89	1	1
Total Expenses	29 313	28 977	-	84 560	2 125	2 009
INCOME:						
Fees and charges	8 990	8 745	-	3	-	-
Commonwealth grants and payments	-	-	-	-	-	-
Sale of goods and services	542	1 571	-	422	-	-
Rental income	-	-	-	200	-	-
Grants and subsidies	-	-	-	753	-	-
Interest	-	-	-	1	-	-
Net gain from the disposal of property, plant and equipment	-	-	-	24	-	-
Resources received free of charge	-	-	-	-	-	-
Other income	8 371	6 473	-	5 044	-	-
Total Income	17 903	16 789	-	6 447	-	-
NET REVENUE FROM (COST OF) PROVIDING SERVICES	(11 410)	(12 188)	-	(78 113)	(2 125)	(2 009)

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

	Roads and Marine		Public Transport		Infrastructure Planning and Management	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
EXPENSES:						
Employee benefit expenses	86 731	78 112	37 264	40 987	70 745	69 858
Supplies and services	163 098	182 770	402 409	378 456	406 199	330 606
Depreciation and amortisation expense	258 063	251 379	114 907	116 625	50 493	50 105
Grants and subsidies	5 835	5 405	16 226	47 226	5 842	13 986
Borrowing costs	-	-	-	-	704	841
Other expenses	22 319	28 725	3 446	1 971	55 114	13 293
Total Expenses	536 046	546 391	574 252	585 265	589 097	478 689
INCOME:						
Fees and charges	557 103	518 094	106 136	104 063	24 026	8 654
Commonwealth grants and payments	484 460	557 299	62 326	178 135	352	-
Sale of goods and services	2 616	3 200	2	12	168 874	161 166
Rental income	3 414	3 193	361	203	214 123	218 193
Grants and subsidies	-	-	59 200	58 497	322	112
Interest	420	383	-	-	1 143	1 041
Net gain from the disposal of property, plant and equipment	4 014	8 248	1 063	(30)	42	(5 626)
Resources received free of charge	5 299	5 688	-	-	-	760
Other income	29 593	29 016	14 136	18 490	9 642	10 358
Total Income	1 086 919	1 125 121	243 224	359 370	418 524	394 658
NET REVENUE FROM (COST OF) PROVIDING SERVICES	550 873	578 730	(331 028)	(225 895)	(170 573)	(84 031)

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

	Road Safety		Service SA		TOTAL	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
EXPENSES:						
Employee benefit expenses	8 750	5 878	20 809	-	244 729	225 640
Supplies and services	6 024	4 560	16 879	-	1 005 363	911 086
Depreciation and amortisation expense	541	594	637	-	424 740	427 230
Grants and subsidies	48 757	47 844	-	-	76 797	175 868
Borrowing costs	-	-	-	-	704	845
Other expenses	135	-	11	-	81 043	44 098
Total Expenses	64 207	58 876	38 336	-	1 833 376	1 784 767
INCOME:						
Fees and charges	2 542	2 552	-	-	698 797	642 111
Commonwealth grants and payments	6 442	7 222	-	-	553 580	742 656
Sale of goods and services	-	-	1 771	-	173 805	166 371
Rental income	-	-	-	-	217 898	221 789
Grants and subsidies	-	-	-	-	59 522	59 362
Interest	78	187	-	-	1 641	1 612
Net gain from the disposal of property, plant and equipment	-	-	-	-	5 119	2 616
Resources received free of charge	-	-	-	-	5 299	6 448
Other income	-	-	1 199	-	62 941	69 381
Total Income	9 062	9 961	2 970	-	1 778 602	1 912 346
NET REVENUE FROM (COST OF) PROVIDING SERVICES	(55 145)	(48 915)	(35 366)	-	(54 774)	127 579

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
as at 30 June 2019

	Land Use Planning		Recreation, Sport and Racing		Office of Local Government	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
ASSETS:						
Cash and cash equivalents	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Other assets	-	-	-	53	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-
Land, buildings and facilities	12	-	-	278 317	-	-
Plant and equipment	-	1	-	1 703	-	-
Network assets	-	-	-	-	-	-
Capital works in progress	-	-	-	977	-	-
Intangible assets	460	563	-	-	-	-
Total Assets	472	564	-	281 050	-	-
LIABILITIES:						
Payables	2 171	1 542	-	2 761	72	65
Borrowings	-	-	-	-	-	-
Employee benefits	10 725	10 906	-	5 166	645	619
Provisions	727	756	-	358	45	43
Other liabilities	-	-	-	34	-	-
Total Liabilities	13 623	13 204	-	8 319	762	727

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
as at 30 June 2019

	Roads and Marine		Public Transport		Infrastructure Planning and Management	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
ASSETS:						
Cash and cash equivalents	-	-	-	-	-	-
Receivables	3 172	10 421	5 340	5 236	135 482	172 886
Inventories	3 294	3 646	6 650	6 367	1 264	2
Other assets	19 628	14 677	14 901	152	53 279	55 281
Non-current assets classified as held for sale	-	-	-	-	12 174	5 093
Land, buildings and facilities	1 067 325	849 181	346 562	329 104	1 184 390	1 266 569
Plant and equipment	61 076	57 172	599 928	514 431	8 193	34 964
Network assets	19 540 618	18 823 498	2 233 283	1 955 208	-	-
Capital works in progress	1 641 936	1 828 300	11 533	56 150	27 754	25,270
Intangible assets	6 849	7 618	1 808	2 050	19 807	6 249
Total Assets	22 343 898	21 594 513	3 220 005	2 868 698	1 442 343	1 566 314
LIABILITIES:						
Payables	109 729	88 016	50 098	44 783	80 611	100 391
Borrowings	-	-	-	-	12 852	13 923
Employee benefits	19 853	15 307	20 740	22 209	38 574	37 168
Provisions	25 057	24 434	1 389	1 540	2 582	2 577
Other liabilities	2 135	1 766	11 894	11 465	42 420	47 548
Total Liabilities	156 774	129 523	84 121	79 997	177 039	201 607

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
as at 30 June 2019

	Road Safety		Service SA		General / Not Attributable		TOTAL	
	2019 \$'000	2018 \$'000	2019	2018	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
ASSETS:								
Cash and cash equivalents	-	-	-	-	4 166 031	3 883 645	4 166 031	3 883 645
Receivables	-	-	-	-	27 559	24 297	171 553	212 840
Inventories	-	-	-	-	-	-	11 208	10 015
Other assets	25	-	-	-	-	-	87 833	70 163
Non-current assets classified as held for sale	-	-	-	-	-	-	12 174	5 093
Land, buildings and facilities	592	642	1 160	-	-	-	2 600 041	2 723 813
Plant and equipment	931	2 093	310	-	-	-	670 438	610 364
Network assets	-	-	-	-	-	-	21 773 901	20 778 706
Capital works in progress	1 773	238	-	-	-	-	1 682 996	1 910 935
Intangible assets	20	33	359	-	-	-	29 303	16 513
Total Assets	3 341	3 006	1 829	-	4 193 590	3 907 942	31 205 478	30 222 087
LIABILITIES:								
Payables	1 608	4 604	1 308	-	-	-	245 597	242 162
Borrowings	-	-	-	-	-	-	12 852	13 923
Employee benefits	4 870	3 185	11 581	-	-	-	106 988	94 560
Provisions	341	221	811	-	-	-	30 952	29 929
Other liabilities	-	-	-	-	-	109	56 449	60 922
Total Liabilities	6 819	8 010	13 700	-	-	109	452 838	441 496

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.3 Changes to the department

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2018* on 14 June 2018, the functions of the Office of the Valuer-General (OVG) and the Office of the Registrar-General (ORG) were transferred from the Department of Treasury and Finance to the department. The effective date of the transfer was 1 July 2018.

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2018* on 14 June 2018, Service SA transferred from the Department of the Premier and Cabinet to the department. The effective date was 1 July 2018.

Transferred in

	OVG	ORG	Service SA	Total
	1 July 2018	1 July 2018	1 July 2018	
	\$'000	\$'000	\$'000	\$'000
Cash	-	-	3 097	3 097
Inventories	-	-	34	34
Receivables	7 985	6 174	364	14 523
Other assets	-	-	23	23
Plant and equipment	-	13	470	483
Land, buildings and facilities	440	140	1 483	2 063
Capital works in progress	-	98	123	221
Intangible assets	-	17 061	507	17 568
Total Assets	8 425	23 486	6 101	38 012
Payables	273	226	2 565	3 064
Provisions	-	-	134	134
Employee benefits	1 663	564	5 911	8 138
Total Liabilities	1 936	790	8 610	11 336
Total Net Assets Transferred In	6 489	22 696	(2 509)	26 676

Net assets assumed by the department as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. The net assets transferred were treated as a distribution to the government as owner.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.3. Changes to the department (continued)

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2018* on 14 June 2018, The Office of the Recreation and Sport within the department was transferred to the Office of Recreation, Sport and Racing (ORSR) within the Department of the Premier and Cabinet. The effective date of the transfer was 1 July 2018.

Transferred out

	ORSR 1 July 2018	Total
	\$'000	\$'000
Cash and cash equivalents	86	86
Receivables	193	193
Other assets	52	52
Plant and equipment	2 157	2 157
Land, buildings and facilities	278 937	278 937
Capital works in progress	196	196
Total Assets	281 621	281 621
Payables	2 472	2 472
Provisions	80	80
Employee benefits	2 354	2 354
Other liabilities	35	35
Total Liabilities	4 941	4 941
Total Net Assets Transferred Out	276 680	276 680

Net assets transferred by the department as a result of the administrative restructure were recognised at the carrying amount. The net assets transferred were treated as a distribution to the government as owner.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.4 Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2018-19 Budget Paper 4, Volume 3). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures.

The budget process is not subject to audit.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

		Original Budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
STATEMENT OF COMPREHENSIVE INCOME				
EXPENSES				
Employee benefit expenses		248 403	244 729	(3 674)
Supplies and services		986 896	1 005 363	18 467
Depreciation and amortisation expense		416 227	424 740	8 513
Grants and subsidies		94 665	76 797	(17 868)
Borrowing costs		3 359	704	(2 655)
Other expenses		26 766	81 043	54 277
Total Expenses		1 776 316	1 833 376	57 060
INCOME				
Fees and charges		675 205	698 797	23 592
Commonwealth revenues	a	655 512	553 580	(101 932)
Sale of goods and services		127 392	173 805	46 413
Rental income		220 025	217 898	(2 127)
Grants and subsidies		66 785	59 522	(7 263)
Interest		4 047	1 641	(2406)
Net gain from the disposal of non-current assets		528	5 119	4 591
Resources received free of charge		11 232	5 299	(5 933)
Other income		89 091	62 941	(26 150)
Total Income		1 849 817	1 778 602	(71 215)
NET REVENUE FROM / (COST OF) PROVIDING SERVICES		73 501	(54 774)	(128 275)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:				
Revenues from SA Government		467 086	540 554	73 468
Payments to SA Government		(4 146)	(75 573)	(71 427)
Net Revenues from (payments to) SA Government		462 940	464 981	2 041
Net Result		536 441	410 207	(126 234)
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified to net result</i>				
Changes in property, network assets and plant and equipment asset revaluation surplus	b	40 761	535 076	494 315
TOTAL COMPREHENSIVE RESULT		577 202	945 283	368 081

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

- a) Commonwealth Revenue was lower than original budget largely due to the timing of Commonwealth contributions towards the Gawler Line Modernisation, APY Lands Main Access Road Upgrade, Extension of the Tonsley Rail Line to the Flinders Medical Centre, Northern Connector, North South Corridor Future Priorities and Oakland Crossing major projects.
- b) Changes in property, network assets and plant & equipment asset revaluation surplus predominantly due to the indexation of road network assets and revaluation increment for marine facilities.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

INVESTING EXPENDITURE SUMMARY

		Original Budget	Actual	Variance
		2019	2019	
	Note	\$'000	\$'000	\$'000
Investing Expenditure Summary				
Total new projects		93 200	70 762	(22 438)
Total existing projects	c	1 215 570	730 690	(484 880)
Total annual programs		142 233	143 039	806
Total investing expenditure		1 451 003	944 491	(506 512)

- c) Total existing projects investing expenditure was lower than original budget predominantly due to re-profiling of expenditure in accordance with the delivery schedules on projects including Gawler line modernisation, Extension of the Tonsley Rail Line to the Flinders Medical Centre, Oaklands Crossing and the North South Corridor Upgrade from Torrens Road to Torrens River.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.5 Significant transactions with government related entities

Significant transactions with the SA government are identifiable in this financial report. The department had the following significant transaction:

Related Party	Transaction Details	Amount (\$'000)
Funds SA	Funds received from Funds SA to the Highways Fund on behalf of the Motor Accident Commission.	142 700

2 Board, committees and employees

2.1 Key Management Personnel

Key management personnel of the department include the Minister for Transport, Infrastructure and Local Government, the Chief Executive Officer and the remaining seven members of the Executive Team who have responsibility for the strategic direction and management of the department.

The compensation detailed below excludes salaries and other benefits the Minister for Transport, Infrastructure and Local Government 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 (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

	2019	2018
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	1 629	1 163
Post-employment benefits	381	511
Other long-term employment benefits	126	90
Termination benefits	429	495
Total compensation	2 565	2 259

Transactions with key management personnel and other related parties

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.2 Board and Committee Members

Members during the 2018-19 financial year were:

State Planning Commission

ANDERSON T (resigned 05/10/2018)
DAVIS M J (resigned 11/10/2018)
DELBRIDGE F (resigned 07/10/2018)
DYER H L (appointed 01/11/2018)
FINLAY J M H (resigned 09/10/2018)
HOLMES A N
HOLDEN C A (appointed 01/11/2018)
LENNON M A (re-appointed 01/11/2018)
SMITH S J*

State Planning Commission - Building Committee

FRISBY D (extended 02/10/2018)
HARMER P (appointed 05/12/2018)
KARUPPIAH N* (extended 02/10/2018)
LEYDON G (extended 02/10/2018)
PAYNE J (extended 02/10/2018)
SHILLABEER J (extended 02/10/2018)
SOULIO D* (extended 02/10/2018)
TAYLOR A (resigned 02/10/2018)

Performance and Risk Committee

ALFORD A*
COOPER C (term ended 29/10/2018)
DAVIES T (appointed 28/06/2019)
FORMSTON J*
POWELL D (re-appointed 26/06/2019)
SNEDDON Y (re-appointed 03/10/2018)
WESSEL N*

Passenger Transport Standards Committee

BIRCH C P (re-appointed 16/01/2019)
BORLACE M S (term ended 31/12/2018)
DUNSTONE J (re-appointed 16/01/2019)
EDMONDS D (re-appointed 16/01/2019)
KING B (re-appointed 16/01/2019)
MADAN V (re-appointed 16/01/2019)
MORTIMER K P* (re-appointed 16/01/2019)
OPIE A L (re-appointed 16/01/2019)
SIMIONATO P (re-appointed 16/01/2019)
SPAGNOLETTI M* (re-appointed 16/01/2019)
WIGGLESWORTH R* (re-appointed 16/01/2019)

South Australian Boating Facility Advisory Committee

ANDREW B
BOLTON G
NOBES M*
PAYZE R J
SCHAHINGER B M
SEAMAN V*
WHEELER A J
WOOD J (resigned 27/07/2018)

State Commission Assessment Panel (SCAP)

ADCOCK M (appointed 01/12/2018)
BRANFORD C (re-appointed 1/12/2018)
CRAFTER S J (end date 30/11/2018)
DUNGEY P J (re-appointed 01/12/2018)
DYER H L (resigned 30/11/2018 and reappointed 7 May 2019)
FOGARTY S M (re-appointed 01/12/2018)
MUTTON D R (re-appointed 01/12/2018)
O'LOUGHLIN D A (appointed 21/02/2019 to 20/05/2019)
ROBERTS S (appointed 01/12/2018)

Kangaroo Island Local Advisory Board on Economic Growth

BATES J (board term ended 20/09/2018)
BLAZUJEVIC L* (board term ended 20/09/2018)
BUSSENSCHUTT C (board term ended 20/09/2018)
COLLINS J* (board term ended 20/09/2018)
COOKE D (board term ended 20/09/2018)
DEMARCO R* (board term ended 20/09/2018)
GILL M* (board term ended 20/09/2018)
GREGOR P (board term ended 20/09/2018)
GRIEG M* (board term ended 20/09/2018)
HARVIE M (board term ended 20/09/2018)
HUTCHINSON W* (board term ended 20/09/2018)
KAUPPILA S (board term ended 20/09/2018)
KLEENMAN R* (board term ended 20/09/2018)
MARTIN G (board term ended 20/09/2018)
MCSHERRY M (board term ended 20/09/2018)
MURT R* (board term ended 20/09/2018)
NOLAN A (board term ended 20/09/2018)
REID A* (board term ended 20/09/2018)
RISCHBIETH G (board term ended 20/09/2018)

Kangaroo Island Local Advisory Board on Housing

BOARDMAN A (board term ended 26/09/2018)
BURINGA J* (board term ended 26/09/2018)
DAGAS T (board term ended 26/09/2018)
DAVIS B (board term ended 26/09/2018)
LEASE C* (board term ended 26/09/2018)
MASSEY D* (board term ended 26/09/2018)
MCSHERRY M (board term ended 26/09/2018)
SMITH M (board term ended 26/09/2018)
STEVENS J (board term ended 26/09/2018)
TAYLOR C (board term ended 26/09/2018)

Mount Barker Road Infrastructure Advisory Committee

BROPHY N (appointed 07/11/2018)
CLANCEY B J (appointed 07/11/2018)
FORMSTON J* (appointed 07/11/2018 resigned 05/04/2019)
LAWES P E* (appointed 07/11/2018)
MAYER L (appointed 07/11/2018)
PASCALE S* (appointed 30/04/2019)

*In accordance with the Premier and Cabinet Circular No. 16, government employees did not receive any remuneration for board/committee duties during the financial year.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Board and Committee Remuneration

	2019	2018
	Number	Number
The number of members whose remuneration received/receivable falls within the following bands:		
\$0 - \$19 999	26	60
\$20 000 - \$39 999	5	-
\$40 000 - \$59 999	5	6
\$60 000 - \$79 999	3	1
\$80 000 - \$99 999	-	5
\$140 000 - \$159 999	1	-
\$200 000 - \$219 999	-	1
Total Number of Members	40	73

Remuneration of members reflects all costs of performing committee member duties including sitting fees, superannuation contributions, fringe benefits tax and other salary sacrifice arrangements. The total remuneration received by members was \$0.863 million (\$1.097 million).

2.3 Employee Benefits Expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	177 902	161 099
Board and committee fees (refer below)	825	1 021
Employment on-costs - superannuation	19 451	17 493
Employment on-costs - payroll	10 928	9 665
Annual leave	17 955	14 644
Long service leave	8 137	7 035
Workers compensation expenses	532	1 797
TVSPs payments (refer below)	5 683	9 459
Skills and Experience Retention Leave	983	889
Other employee related expenses	2 333	2 538
Total Employee Benefit Expenses	244 729	225 640

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Remuneration of Employees

	2019	2018
	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$149 000 - \$151 000 *	n/a	4
\$151 001 - \$171 000	28	35
\$171 001 - \$191 000	19	14
\$191 001 - \$211 000	2	4
\$211 001 - \$231 000 (c)	11	10
\$231 001 - \$251 000 (a), (c)	1	6
\$251 001 - \$271 000 (e)	4	5
\$271 001 - \$291 000 (a), (f)	2	9
\$291 001 - \$311 000 (a), (d)	1	4
\$311 001 - \$331 000 (b), (c)	4	2
\$331 001 - \$351 000 (c)	-	3
\$351 001 - \$371 000 (c)	2	1
\$371 001 - \$391 000	-	1
\$411 001 - \$431 000 (c)	-	1
\$791 001 - \$811 000 (a)	1	-
\$951 001 - \$971 000 (c)	-	1
Total Number of Employees	75	100

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

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, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$15.6 million (\$21.9 million).

- (a) 2019 - includes TVSP / executive termination payment for one employee
- (b) 2019 - includes TVSP / executive termination payment for two employees
- (c) 2018 - includes TVSP / executive termination payment for one employee
- (d) 2018 - includes TVSP / executive termination payment for two employees
- (e) 2018 - includes TVSP / executive termination payment for three employees
- (f) 2018 - includes TVSP / executive termination payment for eight employees

The department had 39 (41) Executives as at 30 June 2019.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Targeted Voluntary Separation Packages (TVSPs)

The number of employees who received a TVSP during the reporting period was 66 (129).

	2019	2018
	\$'000	\$'000
Amounts paid during the reporting period to separated employees:		
TVSPs	5 683	9 459
Leave paid to separated employees	2 958	6 430
	8 641	15 889
Recovery from the Department of Treasury and Finance	(5 202)	(534)
Net Cost to the Department	3 439	15 355

The department received reimbursement of \$5.202 million from the Department of Treasury and Finance in 2018-19.

The department received reimbursement of \$0.534 million from the Department of Treasury and Finance in 2017-18 for estimated TVSP payments associated with the Land Services Commercialisation.

In addition, there were executive termination payments of \$0.599 million (\$0.460 million) paid during the year which was recovered from the Department of Treasury and Finance.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.4 Employee Benefits Liability

	2019	2018
	\$'000	\$'000
Current:		
Annual leave	21 024	19 773
Long service leave	8 751	7 195
Skills and Experience Retention Leave	1 645	1 604
Accrued salaries and wages	4 022	4 270
Total Current Employee Benefits	35 442	32 842
Non-Current:		
Long service leave	71 546	61 718
Total Non-Current Employee Benefits	71 546	61 718
Total Employee Benefits	106 988	94 560

Employee benefits accrue to employees 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 salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The liability for annual leave and the skills and experience retention leave is expected to be payable within 12 months and is measured at the undiscounted amounts expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long Service Leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. Details about the measurement of long service leave is provided as Note 11.1.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3 Expenses

3.1 Supplies and Services

	2019	2018
	\$'000	\$'000
Supplies and Services		
Bus service contracts	213 497	212 147
Rail Commissioner salary reimbursements	74 408	68 571
Major infrastructure maintenance contracts	84 097	61 344
Other service contracts	119 137	102 169
Consultants	72	56
Operating leases	167 055	167 225
Property expenses	147 604	140 344
Plant, equipment and vehicle expenses	9 419	11 765
Land administration fees paid to Land Services SA	70 006	-
Information technology	12 268	10 140
Materials and other purchases	19 731	20 105
Utilities	37 763	37 085
Insurance	5 338	4 946
Legal services	3 273	3 185
Commissions - transaction processing	2 186	2 402
Auditor's remuneration *	1 106	1 064
Administrative costs	8 191	7 914
Payment to Service SA - registration and licensing collection	-	35 355
State Planning Commission costs	50	35
Other	30 162	25 234
Total Supplies and Services	1 005 363	911 086

*For work performed by the Auditor-General's Department under the *Public Finance and Audit Act 1987*.

Consultants

The number and dollar amount of consultancies paid/payable that fell within the following bands:

	2019		2018	
	No.	\$'000	No.	\$'000
Below \$10 000	2	8	-	-
Above \$10 000	1	64	3	56
Total Paid / Payable to the Consultants Engaged	3	72	3	56

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.2 Depreciation and Amortisation

	2019	2018
	\$'000	\$'000
Depreciation:		
Network assets	302 231	289 653
Plant and equipment	52 320	59 997
Buildings and facilities	62 044	71 073
Total Depreciation	416 595	420 723
Amortisation:		
Leased assets	880	880
Intangible assets	7 265	5 627
Total Amortisation	8 145	6 507
Total Depreciation and Amortisation	424 740	427 230

The useful life of an asset is generally determined on the basis of "economic useful life to the department". The useful lives of all major assets held by the department are reassessed on an annual basis.

All non-current assets having a limited useful life are systematically depreciated/amortised over their estimated useful lives in a manner that reflects the consumption of their service potential. Land, unsealed roads (graded and formed), rail and road earthworks, road pavement sub-base, non-current assets held-for-sale and works in progress are not depreciated.

The value of equipment assets under finance lease is amortised over the shorter of the lease term and the underlying asset's useful life. The value of building assets under finance lease is amortised over the asset's useful life. Capitalised software is amortised over the useful life of the intangible asset.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Useful Life

Depreciation and amortisation for non-current assets is determined as follows:

<u>Asset Class</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Facilities:		
Buildings and facilities	Straight Line	3 to 150 years
Dwellings	Straight Line	10 to 67 years
Plant and Equipment:		
Plant and equipment	Straight Line	3 to 91 years
Buses	Diminishing Value	15 to 25 years
Tram and train rolling stock	Straight Line	30 to 40 years
Information technology	Straight Line	3 to 10 years
Network Assets:		
Roads (sealed surface)	Straight Line	22 to 29 years
Roads (sealed pavement)	Straight Line	40 to 70 years
Roads (sheeted)	Straight Line	18 years
Structures	Straight Line	10 to 155 years
Metro rail Infrastructure	Straight Line	10 to 149 years
Busway Infrastructure	Straight Line	10 to 100 years
Other	Straight Line	4 to 100 years
Intangible Assets:		
Software	Straight Line	3 to 15 years

Pavement sub-base, Earthworks, Graded and formed unsealed roads have indefinite useful lives and are not depreciated

Review of accounting estimates

In 2018-19 the department reassessed the useful life of some of its assets. This review resulted in a decrease of \$24.7 million in depreciation expense for the 2018-19 year relative to the amount that would have been expenses based on the previous estimate of the useful life.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.3 Grants and Subsidies

	2019	2018
	\$'000	\$'000
Grants and Subsidies		
Contribution for policing services	42 515	41 446
Transport Subsidy Scheme	11 573	10 106
Grants to local councils	9 276	18 020
Transport concessions	3 867	3 870
Grants by Office for Recreation and Sport	-	59 403
Taxi Industry Assistance Payments	-	32 088
Other	9 566	10 935
Total Grants and Subsidies	76 797	175 868

3.4 Borrowing Costs

	2019	2018
	\$'000	\$'000
Interest paid/payable on Borrowing Costs:		
Finance charges on finance leases	704	845
Total Borrowing Costs	704	845

The department does not capitalise borrowing costs.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.5 Other Expenses

	2019	2018
	\$'000	\$'000
Other Expenses		
Rates, taxes and levies	9 273	9 391
Donated assets*	46 921	7 933
Bad and doubtful debts expense	16	207
Write-off of assets	9 012	5 838
Indentured Ports**	14 595	13 191
Site remediation	370	5 633
Other	856	1 905
Total Other Expenses	81 043	44 098

* This includes the Adelaide Botanic High School asset constructed and donated to the Department for Education \$28 million and Heritage assets donated to the Department of Environment and Water \$18 million.

** This relates to amounts returned to the Consolidated Account in accordance with section 90 of the *Harbors and Navigation Act 1993*.

Charges collected for cargo services and harbour services are allocated to the department and applied to the maintenance of indentured ports. Any remaining funds are returned to the Consolidated Account in accordance with section 90 of the *Harbors and Navigation Act 1993*. Assets associated with these ports include land and facilities at Port Bonython, Ardrossan and Whyalla.

The amount transferred to the consolidated account for the year ended 30 June 2019 totalled \$13.668 million.

An amount of \$0.927 million remains payable to the consolidated account representing outstanding unused cargo and harbour service charges collected but not paid to the Department of Treasury and Finance for the year ended 30 June 2019.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4 Income

4.1 Net revenues from SA Government

	2019	2018
	\$'000	\$'000
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	387 018	599 175
Appropriations from the Governor's Appropriation Fund	-	8 900
Transfers from contingency provisions	10 836	22 400
Transfers from Funds SA*	142 700	359 400
Total Revenues from SA Government	540 554	989 875
Payments to SA Government:		
Local government and income tax equivalent payments (Refer Note 8.3)	1 641	1 917
Return of surplus cash pursuant to cash alignment policy	68 173	25 765
Other payments to Consolidated Account	5 759	2 283
Total Payments to SA Government	75 573	29 965

*Funds received from Funds SA to the Highways Fund \$142.7 million (\$359.4 million).

Appropriations are recognised as revenues when the department obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the department and the appropriation is recorded as contributed equity.

Other payments to the Consolidated Account does not include the dividend to SA government as owner. Transactions with SA government as owner are set out in the Statement of Changes in Equity.

4.2 Fees and Charges

	2019	2018
	\$'000	\$'000
Fees and Charges		
Drivers licence fees	76 958	61 430
Metro tickets	93 642	92 651
Motor registrations	451 235	429 829
Marine related fees and charges	26 425	24 041
Land services fees*	16 240	982
Other fees and charges	34 297	33 178
Total Fees and Charges	698 797	642 111

*Land services fees mainly represent collections on behalf of the Office of the Valuer-General (OVG), which was transferred to the department on 1 July 2018. Refer to note 1.3.

Revenues from the levying of fees or charges set in accordance with various legislative acts (e.g. vehicle registration and drivers' licence fees) are recognised when the department obtains control over the funds. Control is generally obtained upon receipt of those funds.

Road Safety

In accordance with the *Highways Act 1926*, \$12.826 million (\$10.238 million) being one-sixth of driver's licence collections and \$0.986 million (\$0.927 million) being 1/100th of Heavy Vehicle Registrations, was applied towards funding transport safety related initiatives under the Road Safety activity.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.3 Commonwealth Grants and Payments

	2019	2018
	\$'000	\$'000
Commonwealth grants and payments		
Commonwealth grants received via DTF*	550 073	736 496
National Land Transport Act 2014**	3 156	6 160
Other Commonwealth revenues***	351	-
Total Commonwealth Grants and Payments	553 580	742 656

* Commonwealth grants received from the Department of Treasury and Finance (DTF) represent mainly *Nation Building Program (National Land Transport) Act 2014* funding.

** *Nation Building Program (National Land Transport) Act 2014* represents Roads to Recovery funding.

*** Other Commonwealth revenue includes Remote Airstrip Upgrade funding.

Contributions are recognised as an asset and income when the department obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

Generally, the department has obtained control or the right to receive:

- Contributions with unconditional stipulations – this will be when the agreement becomes enforceable i.e. earlier of when the department has formally been advised that the contribution has been approved; agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations – this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

4.4 Sales of Goods and Services

	2019	2018
	\$'000	\$'000
Sale of Goods and Services		
Maintenance services	135 885	131 450
Other sale of goods	1 844	628
Other sale of services	36 076	34 293
Total Sale of Goods and Services	173 805	166 371

Revenues are derived from the provision of goods and services to other SA Government agencies and to the public. These revenues are driven by consumer demand and are recognised upon the delivery of those goods and services to the customers or by reference to the stage of completion, where possible.

4.5 Rental Income

	2019	2018
	\$'000	\$'000
Rental Income		
Government accommodation	208 329	212 495
Property rents and recoveries	3 906	3 784
Other lease income	5 663	5 510
Total Rental Income	217 898	221 789

Rental income consists of office accommodation, government employee housing and other property rentals. Commercial property rental is payable in advance, other rentals are payable in arrears.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.6 Grants and Subsidies

	2019	2018
	\$'000	\$'000
Concessional passenger income	59 200	58 497
Grants received by Office for Recreation and Sport	-	753
Other	322	112
Total Grants and Subsidies	59 522	59 362

Concessional Passenger Income

This represents fare concession receipts to fund concessional travel provided to pensioners, the unemployed and students on passenger transport in metropolitan and regional areas.

4.7 Interest

	2019	2018
	\$'000	\$'000
Interest	1 641	1 612
Total Interest	1 641	1 612

The interest received relates predominantly to the Rail Transport Facilitation Fund, Community Road Safety Fund, Boating Administration Working Account, Facilities (Marine) Fund and Commonwealth Funding Received for Specific Projects.

4.8 Resources Received Free of Charge

	2019	2018
	\$'000	\$'000
Resources received/receivable free of charge:		
Land, buildings and facilities	-	50
Network Assets	-	369
Plant and equipment	82	732
Services provided by Shared Services SA*	5 217	5 297
Total Resources Received Free of Charge	5 299	6 448

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

*Services were provided free of charge by Shared Services SA as the department is a non-billable client.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.9 Net Gain (Loss) from Disposal of Non-Current Assets

	2019	2018
	\$'000	\$'000
Net gain (loss) from the disposal of non-current assets received / receivable:		
Land, Buildings and Facilities:		
Proceeds from disposal	2 434	3 080
Net book value of assets disposed	(4 195)	(3 396)
Net gain (loss) from disposal of land, buildings and facilities	(1 761)	(316)
Plant and Equipment:		
Proceeds from disposal	-	176
Net book value of assets disposed	(25)	(269)
Net gain (loss) from disposal of plant and equipment	(25)	(93)
Non-Current Assets Held for Sale:		
Proceeds from disposal	15 525	12 747
Net book value of assets disposed	(8 479)	(9 596)
Costs incurred to facilitate disposal	(141)	(126)
Net gain (loss) from disposal of non-current assets held for sale	6 905	3 025
Total Assets:		
Proceeds from disposal	17 959	16 003
Net book value of assets disposed	(12 699)	(13 261)
Costs incurred to facilitate disposal	(141)	(126)
Total net gain (loss) from disposal of non-current assets	5 119	2 616

Gains/Losses from the disposal of non-current assets are recognised on a net basis when control of the asset has passed to the buyer. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.10 Other Income

	2019	2018
	\$'000	\$'000
Other Income		
Recoveries and contributions	18 087	25 486
Reimbursement works and external project contributions	19 391	17 900
Intra government transfers	23 065	25 974
Commissions received	20	21
Service recoveries received from other government agencies	2 378	-
Total Other Income	62 941	69 381

5 Non-Financial Assets

5.1 Land, Buildings and Facilities

	2019	2018
	\$'000	\$'000
Land:		
Land at fair value	878 967	972 975
Total Land	878 967	972 975
Land Under Roads:		
Land under roads at cost	172 229	42 888
Total Land Under Roads	172 229	42 888
Land for Current Projects:		
Land for current projects at cost *	117 422	184 210
Total Land for Current Projects	117 422	184 210
Buildings and Facilities:		
Buildings and facilities at fair value	1 988 900	2 202 454
Accumulated depreciation at 30 June	593 392	715 509
Total Buildings and Facilities	1 395 508	1 486 945
Land, Buildings and Improvements Under Lease:		
Buildings and improvements under lease at fair value	26 375	26 375
Land under lease at fair value	11 300	11 300
Accumulated amortisation at 30 June	1 760	880
Total Land, Buildings and Improvements Under Lease	35 915	36 795
Total Land, Buildings and Facilities	2 600 041	2 723 813

*This includes land transferred from other land categories deemed at cost. Land under Road and Land for Current Projects is not revalued.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

RECONCILIATION OF LAND, BUILDINGS AND FACILITIES

The following table shows the movement of Land, Buildings and Facilities during 2018-19

	Land	Land Under Roads	Land for Current Projects	Buildings & Facilities	Land, Buildings & Improvements Under Lease	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	972 975	42 888	184 210	1 486 945	36 795	2 723 813
Reclassification (to)/from assets held for sale	(9 589)	-	(15)	(5 955)	-	(15 559)
Additions	4 193	-	43 363	28 546	-	76 102
Disposals	(2 088)	-	(8)	(2 099)	-	(4 195)
Donated assets	(12 017)	-	-	(34 873)	-	(46 890)
Write offs	(64)	-	-	(953)	-	(1 017)
Revaluation increment/(decrement)	49 400	-	-	158 032	-	207 432
Transfers due to Administrative Restructures	(104 629)	-	-	(172 244)	-	(276 873)
Depreciation and amortisation	-	-	-	(62 044)	(880)	(62 924)
Transfers due to reclassification of assets	(19 214)	129 341	(110 128)	159	-	158
Other movements	-	-	-	(6)	-	(6)
Carrying amount at 30 June	878 967	172 229	117 422	1 395 508	35 915	2 600 041

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

RECONCILIATION OF LAND, BUILDINGS AND FACILITIES

The following table shows the movement of Land, Buildings and Facilities during 2017-18

	Land	Land Under Roads	Land for Current Projects	Buildings & Facilities	Land, Buildings & Improvements Under Lease	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	978 197	42 160	181 863	1 485 406	35 712	2 723 338
Reclassification to/from assets held for sale	(4 442)	-	-	2 453	-	(1 989)
Additions	964	-	3 362	57 604	-	61 930
Disposals	(2 493)	-	(28)	(875)	-	(3 396)
Donated assets	(54)	-	-	(3 447)	-	(3 501)
Resources received free of charge	50	-	-	-	-	50
Write offs	(1 244)	-	-	(906)	-	(2 150)
Revaluation increment/(decrement)	1 737	-	-	18 254	1 963	21 954
Transfers due to Administrative Restructures	-	-	-	(318)	-	(318)
Depreciation and amortisation	-	-	-	(71 073)	(880)	(71 953)
Transfers due to reclassification of assets	260	728	(987)	17	-	18
Other movements	-	-	-	(170)	-	(170)
Carrying amount at 30 June	972 975	42 888	184 210	1 486 945	36 795	2 723 813

Valuation of Land, Buildings and Facilities

For non-specialised land, buildings and facilities the valuers arrived at fair value using the market approach. The valuation was based on recent market transactions for similar land, buildings and facilities in the area and includes adjustment for factors specific to the land, buildings and facilities being valued, such as size and location. Refer to note 11.2.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Specialised land like land dedicated to marine purposes and land in the rail corridor have their values discounted to account for the restriction in its use to arrive at fair value. These land categories usually comprises of individual parcels.

For specialised buildings and facilities the valuers used depreciated replacement cost due to there not being an active market for such buildings and facilities. The valuation was based on a combination of internal records, specialised knowledge and acquisition/transfer costs. Rail infrastructure assets revalued in 2018-19 was indexed using the appropriate construction index and the revaluation was done by the Office of Valuer-General.

Timing of Land, Buildings and Facilities Revaluations

The following table shows when and by whom land, buildings and facilities were revalued:

Asset Class	Assets Valued	Last Valued / Revalued	By Whom	Timing of Revaluations (years)	Input level	Fair Value Approach
Land						
Land	Government Employee Housing	1 July 2018	Valuer-General	1	2	Market
	Government Agency Accommodation	1 July 2017	Savillis/JLL/Opteon/m3/ Valuer-General	3	2	Market
	Ex Australian National Railways Land**	1 July 2015	Valuer-General	3	2	Market
	Metro Rail Stations, Yards and Corridors	1 July 2018	Valuer-General	3 - 5	2	Market
	Marine Land**	1 July 2018	Valuer-General/Public Private Property	3	2&3	Market
	Bus Depot Land	1 July 2017	Knight Frank	3	2	Market
	Future Road Construction**	1 July 2014	Valuer-General	3	2	Market
	Other Departmental Land (Bus Interchanges)	1 July 2017	M3 property Strategist	3	2	Market
Land Under Roads	Land Under Roads	NA	Not applicable	NA	NA	NA
Land for Current Projects	Land for Current Projects	NA	Not applicable	NA	NA	NA

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Asset Class	Assets Valued	Last Valued / Revalued	By Whom	Timing of Revaluations (years)	Input level	Fair Value Approach
Buildings and Facilities						
Buildings and Facilities	Marine Related**	1 July 2018	Valuer-General/Public Private Property	3	3	Cost
	Metro Rail Stations and Yards	1 July 2018	Valuer-General	3	3	Cost
	Ex Australian National Railways**	1 July 2016	Valuer-General/ Maloney Field Services	3	3	Cost
	Bus Depots	1 July 2017	Knight Frank	3	3	Cost
	Tram Depot	1 July 2018	Valuer-General	3	3	Cost
	Other	1 July 2016	Valuer-General	3	3	Cost
Residential Buildings						
	Government Employee Housing	1 July 2018	Valuer-General	1	2	Market
	Future Road Construction**	1 July 2016	Valuer-General	3	2	Market
Commercial Buildings						
	Government Agency Accommodation	1 July 2017	Savillis/JLL/Opton/m3/ Valuer-General	3	2	Market
	Future Road Construction**	1 July 2016	Valuer-General	3	2	Market
	Depots	1 July 2018	Valuer-General	3	2	Market
Land, Buildings and Improvements Under Lease	Land, Buildings and Improvements Under Lease	1 July 2017	Savills Australia/ Valuer General	3	2	Market

** There is a minor re-alignment of valuation year of these asset classes.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.2 Plant and Equipment

	2019	2018
	\$'000	\$'000
Plant and equipment (at fair value)	1 796 107	1 676 090
Information technology	13 909	15 755
IT under lease	3 549	-
	1 813 565	1 691 845
Accumulated Depreciation:		
Accumulated depreciation - Plant and equipment	1 128 015	1 068 261
Accumulated depreciation - Information technology	11 563	13 220
Accumulated depreciation - IT under lease	3 549	-
	1 143 127	1 081 481
Total Plant and Equipment	670 438	610 364

RECONCILIATION OF PLANT AND EQUIPMENT

The following table shows the movement of Plant and Equipment during 2018-19

	Plant and Equipment	Information Technology	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July	607 829	2 535	610 364
Additions	115 415	876	116 291
Disposals	(25)	-	(25)
Donated assets	(31)	-	(31)
Resources received free of charge	82	-	82
Transfers due to Administrative Restructures	(1 643)	(33)	(1 676)
Write offs	(1 321)	8	(1 313)
Revaluation increment/(decrement)	(689)	-	(689)
Depreciation and amortisation	(51 281)	(1039)	(52 320)
Transfers due to reclassification of assets	(244)	-	(244)
Other movements	-	(1)	(1)
Carrying amount at 30 June	668 092	2 346	670 438

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

The following table shows the movement of Plant and Equipment during 2017-18

	Plant and Equipment \$'000	Information Technology \$'000	Total \$'000
Carrying amount at 1 July	668 779	1 227	670 006
Additions	28 297	2 355	30 652
Disposals	(269)	-	(269)
Donated assets	(58)	-	(58)
Resources received free of charge	731	1	732
Transfers due to Administrative Restructures	(3)	(10)	(13)
Write offs	(676)	(1)	(677)
Revaluation increment/(decrement)	(29 999)	-	(29 999)
Depreciation and amortisation	(58 960)	(1 037)	(59 997)
Transfers due to reclassification of assets	(13)	-	(13)
Carrying amount at 30 June	607 829	2 535	610 364

Valuation of Plant and Equipment

For non-specialised plant and equipment the valuers arrived at fair value using the market approach. The valuation was based on recent market transactions for similar plant and equipment and includes adjustment for factors specific to the plant and equipment being valued, such as size and location.

For specialised plant and equipment, the valuers used depreciated replacement cost due to there not being an active market for such plant and equipment. The valuation was based on a combination of internal records, specialised knowledge and acquisition/transfer costs.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Timing of Plant and Equipment Revaluations:

The following table shows when and by whom plant and equipment was revalued:

Asset Class	Assets Valued	Last Valued / Revalued	By Whom	Timing of Revaluations (years)	Input level	Fair Value Approach
<i>Plant and Equipment</i>	Buses	1 July 2018	Jones Lang LaSalle	3	2 & 3	Market
	Tram and Train Rolling Stock	1 July 2017	Jones Lang LaSalle/ Valuer-General	3	3	Cost
	Bus Depots	1 July 2017	Knight Frank	3	3	Cost
	Rail	1 July 2017	Jones Lang LaSalle/ Valuer-General	3	2 & 3	Cost
	Tall Ships/Patrol Boats	1 July 2017	Markwell Risk Mgt Services	3	3	Cost
	Ferries (including Modules)	1 July 2016	Pickles Auctions	3	2	Market
	Aids to Navigation	1 July 2016	Valuer-General	3	3	Cost
	Heavy Plant	1 July 2016	Pickles Auctions	3	2	Market
	Metro-ticket System	1 July 2018	Aon Risk Solution	3	3	Cost
	Other Plant & Equipment	Not required under Policy	Not applicable	NA	NA	NA
<i>Information Technology (IT)</i>	Information Technology	NA	Not applicable	NA	NA	NA

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.3 Network Assets

	2019	2018
	\$'000	\$'000
Network Assets:		
Network assets (deemed fair value)	27 122 876	25 933 534
Rail and bus track (deemed fair value)	3 498 023	3 134 248
	30 620 899	29 067 782
Accumulated Depreciation:		
Accumulated depreciation - Network	7 808 726	7 343 686
Accumulated depreciation - Rail and bus track	1 038 272	945 390
	8 846 998	8 289 076
Total Network Assets	21 773 901	20 778 706

RECONCILIATION OF NETWORK ASSETS

The following table shows the movement of Network Assets during 2018-19

	Roads	Structures	Rail and Bus Track	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	16 258 154	2 331 694	2 188 858	20 778 706
Additions	626 922	74 295	274 413	975 630
Write offs	-	(3 845)	(2 776)	(6 621)
Revaluation increment/(decrement)	229 030	75 616	23 687	328 333
Depreciation and amortisation	(185 073)	(45 942)	(71 216)	(302 231)
Transfers due to reclassification of assets	(1 367)	(45 332)	46 783	84
Other	-	(2)	2	-
Carrying amount at 30 June	16 927 666	2 386 484	2 459 751	21 773 901

The following table shows the movement of Network Assets during 2017-18

	Roads	Structures	Rail and Bus Track	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	16 062 186	2 274 961	1 903 304	20 240 451
Additions	160 119	31 634	352 905	544 658
Donated assets	-	(4 374)	-	(4 374)
Resources Received Free of Charge	-	369	-	369
Write offs	(1 143)	(282)	(1 370)	(2 795)
Revaluation increment/(decrement)	216 876	73 165	-	290 041
Depreciation and amortisation	(179 038)	(44 634)	(65 981)	(289 653)
Transfers due to reclassification of assets	(856)	856	-	-
Other	10	(1)	-	9
Carrying amount at 30 June	16 258 154	2 331 694	2 188 858	20 778 706

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Valuation of Road Network Assets

In accordance with the department's policy, the road network assets were due for revaluation in 2018-19. This revaluation has been deferred to 2019-20 financial year, the deferral is primarily due to the determination that further assessment is needed to ensure the most accurate revaluation outcome is achieved for the state's road network asset. Australian Bureau of Statistics' Road and Bridge Construction Price Index for South Australia has been applied to road network asset in 2018-19. The department is in compliance with the requirement of Treasurer's Instructions (Accounting Policy Statements) 116.E that mandate revaluation at least every 6 years.

All road network assets with the exception of earthworks and the pavement sub-base are subject to depreciation. All road network assets are valued at written down replacement cost by senior professional engineers with the knowledge and expertise in that particular area and independent recognised industry experts are engaged to provide input with respect to key areas of the revaluation. As these assets have no active market they are measured at written down replacement cost which is considered to be their fair value.

Departmental policy allows for the road network assets to be revalued every three years with indexing applied during intervening years to roads and structures with the exception of earthworks component. Indexing is applied using the Australian Bureau of Statistics' Road and Bridge Construction Price Index for South Australia as at 1 July. The index applied for 2018-19 is 3.33% (3.25%).

Approval has been granted by the Treasurer for a variation to the requirements of Treasurer's Instructions (Accounting Policy Statements), which requires an independent valuation appraisal be performed at least every 6 years. The variation enables the department to value its road network assets using an internally developed revaluation methodology, with inputs for the key areas being provided by independent industry experts.

In the model used for valuation, the road network is segmented into sections that have similar engineering and functional characteristics. Each segment is then characterised by a representative stereotype. Replacement unit rates, useful lives and non-depreciating sub-base percentages are calculated for each of these stereotypes and then applied to the surfacing/pavement area of the segments.

Road network assets were last revalued in 2015-16 with some improvements around representative stereotypes to include a new category entitled 'Motorways'. This improvement was introduced to account for a more accurate grouping of road to reflect purpose, service capacity and consumption pattern.

Valuation of Rail and Bus Network Assets

For specialised rail and bus network assets, the valuers used depreciated replacement cost due to there not being an active market for such rail and bus network assets. Valuation is usually based on a combination of internal records, specialised knowledge and acquisition/transfer costs.

The rail infrastructure assets including operational facilities, rail structures and station assets were revalued in 2018-19. The revaluation was done by Office of Valuer-General by applying the appropriate construction index. The Valuer- General worked closely with qualified engineers within the department to review useful life based on asset periodic condition assessment and asset design life.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Timing of Network Asset Revaluations

The following table shows when and by whom network assets were revalued:

Asset Class	Assets Valued	Last Valued / Revalued	By Whom	Timing of Revaluations (years)	Input Level	Fair Value Approach
Network Assets						
Roads	Road Pavements base, Sub-base, and Surface	1 July 2015	Mick Lorenz, B.Eng (Civil)*	3	3	Cost
	Earthworks	1 July 2015	Mick Lorenz, B.Eng (Civil)*	3	3	Cost
Structures	Bridges / Culverts	1 July 2015	Grant Wilksch, B.Eng (Civil)	3	3	Cost
	Ferry Landings	1 July 2015	Grant Wilksch, B.Eng (Civil)	3	3	Cost
	Drainage	1 July 2017	Jones Lang LaSalle	3	3	Cost
	Weighbridges and Weigh Slabs	1 July 2017	Jones Lang LaSalle	3	3	Cost
Rail and Bus Track	Busway Interchanges	1 July 2016	Valuer-General	3	3	Cost
	Busway Track and Structures	1 July 2015	Grant Wilksch, B.Eng (Civil)	3	3	Cost
	Metro Rail Structure (includes bridges)	1 July 2018	Valuer-General	3 - 5	3	Cost
	Metro Rail, Tram Lines Track and Other	1 July 2016	Valuer-General/ Darren Schultz B.Eng	3 – 5	3	Cost

*Valuation performed by suitably qualified officers of the department

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.4 Capital Works in Progress

	2019	2018
	\$'000	\$'000
Land, buildings and facilities	68 042	48 195
Road network	1 412 655	1 582 474
Plant, equipment and intangibles	27 815	53 633
Rail and bus track	174 484	226 633
Total Capital Works in Progress	1 682 996	1 910 935

RECONCILIATION OF CAPITAL WORKS IN PROGRESS

The following table shows the movement of Capital Works in Progress during 2018-19

	Road Network \$'000	Plant and Equipment/Intangibles \$'000	Land, Buildings and Facilities \$'000	Rail and Bus Track \$'000	Total \$'000
Carrying amount at 1 July	1 582 474	53 633	48 195	226 633	1 910 935
Additions	566 783	72 341	82 364	223 026	944 514
Transfer to capital	(701 217)	(118 777)	(76 102)	(274 413)	(1 170 509)
Transfer to operating	(1 357)	(467)	(148)	-	(1 972)
Transfers due to Administrative Restructures	-	155	(130)	-	25
Transfer due to reclassification of assets	(34 029)	20 927	13 864	(762)	-
Other	1	3	(1)	-	3
Carrying amount at 30 June	1 412 655	27 815	68 042	174 484	1 682 996

The balance of each work in progress asset class is the best representation of work in progress projects expenditure as at 30 June 2019.

Valuation of Works in Progress

Capital Works in Progress is not revalued and is recorded at historic cost in accordance with AASB 116 *Property, Plant and Equipment*

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

RECONCILIATION OF CAPITAL WORKS IN PROGRESS

The following table shows the movement of Capital Works in Progress during 2017-18

	Road Network \$'000	Plant and Equipment/Intangibles \$'000	Land, Buildings and Facilities \$'000	Rail and Bus Track \$'000	Total \$'000
Carrying amount at 1 July	1 062 066	52 864	68 473	214 090	1 397 493
Additions	716 042	35 980	41 860	365 448	1 159 330
Transfer to capital	(191 753)	(34 337)	(61 930)	(352 905)	(640 925)
Transfer to operating	(3 881)	(873)	(111)	(1)	(4 866)
Transfers due to Administrative Restructures	-	-	(98)	-	(98)
Other	-	(1)	1	1	1
Carrying amount at 30 June	1 582 474	53 633	48 195	226 633	1 910 935

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.5 Intangible Assets

	2019	2018
	\$'000	\$'000
Intangibles		
Intangibles	79 634	74 543
Service concession	17 062	-
	<u>96 696</u>	<u>74 543</u>
Accumulated amortisation		
Accumulated amortisation - Intangibles	65 227	58 030
Accumulated amortisation - Service concession	2 166	-
	<u>67 393</u>	<u>58 030</u>
Total Intangible Assets	<u>29 303</u>	<u>16 513</u>

RECONCILIATION OF INTANGIBLE ASSETS

The following table shows the movement of Intangible Assets during 2018-19

	Intangibl es	Service Concess ion	Total
	2019	2019	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July	16 513	-	16 513
Additions	2 486	-	2 486
Transfers due to Administrative Restructures	507	17 062	17 569
Amortisation	(5 099)	(2 166)	(7 265)
Carrying amount at 30 June	<u>14 407</u>	<u>14 896</u>	<u>29 303</u>

The following table shows the movement of Intangible Assets during 2017-18

	Intangibles
	2018
	\$'000
Carrying amount at 1 July	31 828
Additions	3 683
Transfers due to Administrative Restructures	(13 371)
Amortisation	(5 627)
Carrying amount at 30 June	<u>16 513</u>

The transfers due to administrative restructures represents the South Australian Integrated Land Information System (SAILIS) asset \$17.062 million transferring from the Department of Treasury and Finance as part of the Machinery of Government transfer of the Office of the Registrar-General in 2018-19.

The SAILIS software system was reclassified as service concession asset by applying the concepts of AASB 1059 *Service Concession Arrangements: Grantors* and revalued to the current replacement cost by Department of Treasury and Finance before transferring to the department.

On transition to AASB 1059 in the 2020-21 financial statements, data in the land title registries will need to be considered and measured at fair value using the cost approach - *current replacement cost* under AASB 1059. Refer to Note A22 in Administered Items.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Valuation of Intangible Assets

Intangible assets are not revalued and are recorded at historic cost.

Intangible assets are identifiable as non-monetary assets without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of the intangible assets are assessed to be either finite or indefinite. The department only has intangible assets with finite lives. The amortisation period and method for intangible assets is reviewed on an annual basis.

5.6 Inventories

	2019	2018
	\$'000	\$'000
Current - held for distribution at no or nominal consideration		
Road making material and stores at cost	3 573	3 644
Rail material and stores at cost	7 325	6 158
Total inventories held for distribution at no or nominal consideration	10 898	9 802
Current - other than those held for distribution at no or nominal consideration:		
Other inventory at cost	310	213
Total inventories other than those held for distribution at no or nominal consideration	310	213
Total Current Inventories	11 208	10 015

Inventories include goods and other property held for distribution in the ordinary course of business and excludes depreciable assets.

Inventories held for distribution at no or nominal consideration are adjusted when applicable for any loss of service potential. The basis for assessing loss of service potential includes current replacement cost and technological or functional obsolescence.

Inventories of roadside materials are measured at historic cost and stores are measured on a weighted average historic cost basis. Inventories held for works performed for clients external to the department are measured at cost.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.7 Non-Current Assets Classified as Held for Sale

	2019	2018
	\$'000	\$'000
Non-Current Assets Classified as Held for Sale:		
Land, buildings and facilities	12 174	5 093
Total Non-Current Assets Classified as Held for Sale	12 174	5 093

The department has identified \$12.174 million (\$5.093 million) of land, buildings and facilities that are surplus to the department's requirements. The land, buildings and facilities are expected to be sold within 12 months by public tender or auction.

Valuation of Non-Current Assets Classified as Held for Sale

Non-current assets classified as held for sale generally consist of land and buildings that have been declared surplus to the needs of the department for which a plan of sale has been determined, the sale is highly probable and is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell in accordance with *AASB 5 Non-Current Assets Held for Sale and Discontinued Operations*. The assets in this category are re-valued upon reclassification in line with the valuation techniques outlined in notes 5.1 to 5.3. They are presented separately from the other assets in the Statement of Financial Position and are not subject to depreciation.

6 Financial assets

6.1 Cash and Cash Equivalents

	2019	2018
	\$'000	\$'000
Deposits at call with the Treasurer*	4 165 858	3 883 311
Imprest Account	15	99
Deposits with SAFA	-	170
Other	158	65
Total Cash and Cash Equivalents	4 166 031	3 883 645

*Includes funds received from Funds SA to the Highways Fund on behalf of the Motor Accident Commission \$142.7 million (\$359.4 million).

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

6.2 Receivables

	2019	2018
	\$'000	\$'000
Current:		
Receivables	88 779	128 527
Expected credit loss	(960)	(1 384)
Finance lease receivables	723	731
GST input tax recoverable	11 210	7 871
Accrued revenues	65 497	70 652
Total Current Receivables	165 249	206 397
Non-Current:		
Receivables	2 814	185
Finance lease receivables	3 490	4 218
Loan receivables	-	2 040
Total Non-Current Receivables	6 304	6 443
Total Receivables	171 553	212 840

Movements in the expected credit loss (impairment loss):	2019	2018
	\$'000	\$'000
Balance at 30 June 2018 under AASB 139	1 384	-
Adjustments on initial adoption of AASB 9	(345)	-
Carrying amount at the beginning of the period	1 039	3 735
Increase in the allowance	-	222
Amounts written off	(95)	(2 520)
Amounts recovered during the year	-	(24)
Increase / (Decrease) in allowance recognised in profit or loss	16	(29)
Carrying amount at 30 June	960	1 384

Receivables arise in the normal course of the provision of goods and services provided to other government agencies and the public. Receivables are normally settled within 30 days after the issue of an invoice or from when goods or services have been provided under a contractual agreement. Receivables and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. Other than as recognised in the expected credit loss, it is not anticipated that debtors will fail to discharge their obligations. The carrying amount of receivables approximates their fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to Note 11.3 for further information on risk management.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

6.3 Other Assets

	2019	2018
	\$'000	\$'000
Current:		
Prepayments	49 828	30 374
Lease Incentives	7 898	6 221
Other	341	-
Total Current Other Assets	58 067	36 595
Non-Current Assets:		
Lease Incentives	29 765	33 537
Prepayments	1	31
Total Non-Current Other Assets	29 766	33 568
Total Other Assets	87 833	70 163

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7 Liabilities

7.1 Payables

	2019	2018
	\$'000	\$'000
Current:		
Creditors	2 387	7 654
Accrued expenses	194 573	187 249
Rail Commissioner (Federally Awarded Employees)	14 125	14 150
Employment on-costs	5 007	4 593
Lease incentives	458	3 138
Other	5	43
Total Current Payables	216 555	216 827
Non-Current:		
Rail Commissioner (Federally Awarded Employees)	22 514	19 651
Employment on-costs	6 528	5 684
Total Non-Current Payables	29 042	25 335
Total Payables	245 597	242 162

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Creditors are normally settled within 30 days from the date the invoice is first received. Employment on-costs are settled when the respective employee benefits that they relate to are discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Employment on-costs

Employment on-costs include payroll tax and superannuation contributions with respect to outstanding liabilities for salaries and wages and associated leave. The department 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 the Department of Treasury and Finance, the proportion of long service leave taken as leave remained unchanged from the 2018 rate of 41% and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2018 rate of 9.9% to 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 a decrease in the employment on-cost of \$0.060 million (\$0.031 million). The estimated impact on 2019 and 2020 is not expected to be materially different to the impact in 2019.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7.2 Borrowings

	2019	2018
	\$'000	\$'000
Current:		
Borrowings		
Balance as at 1 July	-	240
Repayments	-	(240)
Balance as at 30 June	-	-
Obligations under finance leases (1)		
Balance as at 1 July	2 415	2 025
Net decrease in lease liabilities due to:		
New leases	648	803
Transfers	1 189	853
Repayments	(1 572)	(1 266)
Balance as at 30 June	2 680	2 415
Total Current Borrowings	2 680	2 415
Obligations under finance leases (1)		
Balance as at 1 July	11 508	12 213
Net decrease in lease liabilities due to:		
New leases	950	1 188
Transfers	(1 189)	(853)
Repayments	(1 097)	(1 040)
Balance as at 30 June	10 172	11 508
Total Non-Current Borrowings	10 172	11 508
Total Borrowings	12 852	13 923

The department measures financial liabilities including borrowings/debt at historical cost.

(1) Secured by the asset leased.

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Assets Pledged as Security	2019	2018
	\$'000	\$'000

The carrying amount of non-current assets pledged as security are:

	Note	2019	2018
		\$'000	\$'000
Leased land and buildings:			
Buildings and improvements under lease	5.1	35 915	36 795
Total Assets Pledged as Security		35 915	36 795

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7.3 Provisions

	2019	2018
	\$'000	\$'000
Current:		
Provision for workers compensation	1 638	1 568
Site remediation	16 465	21 500
Total Current Provisions	18 103	23 068
Non-Current:		
Provision for workers compensation	7 535	6 861
Site remediation	5 314	-
Total Non-Current Provisions	12 849	6 861
Total Provisions	30 952	29 929

Reconciliation of Workers Compensation

The following table shows the movement of the workers compensation provision:

Carrying amount as at 1 July	8 429	7 615
Increase (decrease) in provision due to revision of estimates	2 119	2 611
Reductions resulting from payments	(1 375)	(1 797)
Carrying Amount at 30 June	9 173	8 429

Reconciliation of Site Remediation

The following table shows the movement of the site remediation provision:

Carrying amount as at 1 July	21 500	15 959
Increase in provision due to revision of estimates	370	5 633
Reductions resulting from payments	(91)	(92)
Carrying Amount at 30 June	21 779	21 500

Provisions have been reported to reflect unsettled workers compensation claims and land remediation work required under the Ports Corp Business and Sale Agreement.

The department is responsible for the payment of workers compensation claims.

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector.

The provision reflects the actuarial valuation of outstanding liabilities under the *Return to Work Act 2014* and Additional Compensation provisions. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Additional Compensation provision entitlements are contained within relevant Public Sector Enterprise Agreements and Awards. These provide continuing benefits to eligible workers with respect to certain work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme *Return to Work Act 2014*.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7.4 Other Liabilities

	2019	2018
	\$'000	\$'000
Current:		
Deferred income	16 401	17 861
Lease Incentives	7 898	7 007
Other	159	123
Total Current Other Liabilities	24 458	24 991
Non-Current:		
Lease Incentives	31 991	35 931
Total Non-Current Other Liabilities	31 991	35 931
Total Other Liabilities	56 449	60 922

Deferred Income

The department sells Metrocards for travel on public transport. The value of unused Metrocards as at 30 June 2019 was \$11.443 million (\$10.214 million) and is recognised as a liability.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

8 Other disclosures

8.1 Equity

	2019 \$'000
Restatement of Opening Balances	
Adjustments against Retained Earnings:	
Work in progress adjustment - error correction	7 148
Asset recognition - error correction	14 163
Other adjustments - error correction	(1 299)
Total Adjustments against Retained Earnings	20 012
Adjustments against Asset Revaluation Surplus:	
Asset revaluation - error correction	-
Total Adjustments against Asset Revaluation Surplus	-
Total Adjustments to Equity	20 012

The table above represents total adjustments to equity identified. Adjustments totalling \$20.012 million were identified in the year ended 30 June 2019 which affect the year ended 30 June 2018 and prior years.

RESTATEMENT OF OPENING BALANCES

Adjustments against Retained Earnings

Work in progress adjustment – error correction

A review of projects expenditure by the department in the year ended 30 June 2019 identified \$4.417 million of costs included in capital works in progress at 30 June 2018 that should have been expended in a prior year, and \$11.565 million of costs that were incorrectly expensed in prior years. The prior period errors are corrected in the current year by an adjustment to retained earnings. The impact on the financial statements for 2017-18 is summarised below:

	2018 \$'000	2017 \$'000	Total \$'000
Work in progress adjustment - error correction	\$'000	\$'000	\$'000
Road network - work in progress	(2 093)	(313)	(2 406)
Land, buildings and facilities - work in progress	-	(570)	(570)
Plant and equipment - work in progress	(530)	(911)	(1 441)
Rail and bus track - work in progress	-	11 565	11 565
Total work in progress adjustment	(2 623)	9 771	7 148

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Asset Recognition – error correction

	2018	2017	Total
	\$'000	\$'000	\$'000
Asset recognition - error correction			
Land, buildings and facilities	(1 100)	1 243	143
Network assets	(1 140)	15 160	14 020
Total asset recognition - error correction	(2 240)	16 403	14 163

Other Adjustments – error correction

	2018	2017	Total
	\$'000	\$'000	\$'000
Other adjustments - error correction			
Receivables	(66)		(66)
Payables	(1 517)	284	(1 233)
Total other adjustments error correction	(1 583)	284	(1 299)
Total error corrections	(6 446)	26 457	20 012

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

8.2 Cash Flow Reconciliation

	2019	2018
	\$'000	\$'000
Reconciliation of Cash and Cash Equivalents - Cash at 30 June as per:		
Statement of Cash Flows	4 166 031	3 883 645
Statement of Financial Position	4 166 031	3 883 645
Reconciliation of Net Cash provided by (used in) operating activities to net revenue (cost of) / from providing services:		
Net cash provided by operating activities	936 046	1 505 019
Revenues from SA Government	(540 554)	(989 875)
Payments to SA Government	75 573	29 965
Add (less): Non-Cash Items:		
Net gain (loss) on sale or disposal of non-current assets	5 119	2 616
Depreciation/amortisation expense of non-current assets	(424 740)	(427 230)
Assets written off	(9 012)	(5 838)
Assets donated	(46 921)	(7 933)
Resources received free of charge	5 299	6 448
Expensing of works in progress	(1 971)	(2 243)
Movements in Assets and Liabilities:		
Increase (Decrease) in receivables	(30 616)	12 713
Increase (Decrease) in inventories	1 193	(863)
Increase (Decrease) in other assets	(1 754)	(8 483)
(Increase) Decrease in payables and provisions	(14 481)	9 127
(Increase) Decrease in employee benefits	(12 428)	4 538
(Increase) Decrease in other liabilities	4 473	(382)
Net Revenue (Cost of) / from Providing Services	(54 774)	127 579

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

8.3 Significant accounting policies

Significant accounting policies not disclosed elsewhere in this report are detailed below.

Taxation

The department is not subject to income tax. The department is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, income tax equivalents and local government rate equivalents.

The department prepares a Business Activity Statement on behalf of its controlled entities, administered items and other clients to which it provides business services under the grouping provisions of the GST legislation. Under the grouping provisions, the department is liable for the GST payments and entitled to the GST receipts associated with these entities and items. The GST applicable forms part of the receivables and payables recorded in the department's Statement of Financial Position and the GST cash flows recorded in the department's Statement of Cash Flows.

With respect to tax equivalents, the department is liable to pay income tax equivalents to the Consolidated Account in relation to the commercial operations of the Property Directorate. In determining its tax equivalent commitments, the department utilises the 'Accounting Profits' model as prescribed by Treasurer's Instruction 22 -Tax Equivalent Payments. Under this model, income tax expense is calculated separately for each taxable entity by applying the companies' income tax rate (currently 30%) to the accounting profit for the year. Income tax equivalent payments are included in Payments to SA Government in the Statement of Comprehensive Income.

Business Overheads

The department adopts a full cost approach to the costing of its infrastructure capital and recurrent works. This methodology requires the allocation of a proportionate share of overheads to these activities. These overhead costs include corporate overheads such as the cost of the traditional corporate areas, general whole of department costs as well as business specific overhead costs.

These costs are allocated using a costing model developed to reflect the proportionate consumption of overheads by output sections.

Contracts in progress

The department acts as project manager for major capital works in relation to government buildings or government accommodation and for a range of minor capital works and maintenance type activities associated with the role of facilities manager. The department charges a fee to recover the cost of its project management activities which is recorded as revenue.

Profits on major capital works contracts are brought to account on a percentage of completion basis as determined under current engineering estimates and in accordance with Australian Accounting Standard *AASB 111 Construction Contracts*. Where losses are foreseeable, such losses are provided in full, based on current engineering estimates.

The expenses incurred in undertaking these capital works and/or maintenance activities and the revenue recovered from charging the respective government departments are recognised within the Statement of Financial Position. The net of the expenditure incurred and the revenue recovered is accounted for as a receivable or payable.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Non- Current Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Acquisition and Recognition of Non-Current assets

The department capitalises non-current physical assets with an individual or grouped value of \$10,000 or greater in accordance with policies that are consistent with Treasurer's Instructions (Accounting Policy Statements) and the requirements of Accounting Standard AASB 116 *Property, Plant and Equipment*. Exceptions to this policy are assets under construction, land and buildings and assets categorised as "grouped assets" in the department's policy which are capitalised irrespective of their value.

Assets under construction are capitalised from Capital Works in Progress to the appropriate asset classes at the completion of the project. Project costs that do not meet the recognition criteria of an asset are expensed.

APS 1051.A specifies that land under roads acquired before 1 July 2008, is not to be recognised by the department as an asset. However, any land under roads acquired after 1 July 2008 has been recognised by the department in accordance with AASB 1051 *Land Under Roads*, paragraph 15, when the asset recognition criteria are met. Land under roads includes land under roadways, road reserves, footpaths, nature strips and median strips.

Buildings or other structures residing on land acquired for current road projects are not separately recognised in the Statement of Financial Position. The costs incurred in acquiring the buildings in these instances are deemed to be part of the costs of acquiring the land.

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs incurred with the acquisition. Where the department acquires assets at no cost, or minimal cost, these items are recorded at their fair value in the Statement of Financial Position. If the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recognised at book value i.e. the amount recorded by the transferor entity immediately prior to the restructure.

Revaluation of Non-Current Assets

In accordance with Treasurer's Instruction (Accounting Policy Statements) the department revalues all its non-current physical assets to their estimated fair value. Revaluations are performed only in instances where the fair value of the asset or asset group at the time of acquisition is greater than \$1 million and the estimated useful life is greater than three years.

The department generally revalues its assets every three years and always within six years, depending on the nature or purpose for which that asset is held. Assets are revalued by appropriately qualified valuation professionals, internal experts using external estimators or internal estimates based on recent transactions/indices. All valuers are independent unless otherwise indicated. The Valuer-General is considered an independent valuer as the Valuer-General is independent of the other functions of the department.

When non-current assets are revalued, the department uses the gross method in accounting for most assets with the exception of land and buildings that are subject to commercial leases and held for provision of government agency accommodation and for provision of housing of government employees in remote areas.

If at any time the carrying amount of an asset materially differs from its fair value, the department revalues the asset regardless of when the last valuation took place. Non-current physical assets that are acquired between revaluations are either held at cost until the next valuation, or revalued if the fair value is likely to be materially different from the acquisition value. The department assesses material differences in fair value from notification from business units or changes in circumstances and environmental factors that the department becomes aware of. Revaluation movements are recorded in the Revaluation reserves.

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

The valuation methodology applied to specific classes of non-current assets under revaluations and the timing of asset valuations are disclosed in the Notes applicable to those assets. See Note 5.

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the respective asset revaluation surplus. There were no impaired assets for 2018-19.

Remediation of Non-Current Assets

Land remediation undertaken by the department is primarily designed to restore the asset to its original state or condition and would not normally meet the criteria for asset recognition under *AASB 116 Property, Plant and Equipment*.

Where remedial work is to be performed in response to a present obligation, either under legislation or under a contractual arrangement to a third party, the department recognises a provision for any future work in accordance with the requirements of *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*. Other land remediation costs are therefore expensed in the period in which the obligation is recognised.

Liabilities

Leases

The department has entered into finance leases and operating leases both as lessor and lessee and has recognised assets, liabilities, revenues and expenses associated with these business dealings in accordance with *AASB 117 Leases*.

Finance Leases

Finance leases, which transfer to the department substantially all the risks and benefits/rewards incidental to ownership of the leased assets, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are allocated, between interest expense/borrowing costs and reduction of the lease liability, to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Where there is no reasonable assurance that the department will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

Finance Leases – the Department as Lessor

• *Recreational Jetties*

The department has entered into leases as lessor, in regards to the Government's Recreational Jetties Divestment Program where jetties have been leased to Councils throughout the state. Peppercorn rents of \$1 per annum apply over the 25 or 99 year lease term for each lease.

Under the terms of the lease agreement, these leases have been categorised as finance leases due to the passing of risks and benefits incidental to ownership to the lessee. Since the leases provide no material revenue to the department, the leases have nil value. The underlying assets have no value recorded in the Financial Statements.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

- *Government Employee Housing*

The department provides housing services on a leasehold basis to government employees based in remote areas of the state. As lessor, the department recognises finance lease receivables in relation to these properties at an amount equal to the net investment in the lease.

Finance lease interest income is recognised based on the periodic rate of return on that net investment. Lease payments from the lessee are applied against the gross investment in the lease to reduce both the principal and the unearned interest income.

Finance Leases – the Department as Lessee

- *Government Accommodation – Roma Mitchell Building*

The department is responsible for the finance lease in relation to government office accommodation for Roma Mitchell House, North Terrace and has recognised assets and liabilities at the fair value of the leased property. Lease liabilities under these arrangements are classified as both current and non-current, with the minimum lease payments allocated between interest expense/borrowing costs and the reduction of lease liability for the period.

The 40 year lease on Roma Mitchell House commenced in July 1987. Ownership of the building will transfer to the department on payment of a nominal sum at the end of the lease. Under the terms and conditions of the lease agreement, the department is also liable to pay contingent rentals based on the Adelaide Consumer Price Index.

- *Computer Hardware and Equipment*

The department has entered into various lease arrangements as lessee with respect to the use of some of its computer hardware and equipment. Under the Australian Accounting Standards such agreements are treated as finance leases.

Operating Leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

- *Operating Leases – the Department as Lessor*

The department leases commercial properties to external parties through operating leases. Income derived from these leases is recognised as rental income in the Statement of Comprehensive Income in the period in which it is earned, and is representative of the patterns of benefits derived from the leased assets.

- *Operating Leases – the Department as Lessee*

The department has a number of operating lease agreements as lessee for land, motor vehicles, office equipment, other plant and commercial and residential accommodation. Operating lease payments are charged to the Statement of Comprehensive Income on a basis that is representative of the pattern of benefits derived from the leased assets.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

- *Lease Incentives*

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received are recognised as a lease incentive liability.

The aggregate benefits of the lease incentives received are recorded as a reduction of rental expense over the lease term on a straight line basis. Incentives provided to sub-lessees are recognised as a lease incentive asset. This asset is amortised over the life of the lease and recognised as a reduction of rental revenue on a straight line basis.

Lease incentives in the form of leasehold improvements that are not subject to a sub-lease are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

9 Changes in accounting policy

9.1 Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019 the Treasurer's Instructions (Accounting Policy Statements) 2019 were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government.
- removal of the additional requirement to report a statement of equity for administered items.
- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.3.

9.2 AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the department adopted consequential amendments to other accounting standards and the Treasurer's Instructions (Accounting Policy Statements) arising from the issue of AASB 9 as follows:

- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the Treasurer's Instructions (Accounting Policy Statements), AASB 9 *Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

The total impact on the department's retained earnings as at 1 July 2018 is as follows:

	2018
	<u>\$'000</u>
Closing retained earnings 30 June 2018 – AASB 139	11 242 312
Adjustment to retained earnings from adoption of AASB 9	345
Opening retained earnings 1 July 2018 – AASB 9	<u>11 242 657</u>

On 1 July 2018, the department assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale.

Reclassification of financial instruments on adoption of AASB 9

On the date of initial application, department's financial assets were as follows, with any reclassifications noted.

	Measurement category		AASB 139	Carrying amount	AASB 9
	AASB 139	AASB 9	at 30 June 2018 \$'000	re-measurement \$'000	at 1 July 2018 \$'000
<u>Financial assets</u>					
Receivables	Loans and receivables	Amortised cost	197 283	345	197 628
Finance lease receivable	Loans and receivables	Amortised cost	5 244	-	5 244
<u>Financial liabilities</u>					
Payables	Amortised cost	Amortised cost	227 260	-	227 260
Finance lease payable	Amortised cost	Amortised cost	17 435	-	17 435

Upon the department's adoption *AASB 9 Financial Instruments*, there was no impact to other Financial Instruments.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' model. The following financial assets of the department are subject to AASB 9's new expected credit loss model:

- trade receivables from provision of services

This model generally results in earlier recognition of credit losses than the previous one.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The department has adopted the simplified approach under AASB 9 Financial Instruments and measured lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This resulted in a decrease of the loss allowance on 1 July 2018 of \$0.345 million for receivables external to Government.

There are no additional impairment provisions for State, Territory, or Commonwealth Government receivables due to the Government's high quality credit risk.

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10 Outlook

10.1 Unrecognised Contractual Commitments

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

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

The department's capital commitments are predominantly for aggregate capital expenditure on construction projects relating to road networks, the purchase of new public transport vehicles and the construction and upgrade of Government buildings and facilities. Where this construction work is being done on behalf of other agencies the cost is recovered accordingly.

The department's other commitments include major service and supply contracts for road and rail maintenance, ferry operations and bus transport services.

Capital Commitments	2019	2018
	\$'000	\$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	729 076	1 013 185
Later than one year but no later than five years	219 031	135 700
Later than five years	-	15
Total Capital Commitments	948 107	1 148 900

Other Commitments	2019	2018
	\$'000	\$'000
Within one year	341 454	351 520
Later than one year but no later than five years	121 810	116 922
Later than five years	581 247	19 155
Total Other Commitments	1 044 511	487 597

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Operating Lease Commitments as Lessee	2019	2018
	\$'000	\$'000
Commitments under operating leases at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	156 719	154 121
Later than one year but no later than five years	441 887	402 733
Later than five years	440 995	148 157
Total Operating Lease Commitments as Lessee	1 039 601	705 011
Representing:		
Cancellable operating leases	9 151	8 501
Non-cancellable operating leases	1 030 450	696 510
Total Operating Lease Commitments as Lessee	1 039 601	705 011
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	151 305	148 895
Later than one year but no later than five years	438 220	399 604
Later than five years	440 925	148 011
Total Non-cancellable Operating Lease Commitments as Lessee	1 030 450	696 510

The department's operating lease commitments as lessee are for land, motor vehicles, office equipment, other plant and equipment and commercial and residential accommodation.

Commercial accommodation leases are non-cancellable with terms ranging from 1 to 20 years. Rent is payable in advance with no contingent rental provisions. Residential accommodation leases are cancellable with varying terms and have no option to renew.

Motor vehicle leases are cancellable with rent paid monthly in arrears, but some contingent rental provisions (including early termination penalties) exist within the agreement. Motor vehicle lease terms can range from 1 year (60,000km) up to 5 years (100,000km).

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Operating Lease Commitments as Sub-lessor	2019	2018
	\$'000	\$'000
Commitments under operating subleases at the reporting date but not recognised as receivable in the financial report, are as follows:		
Within one year	133 861	135 669
Later than one year but no later than five years	352 725	366 466
Later than five years	146 906	161 861
Total Operating Lease Commitments as Sub-lessor	633 492	663 996

The department leases a number of properties from private landlords and sub-lets these properties to various tenants. The department is therefore a sub-lessor of these properties.

Operating Lease Commitments as Lessor	2019	2018
	\$'000	\$'000
Commitments under operating leases at the reporting date but not recognised as receivable in the financial report, are as follows:		
Within one year	14 814	8 987
Later than one year but no later than five years	15 744	17 186
Later than five years	8 235	10 894
Total Operating Lease Commitments as Lessor	38 793	37 067

The department's operating lease commitments as lessor are for commercial and residential properties and access rights to State owned land sites. Commercial accommodation leases are non-cancellable with remaining lease terms ranging from 1 to 28 years. Rent is receivable in advance.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Finance Lease Commitments as Lessee	2019	2018
	\$'000	\$'000
Future minimum lease payments under finance leases and hire purchase contracts together with the present value of net minimum lease payments are as follows:		
Within one year	3 293	3 144
Later than one year but no longer than five years	8 550	9 228
Later than five years	3 375	5 063
Minimum lease payments	15 218	17 435
Future finance lease charges	(2 366)	(3 512)
Total Finance Lease Commitments as Lessee (Recognised as a Liability)	12 852	13 923
The present value of finance lease payable is as follows:		
Within one year	2 680	2 415
Later than one year but no longer than five years	7 057	6 957
Later than five years	3 115	4 551
Present Value of Finance Lease	12 852	13 923
Representing:		
Current	2 680	2 415
Non-current	10 172	11 508
Total included in Borrowings	12 852	13 923

The department's finance leases as lessee relate to government accommodation and computer hardware and software.

The department's computer and network printer equipment leases are non-cancellable with terms of three to four years. Each lease contains three options at the conclusion of the current term being: return equipment, extend the lease at fair market value or purchase the equipment at fair market value. In all cases the department chooses to exercise its right to return the equipment. The weighted average interest rate implicit in the lease is 3.41% (6.67%).

The lease for Roma Mitchell House is non-cancellable, for a term of 40 years due to expire 2027. At the end of the lease term, the building becomes part of the department's owned portfolio. Rent is payable monthly, in advance. A contingent rental provision exists, in which an amount is expensed after taking into account the principal reduction and interest expense from the monthly lease payment. This contingent rental expense was \$2.65 million in the year ended 30 June 2019 (\$2.56 million).

The lease payment changes each year in accordance with CPI. The weighted average interest rate implicit in the lease in the year ended 30 June 2019 is 5.52% (5.52%).

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Finance Lease Commitments as Lessor	2019 \$'000	2018 \$'000
Finance lease receivables contracted for at the reporting date are as follows:		
Within one year	763	821
Later than one year but no longer than five years	2 408	2 659
Later than five years	1 195	1 763
Minimum lease payments	4 366	5 243
Unearned finance income	(153)	(294)
Total Finance Lease Commitments as Lessor (Recognised as an Asset)	4 213	4 949
The present value of finance lease receivable is as follows:		
Within one year	723	731
Later than one year but no longer than five years	2 313	2 516
Later than five years	1 177	1 702
Present Value of Finance Lease	4 213	4 949
Representing:		
Current	723	731
Non-current	3 490	4 218
Total included in Receivables	4 213	4 949

The department's finance leases as lessor represents recreational jetties and residential properties (i.e. government employee housing). As the finance leases for recreational jetties provide no material revenues, amounts associated with these leases have not been recognised.

Residential property finance leases where the department is the lessor are non-cancellable, for a term of 20 years. At the end of the lease term, the asset belongs to the lessee. Rent is paid one month in advance and there are no contingent rental provisions. The interest rate for the June 2019 quarter implicit in the lease is 1.04% (1.98%).

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.2 Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of note.

Contingent Assets

At 30 June 2019, the department:

- may be awarded the reimbursements of costs for some legal cases which are still subject to litigation; and
- holds contract securities which are designed to cover the risk to the department in the event of contractor non-performance or insolvency. In the event of contractor non-performance or insolvency, the department can call upon the contract security to cover any resulting costs incurred.

Contingent Liabilities

At 30 June 2019, the department had:

- possible material exposures resulting from litigation (or pending litigation) in respect of claims for property damage or personal injury;
- received notification of other cases not yet subject to court action or formal claim, which may result in subsequent litigation or arbitration in the future;
- possible material exposure resulting from the ongoing monitoring and treatment of contaminated land assets to bring the land into a position for future use or sale;
- property agreements that provide for additional compensation payments where a property owner purchases a replacement investment property within 12 months; and
- a possible obligation relating to a third party incident involving marine equipment.

In addition, the department is awaiting the outcome of formal and informal proceedings which may result in possible liabilities.

The department is insured by SAicorp, the captive insurer for the Government of South Australia. Final exposure of claims is limited to the deductible excess. The extent of these contingent liabilities cannot be reliably measured at balance date.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.3 Impact of standards and statements not yet effective

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

Treasurer's Instructions (Accounting Policy Statements) issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 9.1. There are no Accounting Policy Statements that are not yet effective.

The material impacts on the department are outlined below.

AASB 15 – Revenue from Contracts and Customers and AASB1058 – Income of Not for Profit Entities

The department will adopt AASB 15 – *Revenue from Contracts with Customers* and AASB 1058 – *Income of Not for Profit Entities* from 1 July 2019.

Objective

AASB 15 introduces a 5-step approach to revenue recognition. The objective of AASB 15 is that recognition of revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. It provides extensive guidance as to how to apply this revenue recognition approach to a range of scenarios. AASB 15 – *Revenue from Contracts* replaces AASB 111 – *Construction Contracts* and AASB 118 – *Revenue*.

AASB 1058 introduces consistent requirements for the accounting of non-reciprocal transactions by not-for-profit entities, in conjunction with AASB 15. These requirements closely reflect the economic reality of not-for-profit entity transactions that are not contracts with customers. AASB 1058 replaces parts of AASB 1004 – *Contributions*.

Impact on 2019-20 financial statements

The department has assessed the adoption of AASB 15 and AASB 1058 and it is not expected to have a material impact on the timing of recognition of revenue by the department.

The department receives Commonwealth grants via DTF representing mainly Nation Building Program (National Land transport) Act 2014 funding, Black Spot funding and Roads to Recovery funding. The State will treat revenue from these contracts in accordance with AASB 15 and AASB 1058.

Where the delivery of the programs, or infrastructure does not align with payments received by the State, contract assets or contract liabilities will be reported by the State through administered items included in DTF's financial statements as the representative of the State of South Australia.

The provision of the Commonwealth grant funding from DTF administered items to the department is a separate transaction, from which the department will recognise income in accordance with AASB 1058.

Related accounting policies

The Treasurer's Instructions (Accounting Policy Statements) sets out key requirements that the department must adopt for the transition to AASB 15 – *Revenue from Contracts with Customers* and AASB 1058 – *Income of Not for Profit Entities*. These requirements include that the department will:

- apply AASB 15 and AASB 1058 retrospectively. The cumulative effect of initially applying the Standards will be recognised at 1 July 2019. Comparatives will not be restated;
- not apply the AASB 15 and the AASB 1058 completed contracts practical expedient; and
- apply the AASB 15 practical expedient for all contract modifications that occur before the date of initial application.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

The Treasurer's Instructions (Accounting Policy Statements) also sets out requirements for on-going application. These requirements include that department will:

- apply, where permitted, the short-term licences recognition exemption;
- adopt \$15,000 as the threshold to determine whether a licence is a licence for which the transaction price is of low value and will apply the low value licence recognition exemption for all low value licences; and
- not recognise volunteer services when the services would not have been purchased if they had not been donated.

AASB 16 – Leases

The department will adopt AASB 16 – *Leases* from 1 July 2019.

Objective

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. *AASB 16 Leases* replaces *AASB 117 Leases* and *Interpretation 4 Determining whether an Arrangement contains a Lease*, *Interpretation 115 Operating Leases – Incentives and Interpretation*, and *Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact on 2019-20 financial statements

The department has assessed the estimated impact on the Statement of Financial Position of adopting *AASB 16* with the transition requirements mandated by the Treasurer's Instructions (Accounting Policy Statements).

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of *AASB 16*. Applying *AASB 16* will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. Lease incentive liabilities previously recognised will be written off against the right-of-use assets or retained earnings depending on the nature of the incentive.

AASB 16 is expected to have a material impact on the Statement of Financial Position. The department has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying *AASB 16*'s transition approach to those leases identified as leases by the department prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability was provided by the South Australian Financing Authority forecast interest rate for principal and interest loans to SA Government agencies.

The estimated amounts disclosed are current estimates only. The department is continuing to refine its calculations of the lease asset and liabilities for 2019-20 financial reporting purposes and expects these estimated amounts will change. This includes accounting for the non-lease components and clarifying lease terms and the treatment of contractual rent increases.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

The estimated impact is set out below.

	as at 1 July 2019 \$'000
<u>Assets</u>	
Right-of-use assets	70 559
Lease incentive asset	(37 663)
Finance lease receivable	927 247
<u>Liabilities</u>	
Lease liabilities	(1 000 032)
Other liabilities (lease incentive liabilities)	39 889
Net impact on equity	<u>-</u>

AASB 16 will also impact on the Statement of Comprehensive Income. The operating lease expense previously included in supplies and services will mostly be replaced with:

- a depreciation expense that represents the use of the right-of-use asset; and
- borrowing costs that represent the cost associated with financing the right-of-use asset.

The estimated impact on 2019-20 Statement of Comprehensive Income is set out below.

	2020 \$'000
Interest revenue	(18 278)
Property revenue	177 099
Supplies and services	(136 015)
Depreciation and amortisation	19 509
Interest expense (Borrowing costs)	18 625
Net impact on net cost of providing services	<u>60 940</u>

Sub leases

The department has entered into a number of arrangements where it subleases property to other government agencies. As lessor, under AASB 16 the department will continue to classify each sublease as an operating lease or a finance lease. AASB 16 requires such classification to be made on the basis of whether substantially all the risks and rewards associated with the right-of-use asset arising from the head lease have been transferred to the sublessee. This differs from AASB 117, which required consideration of whether substantially all the risks and rewards incidental to ownership of the underlying asset (such as a building) had been transferred to the sublessee.

Under AASB 16, more of the department's subleases will be classified as finance leases. This will see removal of the asset representing the head lease from the department's statement of financial position. Revenue will only be recognised for the portion of lease payments that relate to interest income.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Related accounting policies

- The Treasurer's Instructions (Accounting Policy Statements) sets out key requirements that the department must adopt for the transition to AASB 117 – *Leases* to AASB 16 *Leases*. These requirements include that the department will: apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard will be recognised at 1 July 2019. Comparatives will not be restated
- only apply AASB 16 to contracts that were previously identified as containing a lease applying AASB 117 and related interpretations; and
- not transition operating leases for which the lease term ends before 30 June 2020.

The Treasurer's Instructions (Accounting Policy Statements) also sets out requirements for on-going application. These requirements include that department will:

- not apply AASB 16 to leases of intangible assets;
- adopt \$15,000 as the threshold to determine whether an underlying asset is a low value asset and must apply the low value asset recognition exemption to all low value assets;
- apply the short-term leases recognition exemption for all classes of underlying asset;
- separate non-lease components from lease components;
- adopt the revaluation model, where permitted;
- where required, apply the relevant lessee's incremental borrowing rate published by the Department of Treasury and Finance; and
- on initial recognition not record at fair-value leases that have significantly below-market terms and conditions principally to enable the department to further its objectives, unless they have already been recorded at fair-value prior to 1 July 2019.

AASB 1059 – Service Concession Arrangement: Grantor

AASB 1059 *Service Concession Arrangement: Grantor* applies to reporting periods commencing after 1 January 2020. The application date for the department is 1 July 2020.

This new Standard will see some arrangements with a service component provided by an outside provider being captured within the department's financial statements.

The department has commenced assessing but not yet quantified the impact of applying AASB 1059 and the resulting impact on the statement of financial position.

In 2017-18 the State entered into a contract with a private operator for the delivery of land titling, registration and valuation services to the State. The commercialisation of the State's land services operations resulted in an arrangement that meets the criteria for applying AASB1059 – *Service Concession Arrangements – Grantor* when the standard becomes operational in July 2020. There is no current accounting standard or SA Government accounting policy applicable to this type of arrangement and transaction. In determining the accounting policy to be applied to the transactions under the arrangement, the Department of Treasury and Finance concluded that applying the concepts in AASB 1059 provided the most relevant and reliable information to users.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

AASB 1059 requires that the assets of the Government that are used as part of the service concession arrangements must be reclassified as service concession assets and are revalued at fair value. Hence, with the transfer back to the department of the SAILIS system from DTF from 1 July 2018, the principles of AASB1059 have been applied and the system and associated infrastructure have been classified as a service concession asset. See Intangibles Note 5.5.

Impact on 2019-20 financial statements

On transition to AASB1059 in July 2020 the asset that is the data in the land services registries will also need to be considered. These assets must be measured at current replacement cost under AASB1059. However, determining how to value this data asset using this method is expected to present significant measurement difficulties. As such, the department and DTF are seeking further clarification around the application of AASB1059 principles to this aspect of the transaction.

The department will continue to assess the impact of AASB 1059 over the coming year.

10.4 Events after the reporting period

Events between 30 June and the date the financial statements are authorised that may have a material impact on the results of subsequent years are set out below.

On 1 July 2019, the Government announced the next step to modernising public transport services with a decision to proceed with the introduction of a contracting out model for Adelaide's rail services.

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11 Measurement and risk

11.1 Long Service Leave liability - measurement

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

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

AASB 119 *Employee Benefits* 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 decreased from the 2018 rate of 2.5% to 1.25% in 2019.

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

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$6.537 million and employee benefit expense of \$0.593 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability. As a result there is no financial effect resulting from changes in the salary inflation rate.

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2 Fair Value Measurement

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.

The department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, 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. The department does not have any Level 1 assets.
- 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. For example, the department has domestic housing and commercial building assets that are valued by comparing the subject properties to similar properties in similar areas.
- Level 3 – not traded in an active market and are derived from unobservable inputs. Examples in the department include the rail and road networks.

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

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

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

Refer to Note 5 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

In accordance with AASB 13 *Fair Value Measurement* the fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

The department had no recurring or non-recurring fair value measurements categorised into Level 1.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

	2019	Level 2	Level 3
	\$'000	\$'000	\$'000
Recurring Fair Value Measurements			
Land (note 5.1)	878 967	861 448	17 519
Buildings and facilities (note 5.1)	1 395 508	307 749	1 087 759
Land, buildings and improvements under lease (note 5.1)	35 915	35 915	-
Plant and equipment (note 5.2)	668 092	42 412	625 680
Network assets (note 5.3)	19 314 150	-	19 314 150
Rail and bus track (note 5.3)	2 459 751	-	2 459 751
Total Recurring Fair Value Measurements	24 752 383	1 247 524	23 504 859
Non- Recurring Fair Value Measurements			
Land, buildings and facilities held for sale (note 5.7)	12 174	12 174	-
Total Non-Recurring Fair Value Measurements	12 174	12 174	-
Total	24 764 557	1 259 698	23 504 859
	2018	Level 2	Level 3
	\$'000	\$'000	\$'000
Recurring Fair Value Measurements			
Land (note 5.1)	972 975	972 975	-
Buildings and facilities (note 5.1)	1 486 945	332 962	1 153 983
Land, buildings and improvements under lease (note 5.1)	36 795	36 795	-
Plant and equipment (note 5.2)	607 829	39 823	568 006
Network assets (note 5.3)	18 589 847	-	18 589 847
Rail and bus track (note 5.3)	2 188 858	-	2 188 858
Total Recurring Fair Value Measurements	23 883 249	1 382 555	22 500 694
Non- Recurring Fair Value Measurements			
Land, buildings and facilities held for sale (note 5.7)	5 093	5 093	-
Total Non-Recurring Fair Value Measurements	5 093	5 093	-
Total	23 888 342	1 387 648	22 500 694

Valuation Techniques and Inputs

Valuation techniques used to derive Level 2 and 3 fair values are detailed in Notes 5.1 – 5.5. There were no changes in valuation techniques during 2019.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Reconciliation of Level 3 Fair value Measurements as at 30 June 2019

	Land	Buildings and Facilities ⁽¹⁾	Plant and Equipment ⁽¹⁾	Network Assets	Rail and Bus Track	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying Amount at 1 July	-	1 153 983	568 006	18 589 847	2 188 858	22 500 694
Additions	-	20 782	109 527	701 217	274 413	1 105 939
Disposals ⁽²⁾	-	(461)	(14)	-	-	(475)
Donated assets	-	(27 944)	(14)	-	-	(27 958)
Write offs	-	(652)	(1 296)	(3 845)	(2 776)	(8 569)
Revaluation increment (decrement) ⁽³⁾	-	155 456	(706)	304 646	23 687	483 083
Depreciation and amortisation	-	(42 533)	(47 986)	(231 015)	(71 216)	(392 750)
Transfers due to reclassification of assets at same Fair Value level	-	159	(244)	(46 699)	46 783	(1)
Transfers due to Administrative Restructures at same Fair Value level	-	(172 244)	(1 643)	-	-	(173 887)
Transfer into Level 3	17 519	1 209	87	-	-	18 815
Transfer out of Level 3	-	-	(39)	-	-	(39)
Other Movements	-	4	2	(1)	2	7
Carrying amount as at 30 June	17 519	1 087 759	625 680	19 314 150	2 459 751	23 504 859

(1) Plant and Equipment & Buildings and Facilities have a combination of Fair Value Level 2 and 3

(2) Net book value of assets disposed. Total gain/loss for period included in profit or loss disclosed separately.

(3) Revaluation increment (decrement) relates only to unrealised gains or losses recognised through Other Comprehensive Income under changes to the revaluation surplus. No unrealised gains or losses were included in profit or loss.

Total gains/losses for the period included in profit or loss
under Net Gain (Loss) from Disposal of Non-Current Assets

(461)	(14)	-	-	(475)
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Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Reconciliation of Level 3 Fair value Measurements as at 30 June 2018

	Land \$'000	Buildings and Facilities ⁽¹⁾ \$'000	Plant and Equipment ⁽¹⁾ \$'000	Network Assets \$'000	Rail and Bus Track \$'000	Total \$'000
Carrying Amount at 1 July	-	1 185 398	633 721	18 337 146	1 903 304	22 059 569
Additions	-	48 365	20 762	191 753	352 905	613 785
Disposals ⁽²⁾	-	(26)	(92)	-	-	(118)
Donated assets	-	(3 303)	(58)	(4 375)	-	(7 736)
Resources received free of charge	-	-	539	369	-	908
Write offs	-	(576)	(676)	(1 426)	(1 370)	(4 048)
Revaluation increment (decrement) ⁽³⁾	-	(24 010)	(30 136)	290 041	-	235 895
Depreciation and amortisation	-	(51 315)	(56 072)	(223 673)	(65 981)	(397 041)
Transfers due to reclassification of assets at same Fair Value level	-	17	(17)	-	-	-
Transfers due to Administrative Restructures at same Fair Value level	-	(318)	(3)	-	-	(321)
Transfer into Level 3	-	86	505	-	-	591
Transfer out of Level 3	-	-	(467)	-	-	(467)
Other Movements	-	(335)	-	12	-	(323)
Carrying amount as at 30 June	-	1 153 983	568 006	18 589 847	2 188 858	22 500 694

(1) Plant and Equipment & Buildings and Facilities have a combination of Fair Value Level 2 and 3

(2) Net book value of assets disposed. Total gain/loss for period included in profit or loss disclosed separately.

(3) Revaluation increment (decrement) relates only to unrealised gains or losses recognised through Other Comprehensive Income under changes to the revaluation surplus. No unrealised gains or losses were included in profit or loss.

Total gains/losses for the period included in profit or loss

under Net Gain (Loss) from Disposal of Non-Current Assets (26) (16) - - (42)

Transfers In and Out of Level 3

The department's policy is to recognise transfers in and out of fair value hierarchy levels as at the beginning to the reporting period. Asset transfers in and out of Level 3 are transactional transfers due to changes in the classification of assets and reclassification of some marine land assets to Level 3 due to land zoning, land use and dedications leading to significant unobservable inputs used during valuation.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3 Financial Instruments

Financial risk management

The department has developed a Risk Management policy and associated Framework in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*. This policy and framework set out the tailored approach to identify and manage risk within the department.

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

Liquidity Risk

Liquidity risk arises from the possibility that the department is unable to meet its financial obligations as they fall due. The department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to Notes 7.1 and 7.2 for further information.

Credit Risk

Credit risk arises when there is the possibility of the department's debtors defaulting on their contractual obligations resulting in a financial loss to the department. The department has policies and procedures in place to ensure business transactions occur with customers with appropriate credit history.

No collateral is held as security and no credit enhancements relate to financial assets held by the department.

Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in *AASB 9*. The department uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the department considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the department's historical experience and available forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the department is exposed to credit risk.

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor group.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

The following table provides information about the exposure to credit risk and expected credit loss for non-government debtors.

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	9 436	2	206
1 – 30 days past due	2 306	7	157
31 – 60 days past due	285	8	23
More than 60 days past due	3 691	16	574
Loss allowance			960

Loss rates are based on actual history of credit loss adjusted for any changes to any forecast economic conditions that may affect the department's debtor profile.

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the department and a failure to make contractual payments for a period of greater than 90 days past due.

Receivables with a contractual amount of \$0.095 million written off during the year are still subject to enforcement activity.

The department considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

In the comparative period, the impairment of receivables was assessed based on the incurred loss model. The allowance was recognised when there was objective evidence that a receivable was impaired. The allowance for impairment was recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence existed.

Market Risk

The department enters into business transactions that require the payment of goods or services in a foreign currency. Foreign currency risk associated with significant payments is minimised using a strategy of forward cover contract through SAFA articulated in TI 23 *Management of Foreign Currency Exposures*.

Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings.

The interest expense implicit in any finance lease payment is fixed at the inception of the lease and is calculated using prevailing government borrowing rates as advised by SAFA. The department's revenue base is sufficient for the purpose of servicing its interest and loan repayment commitments.

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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 / liability note.

Classification applicable until 30 June 2018 under AASB139 *Financial Instruments*:

Recognition and Measurement

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

- Loans and Receivables
- Financial liabilities measured at cost

The department does not recognise any financial assets or financial liabilities at fair value.

The carrying amount of cash and cash equivalents represents fair value. Cash is available at call and is recorded at cost.

The carrying amount less impairment provisions of receivables and payables is a reasonable approximation of fair value due to the short term nature of these.

Finance leases are recorded at amounts equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments using a government borrowing rate. Lease payments are made in accordance with the schedules determined at the inception of each lease.

Borrowings (excluding finance leases) are recognised at cost.

Classification applicable from 1 July 2018 under AASB 9 *Financial Instruments*:

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The department measures all financial instruments at amortised cost.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Category of financial asset and financial liability		Notes	Carrying amount \$'000	Contractual Maturities		
				Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2019						
Financial assets						
Cash and cash equivalents:	Cash and cash equivalent	6.1	4 166 031	4 166 031	-	-
Financial assets at amortised cost	Receivables ^{(a)(b)}	6.2	156 221	153 407	2 814	-
	Finance lease receivable	10.1	4 366	763	2 408	1 195
Total financial assets			4 326 618	4 320 201	5 222	1 195
Financial Liabilities						
Financial liabilities at amortised cost:	Payables ^(a)	7.1	232 498	209 984	22 514	-
	Finance lease payable	10.1	15 217	3 293	8 549	3 375
Total financial liabilities			247 715	213 277	31 063	3 375
2018						
Financial assets						
Cash and cash equivalents:	Cash and cash equivalent	6.1	3 883 645	3 883 645	-	-
Loans and receivables:	Receivables ^{(a)(b)}	6.2	197 283	195 058	185	2 040
	Finance lease receivable	10.1	5 244	821	2 660	1 763
Total financial assets			4 086 172	4 079 524	2 845	3 803
Financial Liabilities						
Financial liabilities at cost:	Payables ^(a)	7.1	227 260	207 609	19 651	-
	Finance lease payable	10.1	17 435	3 144	9 228	5 063
Total financial liabilities			244 695	210 753	28 879	5 063

(a) Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local government taxes, fees and charges; Auditor-General's audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirement will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(b) The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in Note 6.3.

Department of Planning, Transport and Infrastructure

Financial Statements - Administered

for the year ended 30 June 2019

Department of Planning, Transport and Infrastructure
Statement of Administered Comprehensive Income
for the year ended 30 June 2019

	Note No	2019 \$'000	2018 \$'000
Expenses			
Employee benefit expenses	A5	601	352
Supplies and services	A6	3 723	5 399
Grants and subsidies	A7	29 756	33 315
Disbursements on behalf of third parties	A8	1 038 946	1 014 407
Borrowing costs		4	24
Other expenses	A9	1 407	2 115
Payments to Consolidated Account	A10	199 623	113 192
Total Expenses		1 274 060	1 168 804
Income			
Revenues from SA Government	A11	9 994	9 384
Fees and charges	A12	230 698	146 956
Collections on behalf of third parties	A13	1 035 465	1 011 067
Grants and subsidies	A14	-	4 058
Interest revenue	A15	434	391
Other income	A16	38 816	135
Total Income		1 315 407	1 171 991
Net Result		41 347	3 187
Total Comprehensive Result		41 347	3 187

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

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

Department of Planning, Transport and Infrastructure
Statement of Administered Financial Position
as at 30 June 2019

	Note	2019	2018
	No	\$'000	\$'000
Current Assets			
Cash and cash equivalents	A17	73 625	62 675
Receivables	A18	87	79
Total Current Assets		73 712	62 754
Non-Current Assets			
Land	A19	17 964	17 134
Total Non-Current Assets		17 964	17 134
Total Assets		91 676	79 888
Current liabilities			
Payables	A20	51 823	21 408
Borrowings	A21	-	33
Other liabilities	A22	41 124	2 613
Total Current Liabilities		92 947	24 054
Non-Current liabilities			
Other liabilities*	A22	1 421 030	-
Total Non-Current Liabilities		1 421 030	-
Total Liabilities		1 513 977	24 054
Net assets		(1 422 301)	55 834
Equity			
Retained earnings		(1 427 653)	51 312
Asset revaluation surplus		5 352	4 522
Total Equity		(1 422 301)	55 834

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

*Other liabilities represents an amount transferred to the department resulting from a Machinery of Government transfer for the Office of the Registrar-General from the Department of Treasury and Finance. The effective date of the transfer is 1 July 2018. Refer to note A2.1 Administrative restructure.

Contingent assets and liabilities A26
 Unrecognised contractual commitments A25

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

Department of Planning, Transport and Infrastructure
Statement of Administered Changes in Equity
for the year ended 30 June 2019

	Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2017	4 522	32 396	36 918
Prior Period - error corrections	-	(423)	(423)
Restated Balance at 30 June 2017	4 522	31 973	36 495
Net result for 2017-18	-	3 187	3 187
Total comprehensive result for 2017-18	-	3 187	3 187
Net assets transferred as a result of an administrative restructure	-	16 153	16 153
Other	-	(1)	(1)
Balance at 30 June 2018	4 522	51 312	55 834
Net result for 2018-19	-	41 347	41 347
Total comprehensive result for 2018-19	-	41 347	41 347
Net assets transferred as a result of an administrative restructure		(1 520 312)	(1 520 312)
Gain (loss) on revaluation of land	830	-	830
Balance at 30 June 2019	5 352	(1 427 653)	(1 422 301)

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

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

Department of Planning, Transport and Infrastructure
Statement of Administered Cash Flows
for the year ended 30 June 2019

	Note No	2019 \$'000	2018 \$'000
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash outflows			
Employee benefit payments		(649)	(483)
Payments for supplies and services		(7 187)	(7 939)
Grants and subsidies		(18 006)	(53 302)
Disbursements on behalf of third parties		(1 035 435)	(1 024 398)
Payments to Consolidated Account		(201 691)	(113 192)
Transfers as a result of administrative restructure		(4 854)	-
Cash used in Operations		(1 267 822)	(1 199 314)
Cash inflows			
Receipts from SA Government		9 807	9 384
Receipts from fees and charges		230 775	146 350
Collection on behalf of third parties		1 035 651	1 011 175
Grants and subsidies		12	4 060
Interest		406	384
Other income		410	226
Transfers as a result of administrative restructure		1 711	-
Cash generated from Operations		1 278 772	1 171 579
Net cash provided by/(used in) operating activities	A24	10 950	(27 735)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash outflows			
Repayment of loans - SA Government		(37)	(345)
Cash used in Financing Activities		(37)	(345)
Cash inflows			
Repayment of loans - Local Government		37	345
Cash generated from Financing Activities		37	345
Net Cash provided by/(used in) Financing Activities		-	-
Net increase (decrease) in cash held		10 950	(27 735)
Cash at 1 July		62 675	90 410
Cash at 30 June	A17	73 625	62 675

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

Department of Planning, Transport and Infrastructure
Schedule of Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2019

(Programs - refer to Note 2)	Land Use Planning		Recreation, Sport and Racing		Service SA		Roads and Marine		Infrastructure Planning and Management		Total	Total
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses												
Employee benefit expenses	-	-	-	-	-	-	-	-	601	352	601	352
Supplies and services	2 148	1 936	-	-	-	-	-	365	1 575	3 098	3 723	5 399
Grants and subsidies	27 300	27 057	-	3 900	-	-	-	-	2 456	2 358	29 756	33 315
Disbursements on behalf of third parties	1 123	-	-	-	12 900	-	1 024 923	1 014 407	-	-	1 038 946	1 014 407
Borrowing costs	-	-	-	-	-	-	-	-	4	24	4	24
Other expenses	1 407	2 115	-	-	-	-	-	-	-	-	1 407	2 115
Payments to Consolidated Account	-	-	-	-	-	-	-	-	199 623	113 192	199 623	113 192
Total Expenses	31 978	31 108	-	3 900	12 900	-	1 024 923	1 014 772	204 259	119 024	1 274 060	1 168 804
Income												
Revenues from SA Government	3 900	2 753	-	-	-	-	3 481	3 372	2 613	3 259	9 994	9 384
Fees and charges	28 365	29 601	-	-	-	-	-	-	202 333	117 355	230 698	146 956
Collections on behalf of third parties	1 123	-	-	-	12 900	-	1 021 442	1 011 067	-	-	1 035 465	1 011 067
Grants and subsidies	-	-	-	4 058	-	-	-	-	-	-	-	4 058
Interest revenue	318	264	-	-	-	-	-	-	116	127	434	391
Other income	49	2	-	-	-	-	-	-	38 767	133	38 816	135
Total Income	33 755	32 620	-	4 058	12 900	-	1 024 923	1 014 439	243 829	120 874	1 315 407	1 171 991
Net Result	1 777	1 512	-	158	-	-	-	(333)	39 570	1 850	41 347	3 187

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

The Administered Financial Statements include income, expenses, assets and liabilities that the Department of Planning, Transport and Infrastructure (the department) administers on behalf of the SA Government, but does not control.

A1: Basis of preparation and accounting policies

The Basis of Preparation for the Administered Financial Statements is the same as the basis outlined in Note 1.1. The department applies the same accounting policies to the Administered Financial Statements as set out in the notes to the department's financial statements.

A2: Objectives/programs of the Department

The objectives and programs of the department, outlined in Note 1.2 for controlled items, apply equally to the Administered Financial Statements.

The programs of the department are outlined in Note 1.2 for controlled items. Program 2: Roads and Marine, Program 5: Service SA, Program 4: Infrastructure Planning and Management and Program 7: Land Use Planning apply to the Administered Financial Statements.

Department Organisation

The organisational structure of the department outlined in Note 1.2 for controlled items, applies to both the departmental and the Administered Financial Statements.

The Administered Items of the department as at 30 June 2019 comprised the following:

- Appropriations to Outback Communities Authority and Local Government Grants Commission
- Asbestos Program
- Flinders Ports – Land Tax Equivalent
- Lincoln Cove Marina
- *Metropolitan Area (Woodville, Henley and Grange) Drainage Act 1964*
- Passenger Transport Research and Development Fund
- Planning and Development Fund
- Planning fees under Schedule 7 *Development Act 1993*
- *Real Property Act* Assurance Fund
- *Real Property Act* Trust Accounts
- Registration and Licensing collections and disbursements
 - Compulsory Third Party Insurance (CTPI)
 - Emergency Services Levy
 - Expiations receipts
 - Hospital Fund - contributions
 - Lifetime Support Scheme receipts
 - Federal Registrations
 - National Heavy Vehicle Regulator – Regulatory Fee
 - Stamp duties receipts
- *South-Western Suburbs Drainage Act 1959*
- Special Act Salaries (Minister and Valuer-General)
- Victims of Crime Levy
- West Beach Trust (trading as Adelaide Shores) – Tax Equivalent Regime
- Workers Liens Trust Account

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A2.1 Administrative restructure

Transferred in

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2018* on 14 June 2018, the functions of the Office of the Valuer-General (OVG) and the Office of the Registrar-General (ORG) functions transferred from the Department of Treasury and Finance to the department. The effective date of the transfer was 1 July 2018.

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2018* on 14 June 2018, Service SA transferred from the Department of the Premier and Cabinet to the department. The effective date was 1 July 2018.

	ORG	OVG	Service SA	Total
	1 July 2018	1 July 2018	1 July 2018	
	\$'000	\$'000	\$'000	\$'000
Cash	-	-	1 711	1 711
Receivables	1 373	-	-	1 373
Total Assets	1 373	-	1 711	3,084
Payables	18 875	174	1 711	20 760
Employee benefits	-	(71)	-	(71)
Unearned revenue	1 497 842	-	-	1 497 842
Total Liabilities	1 516 717	103	1 711	1 518 531
Total Net Assets Transferred In	(1 515 344)	(103)	-	(1 515 447)

Net assets transferred by the department as a result of the administrative restructure were recognised at the carrying amount. The net assets transferred were treated as a distribution to the government as owner.

Transferred out

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2018* on 14 June 2018, The Office of the Recreation and Sport within the department was transferred to the Office of Recreation, Sport and Racing (ORSR) within the Department of the Premier and Cabinet. The effective date of the transfer was 1 July 2018.

	ORSR	Total
	1 July 2018	
	\$'000	\$'000
Cash and cash equivalents	4 854	4 854
Receivables	12	12
Total Assets	4 866	4 866
Total Net Assets Transferred Out	4 866	4 866

Net assets transferred by the department as a result of the administrative restructure were recognised at the carrying amount. The net assets transferred were treated as a distribution to the government as owner.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A3: Transfer Payments

The department makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the department, since they are made at the discretion of the government in accordance with government policy. The following table lists recipients by class and amounts transferred.

	2019	2018
	\$'000	\$'000
Transfer payments to SA Government Entities		
Department of Treasury and Finance	443 242	359 386
Lifetime Support Authority	156 186	150 715
CTP Regulator	115 457	112 934
South Australian Fire and Emergency Services Commission	47 706	47 018
South Australian Police	10 534	-
Other	16 485	15 583
Transfer payment to Federal Government Entities		
Department of Infrastructure and Regional Development	-	9 161
Transfer payment to local government:		
Councils	18 235	20 914
Transfer payment to non-SA Government Entities		
Compulsory Third Party Insurance	431 299	416 822
Refunds	19 147	17 673
National Heavy Vehicle Regulator	14 571	15 555
Other	593	2 667
Total Transfer Payments	1 273 455	1 168 428

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A4: Budgetary Reporting and Explanations of major variances between budget and actual amounts

	Note	Original Budget ⁽¹⁾	Actual	Variance
		2019	2019	
Statement of Comprehensive Income		\$'000	\$'000	\$'000
Expenses				
Employee benefit expenses		513	601	88
Supplies and services		4 315	3 723	(592)
Grants and subsidies		30 688	29 756	(932)
Disbursements on behalf of third parties		1 082 433	1 038 946	(43 487)
Borrowing costs		121	4	(117)
Payments to Consolidated Account		218 848	199 623	(19 225)
Other expenses		1 291	1 407	116
Total Expenses		1 338 209	1 274 060	(64 149)
Income				
Revenues from SA Government		9 866	9 994	128
Fees and charges		246 247	230 698	(15 549)
Collections on behalf of third parties		1 083 250	1 035 465	(47 785)
Interest revenue		496	434	(62)
Other income		-	38 816	38 816
Total Income		1 339 859	1 315 407	(24 452)
Net Result		1 650	41 347	39 697
Total Comprehensive Result		1 650	41 347	39 697

(1) The budget performance table compares the departments outcomes against budget information presented to Parliament (2018-19 Budget Paper 4, Volume 3). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A5: Employee Benefit Expenses

	2019	2018
	\$'000	\$'000
Minister and Valuer-General salaries	601	352
Total Employee Benefit Expenses	601	352

A6: Supplies and Services

	2019	2018
	\$'000	\$'000
Project Expenditure	753	3 425
Professional and Technical Services	1 246	1 098
Auditor's Remuneration - Planning and Development Fund*	24	26
Other	1 700	850
Total Supplies and Services	3 723	5 399

*For work performed by the Auditor-General's Department under the *Public Finance and Audit Act 1987*.

A7: Grants and Subsidies

	2019	2018
	\$'000	\$'000
Planning and Development Fund grant payments	17 828	24 249
Planning Reform contribution	5 347	-
Office for Recreation and Sport grants	-	3 900
Land Tax Equivalent - Flinders Ports (Transfer to DTF)	2 456	2 358
Transfer to Outback Communities Authority and Local Govt Grants Commission	2 915	1 848
West Beach Trust Tax equivalent reimbursements	960	960
Development Plan Amendment program	250	-
Total Grants and Subsidies	29 756	33 315

A8: Disbursements on Behalf of Third Parties

	2019	2018
	\$'000	\$'000
Compulsory Third Party Insurance	546 756	529 756
Stamp Duties - Department of Treasury and Finance	169 577	173 307
Lifetime Support Scheme - Lifetime Support Authority	156 186	150 715
Hospital Fund - Department of Treasury and Finance	71 586	70 529
Emergency Services Levy - SA Fire & Emergency Services Commission	47 706	47 018
Refunds	19 147	17 673
National Heavy Vehicle Regulator	14 571	15 555
Federal Registrations	-	9 161
Expiation Notices - South Australian Police	7 538	-
Other	5 879	693
Total Disbursements on Behalf of Third Parties	1 038 946	1 014 407

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A9: Other Expenses

	2019	2018
	\$'000	\$'000
Planning fees	1 407	1 405
Donated assets	-	710
Total Other Expenses	1 407	2 115

A10: Payments to Consolidated Account

	2019	2018
	\$'000	\$'000
Payments to Consolidated Account*	199 623	113 192
Total Payments to Consolidated Account	199 623	113 192

*Payments made into the Consolidated Account pursuant to the *Real Property Act 1886*.

In 2017-18 payments to the consolidated account only represent the period 1 July 2017 to 31 January 2018 due to the Machinery of Government transfer of the Office of the Registrar-General to the Department of Treasury and Finance, effective 1 February 2018 to 30 June 2018. The Office of the Registrar-General transferred back to the department, effective 1 July 2018.

A11: Revenues from SA Government

	2019	2018
	\$'000	\$'000
Appropriations from the Consolidated Account pursuant to the <i>Appropriations Act*</i>	9 443	9 033
Special Act Salaries	551	351
Total Revenues from SA Government	9 994	9 384

*Includes \$3.481 million (\$3.340 million) to fund remissions provided on Emergency Services Levy charges.

A12: Fees and Charges

	2019	2018
	\$'000	\$'000
Regulatory Fees - Land Services*	199 877	114 997
Regulatory Fees - Planning	28 365	29 601
Land Tax Equivalent - Flinders Ports	2 456	2 358
Total Fees and Charges	230 698	146 956

*Receipts for Regulatory Fees – Land Services pursuant to the *Real Property Act 1886*.

In 2017-18 regulatory fees for Land Services only represent the period 1 July 2017 to 31 January 2018 due to the Machinery of Government transfer of the Office of the Registrar-General to the Department of Treasury and Finance, effective 1 February 2018 to 30 June 2018. The Office of the Registrar-General transferred back to the department, effective 1 July 2018.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A13: Collections on Behalf of Third Parties

	2019	2018
	\$'000	\$'000
Compulsory Third Party Insurance	546 756	529 756
Stamp Duties - Department of Treasury and Finance	169 577	173 307
Lifetime Support Scheme - Lifetime Support Authority	156 186	150 715
Hospital Fund - Department of Treasury and Finance	71 586	70 529
Emergency Services Levy - SA Fire & Emergency Services Commission	44 225	43 678
Refunds	19 147	17 673
National Heavy Vehicle Regulator	14 571	15 555
Federal Registrations	-	9 161
Expiation Notices - South Australian Police	7 538	-
Other	5 879	693
Total Collections on Behalf of Third Parties	1 035 465	1 011 067

A14: Grants and Subsidies

	2019	2018
	\$'000	\$'000
Office for Recreation and Sport grants received	-	4 058
Total Grants and Subsidies	-	4 058

A15: Interest Revenue

	2019	2018
	\$'000	\$'000
Interest Revenue	434	391
Total Interest Revenue	434	391

A16: Other Income

	2019	2018
	\$'000	\$'000
Land Services commercialisation*	38 406	-
Other income	410	135
Total Other Income	38 816	135

*Pursuant to the Transaction Implementation Deed, the South Australian Government entered into a number of transaction documents to facilitate the provision of land titling and registry services with a private operator on 13 October 2017. A number of Office of the Registrar-General and Office of the Valuer-General services have been transferred to the Operator for the term of the contract.

\$38.406 million has been recognised as revenue in 2018-19 from the transaction to commercialise the land titling and registry services. The \$38.406 million reflects the straight-line apportionment of the total commercialisation price from the period 1 July 2018 to 30 June 2019. The remaining commercialisation price is recognised as unearned revenue and discussed more in Note A22.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A17: Cash and Cash Equivalents

	2019	2018
	\$'000	\$'000
Deposits at call	73 625	62 675
Total Cash and Cash Equivalents	73 625	62 675

A18: Receivables

	2019	2018
	\$'000	\$'000
Current		
Current receivables	1	36
Accrued revenues	86	43
Total Current Receivables	87	79
Total Receivables	87	79

Refer to Note A29 for information on risk management.

A19: Land

	2019	2018
	\$'000	\$'000
Land		
Land at Fair Value	17 964	17 134
Total Land	17 964	17 134

Reconciliation of Land

The following table shows the movement of Land during 2018-19.

	2019	2018
	\$'000	\$'000
Carrying amount at 1 July	17 134	17 844
Donated assets	-	(710)
Revaluations	830	-
Carrying amount at 30 June	17 964	17 134

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 size, location, zoning and restricted use.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A20: Payables

	2019	2018
	\$'000	\$'000
Current		
Creditors	21 407	17 862
Accrued expenses	30 416	3 546
Total Current Payables	51 823	21 408
Total Payables	51 823	21 408

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

For further information on risk management refer to Note A29.

A21: Borrowings

	2019	2018
	\$'000	\$'000
Balance as at 1 July	33	354
Add Increases in debt due to Interest	4	24
Less Repayments:		
Woodville, Henley and Grange Drainage Scheme	(14)	(37)
South West Suburbs Drainage Scheme	(23)	(308)
Balance as at 30 June	-	33
Current	-	33
Non-Current	-	-
Total Borrowings	-	33

Borrowings represent loans relating to the Metropolitan Drainage Scheme. As at 30 June 2019 the loans for the Metropolitan Drainage Scheme have been extinguished.

There were no defaults or breaches on any of the above liabilities throughout the year.

For further information in risk management refer to Note A29.2.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A22: Other Liabilities

	2019	2018
	\$'000	\$'000
Current		
Deferred income	2 718	2 613
Unearned revenue	38 406	-
Total Current Other Liabilities	41 124	2 613
Non-Current		
Unearned revenue	1 421 030	-
Total Non-Current Other Liabilities	1 421 030	-
Total Other Liabilities	1 462 154	2 613

Deferred Income – Land Division Fees

Deferred income consists of revenue received in advance for land division fees under the *Development Act 1993*. Monies received as at 30 June where a Certificate of Approval is yet to be issued are recognised as an unearned revenue liability.

Unearned Revenue – Land Services SA

On 10 August 2017, the State entered into a 40 year contract with Land Services SA, a private operator, for the delivery of land titling, registration and valuation services to the State and public from 13 October 2017. Land Services SA paid \$1.525 billion to the State for the exclusive right to deliver these services in return for contract fees over the term of the contract as well as the use of the required titling, registry and valuation assets of the State. At the time of commercialisation, the Office of the Registrar-General and the Office of the Valuer-General were within the Department of Treasury and Finance. The consideration price was paid by the operator into the Treasurer's Consolidated Account. The department has recognised a liability reflective of the unearned revenue arising from the consideration received. The recognition of the unearned revenue is calculated on a straight line basis over the term of the contract, reducing the liability.

As at 1 July 2018, the Office of the Registrar-General and the Office of the Valuer-General transferred to the department. Upon transfer to the department, consistent application of the transaction has been recognised from the Department of Treasury and Finance by applying the concepts of *AASB 1059 Service Concession Arrangements: Grantors*. AASB 1059 was issued by the Australian Accounting Standards Board in July 2017, but will not be a mandatory requirement until 30 June 2021 financial reports. However, its requirements are consistent with industry practice for revenue arising from this type of transaction.

On transition to AASB 1059 in the 2020-21 financial statements, a further asset, being the data in the land title registry, will need to be considered and measured at fair value using the cost approach - current replacement cost under *AASB 1059*.

The department will continue to assess the impact of *AASB 1059* over the coming year.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A23: Equity

	2019 \$'000
Restatement of Opening Balances	
Adjustments against Retained Earnings:	
Error correction adjustments	514
Total Adjustments against Retained Earnings	514
Total Adjustments to Equity	514

The table above represents total adjustments to equity identified in 2019. Adjustments totalling \$0.514 million were identified in the year ended 2019 which affect the year ended 30 June 2018 and prior years.

	2018 \$'000	2017 \$'000	Total \$'000
Error correction adjustments	91	423	514
Creditors	91	423	514
Total error correction adjustments	91	423	514

A24: Cash Flow Reconciliation

	2019 \$'000	2018 \$'000
Reconciliation of Cash and Cash Equivalents - Cash at 30 June as per		
Statement of Cash Flows	73 625	62 675
Statement of Financial Position	73 625	62 675
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash inflows (outflows) from operating activities	10 950	(27 735)
Add (less): Non-Cash Items:		
Unearned revenue	38 406	-
Assets donated	-	(710)
Movements in assets and liabilities		
Increase / (decrease) in receivables	41	(259)
(Increase) / decrease in payables	(7 945)	31 244
(Increase) / decrease in other liabilities	(105)	647
Net cost of providing services	41 347	3 187

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A25: Unrecognised Contractual Commitments

	2019	2018
	\$'000	\$'000
Other Commitments		
Within one year	-	798
Later than one year but not later than five years	-	-
Total Unrecognised Contractual Commitments	-	798

Other commitments for 2017-18 represented agreements for land management activities. There are no commitments for 2018-19.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A26: Contingent Assets and Liabilities

The department is not aware of any administered contingent assets or liabilities.

A27: Events After the Reporting Period

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

A28: Fair Value Measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Administered Financial Position are categorised into the following levels at 30 June 2019.

The department had no Administered recurring or non-recurring fair value measurements categorised into Level 1 or Level 3.

Fair Value Measurements at 30 June 2019	2019	Level 2
Recurring Fair Value Measurements	\$'000	\$'000
Land (Note A18)	17 964	17 964
Total Recurring Fair Value Measurements	17 964	17 964

Fair value measurements at 30 June 2018	2018	Level 2
Recurring Fair Value Measurements	\$'000	\$'000
Land (Note A18)	17 134	17 134
Total Recurring Fair Value Measurements	17 134	17 134

Valuation Techniques and Inputs

Valuation techniques used to derive Level 2 fair values are detailed in Note A19. There were no changes in valuation techniques during 2018-19.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A29: Financial Instruments

A29.1 Financial Risk Management

The financial instruments/financial risk management items, conditions and accounting policies of the department, outlined in Note 11 for controlled items, apply equally to the Administered Financial Statements.

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

Liquidity risk arises where the department is unable to meet its financial obligations as they fall due. The department normally settles accounts within 30 days from the date the invoice is first received.

Credit risk arises when there is the possibility of the department's debtors defaulting on their contractual obligations resulting in financial loss to the department.

Exposure to interest rate risk will not arise on the administered interest bearing liabilities and interest bearing assets as the interest rate is fixed over the term of the loans.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the administered financial statements
for the year ended 30 June 2019

A29.2 Categorisation of Financial Instruments

	Carrying Amount (\$'000)	Contract Maturities		
		< 1 year (\$'000)	1-5 years (\$'000)	> 5 years (\$'000)
2019				
Financial Assets				
Cash and cash equivalents	73 625	73 625	-	-
Receivables ^(a)	87	87	-	-
Total Financial Assets	73 712	73 712	-	-
Financial liabilities				
Payables ^(a)	32 822	32 822	-	-
Total Financial Liabilities	32 822	32 822	-	-
2018				
Financial assets				
Cash and cash equivalents	62 675	62 675	-	-
Receivables ^(a)	46	46	-	-
Receivables - Interest Bearing	33	33	-	-
Total Financial Assets	62 754	62 754	-	-
Financial Liabilities				
Payables ^(a)	4 179	4 179	-	-
Borrowings	33	33	-	-
Total Financial Liabilities	4 212	4 212	-	-

(a) Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirement will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).