

Department of
Planning, Transport and Infrastructure

Financial report
for the year ended
30 June 2020



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To the Chief Executive Department for Infrastructure and Transport

Opinion

I have audited the financial report of Department of Planning, Transport and Infrastructure for the financial year ended 30 June 2020.

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

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- Notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2020
- a Statement of Administered Financial Position as at 30 June 2020
- a Statement of Administered Changes in Equity for the year ended 30 June 2020
- a Statement of Administered Cash Flows for the year ended 30 June 2020
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Executive Director, People and Corporate Services.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of 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* (including Independence Standards) have been met.

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

Responsibilities of the Chief Executive for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and 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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of Department of Planning, Transport and Infrastructure for the financial year ended 30 June 2020.

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

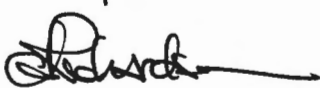
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

Andrew Richardson
Auditor-General
25 September 2020

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 for Infrastructure
and Transport
South Australia

18 September 2020



Judith Formston
Executive Director, People
and Corporate Services

Department for Infrastructure
and Transport
South Australia

18 September 2020

**Department of
Planning, Transport and Infrastructure**

Financial report
for the year ended
30 June 2020

Department of Planning, Transport and Infrastructure
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2020

	Note No	2020 \$'000	2019 \$'000
INCOME			
Appropriation	4.1	636 193	387 018
Fees and charges	4.2	720 817	698 797
Commonwealth-sourced grants and funding	4.3	291 812	553 580
Intra-government transfers	4.4	79 982	176 601
Sale of goods and services	4.5	180 968	173 805
Rental income	4.6	201 584	217 786
Grants and subsidies	4.7	64 925	59 522
Interest	4.8	6 091	1 641
Net gain from the disposal of property, plant and equipment	4.10	2 549	5 119
Resources received free of charge	4.9	4 774	5 299
Other income	4.11	33 944	39 876
Total Income		2 223 639	2 319 044
EXPENSES			
Employee benefit expenses	2.3	225 375	244 830
Supplies and services	3.1	912 426	1 005 663
Depreciation and amortisation expense	3.2	621 933	424 600
Grants and subsidies	3.3	84 971	76 797
Borrowing costs	3.4	24 026	704
Cash alignment payments to Department of Treasury and Finance		100 859	68 173
Other expenses	3.5	43 873	90 683
Total Expenses		2 013 463	1 911 450
Net result		210 176	407 594
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		6 113 680	535 076
Total Other Comprehensive Income		6 113 680	535 076
TOTAL COMPREHENSIVE RESULT		6 323 856	942 670

The accompanying notes form part of the financial statements. 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 2020

	Note No	2020 \$'000	2019 \$'000
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	6.1	4 220 136	4 166 031
Receivables	6.2	188 223	165 137
Inventories	5.6	11 225	10 988
Other assets	6.3	33 200	58 067
Non-current assets classified as held for sale	5.7	9 405	12 174
Total Current Assets		4 462 189	4 412 397
NON-CURRENT ASSETS:			
Receivables	6.2	140 972	6 304
Other assets	6.3	49 126	29 766
Land, buildings and facilities	5.1	3 395 666	2 595 603
Plant and equipment	5.2	654 692	670 583
Network assets	5.3	28 482 927	21 771 755
Capital works in progress	5.4	1 528 624	1 668 338
Intangible assets	5.5	25 306	29 303
Total Non-Current Assets		34 277 313	26 771 652
Total Assets		38 739 502	31 184 049
LIABILITIES:			
CURRENT LIABILITIES:			
Payables	7.1	233 520	216 385
Lease liabilities	7.2	139 179	2 680
Employee benefits	2.4	37 444	33 383
Provisions	7.3	16 097	18 103
Other liabilities	7.4	17 107	24 458
Total Current Liabilities		443 347	295 009
NON-CURRENT LIABILITIES:			
Payables	7.1	27 808	28 993
Lease liabilities	7.2	972 214	10 172
Employee benefits	2.4	69 712	73 706
Provisions	7.3	13 764	12 849
Other liabilities	7.4	-	31 991
Total Non-Current Liabilities		1 083 498	157 711
Total Liabilities		1 526 845	452 720
NET ASSETS		37 212 657	30 731 329
EQUITY:			
Retained earnings		11 486 530	11 391 018
Asset revaluation surplus		21 606 115	15 497 147
Contributed capital		4 120 012	3 843 164
Total Equity		37 212 657	30 731 329

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 2020

	Note No	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2018		3 566 316	14 973 559	11 240 716	29 780 591
Prior Period - error corrections	8.1	-	-	(18 698)	(18 698)
Adjustments on initial adoption of AASB 9	6.2	-	-	345	345
Other equity adjustments		-	-	1 596	1 596
Restated Balance at 30 June 2018		3 566 316	14 973 559	11 223 959	29 763 834
Net result for 2018-19		-	-	407 594	407 594
Gain (loss) on Revaluation of Property during 2018-19		-	207 432	-	207 432
Gain (loss) on Revaluation of Network Assets during 2018-19		-	328 333	-	328 333
Gain (loss) on Revaluation of Plant and Equipment during 2018-19		-	(689)	-	(689)
Total comprehensive result for 2018-19		-	535 076	407 594	942 670
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		-	-	(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	11 391 018	30 731 329
Changes in accounting policy on adoption of AASB 16		-	-	(117 957)	(117 957)
Other equity adjustments		-	-	(262)	(262)
Adjusted balance at 1 July 2019		3 843 164	15 497 147	11 272 799	30 613 110
Net result for 2019-20		-	-	210 176	210 176
Gain (loss) on Revaluation of Property during 2019-20	5.1	-	61 518	-	61 518
Gain (loss) on Revaluation of Network Assets during 2019-20	5.3	-	6 053 683	-	6 053 683
Gain (loss) on Revaluation of Plant and Equipment during 2019-20	5.2	-	(1 521)	-	(1 521)
Total comprehensive result for 2019-20		-	6 113 680	210 176	6 323 856
Transfer between equity components					
Equity transfer on asset disposals		-	(4 709)	4 709	-
Other		-	(3)	(3)	(6)
Transactions with SA Government as Owner					
Equity Contribution Received		276 848	-	-	276 848
Dividends Paid		-	-	(1 151)	(1 151)
Balance at 30 June 2020		4 120 012	21 606 115	11 486 530	37 212 657

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 2020

	Note No	2020 \$'000 Inflows (Outflows)	2019 \$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:			
Appropriations		636 193	387 018
Fees and charges		720 817	698 797
Receipts from Commonwealth-sourced grants		291 812	553 580
Intra-government transfers		79 982	176 601
Rental income		237 429	301 446
Sale of goods and services		371 055	404 453
Grants and subsidies		64 925	59 522
Interest received		6 203	2 365
Construction work reimbursements		271 674	336 316
GST received from the ATO		139 916	127 141
Lease incentives		-	100
Other receipts		60 378	54 802
Cash generated from Operations		2 880 384	3 102 141
CASH OUTFLOWS:			
Employee benefit payments		(225 113)	(231 557)
Payments for supplies and services		(1 272 969)	(1 434 246)
Payments of grants and subsidies		(84 768)	(76 797)
Interest paid		(24 026)	(704)
Cash alignment payments to Department of Treasury and Finance		(100 859)	(68 173)
Construction work payments		(286 186)	(315 545)
Other payments		(38 135)	(39 073)
Cash used in Operations		(2 032 056)	(2 166 095)
Net Cash provided by (used in) Operating Activities	8.2	848 328	936 046
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		20 336	17 959
Cash generated from Investing Activities		20 336	17 959
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(120 840)	(154 705)
Purchase of network assets		(864 875)	(789 809)
Cash Used in Investing Activities		(985 715)	(944 514)
Net Cash provided by (used in) Investing Activities		(965 379)	(926 555)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Equity contributions received		276 848	276 848
Repayment of finance lease receivables		20 043	735
Cash generated from Financing Activities		296 891	277 583
CASH OUTFLOWS:			
Payment of dividend to SA Government		(1 151)	(2 020)
Repayment of lease liabilities		(124 584)	(2 668)
Cash Used in Financing Activities		(125 735)	(4 688)
Net Cash provided by (used in) Financing Activities		171 156	272 895
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		54 105	282 386
CASH AND CASH EQUIVALENTS AT 1 JULY		4 166 031	3 883 645
CASH AND CASH EQUIVALENTS AT 30 JUNE	6.1	4 220 136	4 166 031

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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 2019-20 financial statements the department adopted *AASB 15 – Revenue from Contracts with Customers*, *AASB 16 – Leases* and *AASB 1058 – Income of Not-for-Profit Entities*. 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 within South Australia.

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, statutory services and information to the community relating to land titling and administration functions, 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 2020

1.2 Objectives and programs (continued)

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 2020 are:

- Across Government Services;
- People and Corporate Services;
- Planning and Land Use Services;
- Transport Planning and Program Development;
- South Australian Public Transport Authority;
- Road and Marine Services;
- Transport Project Delivery; and
- North-South Corridor Program Delivery Office.

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 SA Public Transport Authority**
Provision and maintenance of safe, efficient, equitable and accessible public transport services in metropolitan Adelaide and assisting regional councils and communities to deliver diverse passenger transport services.
- Program 3 Roads and Marine**
Provision of safe, effective and efficient maintenance and operational services to manage the department's controlled road and marine infrastructure. This program also includes the regulation of driver and vehicle access to the transport network.
- Program 4 Delivery of Transport Projects**
Provision of major infrastructure safely and efficiently to sustain and support growth, and maximise the benefit of government's investment in transport assets.
- Program 5 Provision and Management of Across Government Services**
Provision of services to government agencies for the construction and maintenance of buildings and facilities management of property assets.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

Program 6 Infrastructure Planning and Policy

Establishes strategic plans, standards and program management frameworks for network development to deliver positive community and economic benefits for South Australians. As well as statutory services and information to the community relating to land titling and administration functions.

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 2020 and 30 June 2019 below.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2 Objectives and programs (continued)

	Road Safety		SA Public Transport Authority		Roads and Marine	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
INCOME:						
Appropriation	110 842	98 893	384 302	169 881	134 294	114 613
Fees and charges	2 519	2 542	92 259	106 136	600 947	564 889
Commonwealth-sourced grants and funding	7 218	6 442	50 827	84 226	39 056	35 576
Intra-government transfers	4 931	-	2 487	17	20 945	155 060
Sale of goods and services	-	-	59	23	2 808	4 387
Rental income	-	-	228	361	144	339
Grants and subsidies	-	-	64 925	59 522	-	-
Interest	41	78	-	-	526	420
Net gain from the disposal of property, plant and equipment	-	-	25	-	455	-
Resources received free of charge	-	-	-	-	4 774	5 299
Other income	171	-	13 527	13 856	7 726	8 706
Total Income	125 722	107 955	608 639	434 022	811 675	889 289
EXPENSES:						
Employee benefit expenses	9 535	7 878	43 603	38 638	76 339	100 357
Supplies and services	4 756	5 079	404 124	401 316	129 546	125 977
Depreciation and amortisation expense	809	541	116 471	114 770	352 971	257 914
Net loss from the disposal of non-current assets	-	-	-	-	-	-
Grants and subsidies	48 132	48 757	17 973	16 228	9 387	5 835
Borrowing costs	23	-	31	-	6	-
Cash alignment payments to Department of Treasury and Finance	-	-	-	-	-	-
Other expenses	390	127	837	3 447	22 074	23 668
Total Expenses	63 645	62 382	583 039	574 399	590 323	513 751
Net result	62 077	45 573	25 600	(140 377)	221 352	375 538

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2 Objectives and programs (continued)

	Delivery of Transport Projects		Provision and Management of Across Government Services		Infrastructure Planning and Policy	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
INCOME:						
Appropriation	-	-	-	-	6 755	3 631
Fees and charges	-	-	-	-	16 617	16 240
Commonwealth-sourced grants and funding	194 284	409 584	-	-	427	752
Intra-government transfers	18 926	261	-	1	6 463	14 400
Sale of goods and services	-	-	162 828	155 091	14 286	13 762
Rental income	-	-	201 212	217 086	-	-
Grants and subsidies	-	-	-	-	-	-
Interest	-	-	5 491	1 065	33	78
Net gain from the disposal of property, plant and equipment	-	-	2 069	5 119	-	-
Resources received free of charge	-	-	-	-	-	-
Other income	7 088	9 960	308	69	3 696	5 559
Total Income	220 298	419 805	371 908	378 431	48 277	54 422
EXPENSES:						
Employee benefit expenses	4 036	2 776	45 213	43 189	28 953	32 010
Supplies and services	76 446	52 566	196 907	318 898	92 287	91 810
Depreciation and amortisation expense	-	-	124 385	24 436	27 196	26 840
Net loss from the disposal of non-current assets	-	-	-	-	-	-
Grants and subsidies	653	-	280	848	8 506	4 992
Borrowing costs	-	-	23 956	704	7	-
Cash alignment payments to Department of Treasury and Finance	-	-	-	-	-	-
Other expenses	3	414	20 324	62 997	233	13
Total Expenses	81 138	55 756	411 065	451 072	157 182	155 665
Net result	139 160	364 049	(39 157)	(72 641)	(108 905)	(101 243)

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2 Objectives and programs (continued)

	Land Use Planning		General / Not Attributable		TOTAL	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
INCOME:						
Appropriation	-	-	-	-	636 193	387 018
Fees and charges	8 475	8 990	-	-	720 817	698 797
Commonwealth-sourced grants and funding	-	17 000	-	-	291 812	553 580
Intra-government transfers	26 230	6 862	-	-	79 982	176 601
Sale of goods and services	987	542	-	-	180 968	173 805
Rental income	-	-	-	-	201 584	217 786
Grants and subsidies	-	-	-	-	64 925	59 522
Interest	-	-	-	-	6 091	1 641
Net gain from the disposal of property, plant and equipment	-	-	-	-	2 549	5 119
Resources received free of charge	-	-	-	-	4 774	5 299
Other income	1 428	1 726	-	-	33 944	39 876
Total Income	37 120	35 120	-	-	2 223 639	2 319 044
EXPENSES:						
Employee benefit expenses	17 696	19 982	-	-	225 375	244 830
Supplies and services	8 360	10 017	-	-	912 426	1 005 663
Depreciation and amortisation expense	101	99	-	-	621 933	424 600
Net loss from the disposal of non-current assets	-	-	-	-	-	-
Grants and subsidies	40	137	-	-	84 971	76 797
Borrowing costs	3	-	-	-	24 026	704
Cash alignment payments to Department of Treasury and Finance	-	-	100 859	68 173	100 859	68 173
Other expenses	12	17	-	-	43 873	90 683
Total Expenses	26 212	30 252	100 859	68 173	2 013 463	1 911 450
Net result	10 908	4 868	(100 859)	(68 173)	210 176	407 594

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2 Objectives and programs (continued)

	Road Safety		SA Public Transport Authority		Roads and Marine	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS:						
Cash and cash equivalents	-	-	-	-	-	-
Receivables	2 738	-	2 634	5 340	1 010	1 848
Inventories	-	-	7 342	6 438	2 806	3 268
Other assets	19	25	70	14 901	-	-
Non-current assets classified as held for sale	-	-	246	246	63	1 125
Land, buildings and facilities	546	592	351 936	346 562	563 542	582 467
Plant and equipment	2 133	931	575 903	600 071	67 186	60 682
Network assets	-	-	2 331 760	2 233 417	26 100 880	19 508 935
Capital works in progress	5 429	1 751	61 616	11 533	10 604	18 191
Intangible assets	16	20	1 826	1 808	6 927	7 209
Total Assets	10 881	3 319	3 333 333	3 220 316	26 753 018	20 183 725
LIABILITIES:						
Payables	1 718	1 604	65 202	49 851	28 764	27 854
Lease liabilities	-	-	-	-	5 561	-
Employee benefits	5 789	4 836	24 024	20 595	19 112	30 482
Provisions	399	326	1 769	1 387	23 684	25 746
Other liabilities	-	-	14 143	11 894	-	69
Total Liabilities	7 906	6 766	105 138	83 727	77 121	84 151

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
as at 30 June 2020

1.2 Objectives and programs (continued)

	Delivery of Transport Projects		Provision and Management of Across Government Services		Infrastructure Planning and Policy	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS:						
Cash and cash equivalents	-	-	-	-	-	-
Receivables	555	1 211	297 070	132 465	3 101	3 017
Inventories	20	20	-	-	1 057	1 262
Other assets	8 760	19 628	71 379	52 483	2 098	796
Non-current assets classified as held for sale	-	-	9 096	10 803	-	-
Land, buildings and facilities	151	150	1 988 679	1 172 612	490 812	493 208
Plant and equipment	736	806	1 116	1 318	7 618	6 775
Network assets	50 287	29 403	-	-	-	-
Capital works in progress	1 418 324	1 609 673	8 540	11 461	24 111	15 729
Intangible assets	-	-	504	808	15 604	18 998
Total Assets	1 478 833	1 660 891	2 376 384	1 381 950	544 401	539 785
LIABILITIES:						
Payables	86 901	83 228	56 409	60 711	19 803	19 968
Lease liabilities	-	-	1 103 158	10 886	2 674	1 966
Employee benefits	2 450	1 480	27 456	22 736	17 580	16 309
Provisions	169	100	1 890	1 531	1 210	1 145
Other liabilities	1 313	2 066	278	40 765	1 373	1 655
Total Liabilities	90 833	86 874	1 189 191	136 629	42 640	41 043

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
as at 30 June 2020

1.2 Objectives and programs (continued)

	Land Use Planning		General / Not Attributable		TOTAL	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS:						
Cash and cash equivalents	-	-	4 220 136	4 166 031	4 220 136	4 166 031
Receivables	-	-	22 087	27 560	329 195	171 441
Inventories	-	-	-	-	11 225	10 988
Other assets	-	-	-	-	82 326	87 833
Non-current assets classified as held for sale	-	-	-	-	9 405	12 174
Land, buildings and facilities	-	12	-	-	3 395 666	2 595 603
Plant and equipment	-	-	-	-	654 692	670 583
Network assets	-	-	-	-	28 482 927	21 771 755
Capital works in progress	-	-	-	-	1 528 624	1 668 338
Intangible assets	429	460	-	-	25 306	29 303
Total Assets	429	472	4 242 223	4 193 591	38 739 502	31 184 049
LIABILITIES:						
Payables	2 531	2 162	-	-	261 328	245 378
Lease liabilities	-	-	-	-	1 111 393	12 852
Employee benefits	10 745	10 651	-	-	107 156	107 089
Provisions	740	717	-	-	29 861	30 952
Other liabilities	-	-	-	-	17 107	56 449
Total Liabilities	14 016	13 530	-	-	1 526 845	452 720

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.3 Impact of COVID-19 pandemic on the department

The COVID-19 pandemic has impacted on the operations of the department in 2019-20 financial year. The estimate of the key impacts on the department in 2019-20 were:

- Additional \$3.3 million in cleaning and sanitising measures across the public transport network to enhance public safety;
- A financial assistance package of \$1.8 million to ensure that regional passenger bus services remain viable and the service is maintained for community needs;
- A financial assistance package of \$4.9 million to the taxi industry due to declined patronage as a result of COVID-19 restrictions implemented;
- A reduction in Public transport ticket and associated revenue due to less demand for services (refer note 4.2);
- The mobilisation of staff to assist with State COVID-19 initiatives;
- Provision of free public transport for SA Health staff; and
- Provision of rent relief for commercial tenants.

In addition to the above impacts the below stimulus packages were also approved:

- A \$85 million Road Infrastructure stimulus package targeting regional and National highway road projects and a \$60 million regional Road Safety stimulus package to be co-funded by the Commonwealth government; and
- A \$6 million road maintenance stimulus package funded by the State aimed at small and medium sized businesses to ensure continuity of works in regional and metropolitan areas;

As a result of the pandemic's impact on the economic environment, this may result in an impairment on the value of the department's assets and liabilities. The department will continue to monitor the impact of COVID-19 on the department. Note 10.4 provides information on the COVID-19 pandemic outlook for the department.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.4 Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2019-20 Budget Paper 4, Volume 3). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures.

The original budget and 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 2020

1.4 Budget Performance (continued)

		Original Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
STATEMENT OF COMPREHENSIVE INCOME				
INCOME	Note			
Appropriation		636 193	636 193	-
Fees and charges		742 187	720 817	(21 370)
Commonwealth-sourced grants and funding	a	588 852	291 812	(297 040)
Intra-government transfers		27 430	79 982	52 552
Sale of goods and services		120 403	180 968	60 565
Rental income		219 280	201 584	(17 696)
Grants and subsidies		66 247	64 925	(1 322)
Interest		4 032	6 091	2 059
Net gain from the disposal of property, plant and equipment		767	2 549	1 782
Resources received free of charge		11 232	4 774	(6 458)
Other income		82 640	33 944	(48 696)
			2 223	
Total Income		2 499 263	639	(275 624)
EXPENSES				
Employee benefit expenses		239 084	225 375	(13 709)
Supplies and services		977 936	912 426	(65 510)
Depreciation and amortisation expense	b	425 387	621 933	196 546
Grants and subsidies		89 557	84 971	(4 586)
Borrowing costs		3 298	24 026	20 728
Cash alignment payments to Department of Treasury and Finance	c	-	100 859	100 859
Other expenses		31 637	43 873	12 236
			2 013	
Total Expenses		1 766 899	463	246 564
Net Result		732 364	210 176	(522 188)
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	d	40 761	6 113	6 072
			6 323	5 550
TOTAL COMPREHENSIVE RESULT		773 125	856	731

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 Electrification, Joy Baluch AM Bridge, North South Corridor Darlington Upgrade and APY Lands Main Access Road Upgrade major projects.
- b) Changes in depreciation expense is predominantly due to an increase of revised budget and expenditure for Right-of-Use assets upon the adoption of AASB 16 and depreciation related to the road network asset revaluation.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.4 Budget Performance (continued)

- c) Cash alignment payments to the Department of Treasury and Finance are recognised annually in September. Per the original published budget papers there is no budget allocated.
- d) Changes in the revaluation surplus are predominantly due to the revaluation of the road network asset.

INVESTING EXPENDITURE SUMMARY

	Note	Original Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
Investing Expenditure Summary				
Total new projects		92 000	94 201	2 201
Total existing projects	e	929 910	774 912	(154 998)
Total annual programs		145 795	155 312	9 517
			1 024	
Total investing expenditure		1 167 705	425	(143 280)

- e) Total existing projects investing expenditure was lower than original budget in accordance with the delivery schedules on projects including the Gawler line Electrification, Duplication of Joy Baluch AM Bridge and the Extension of the Tonsley Rail Line to the Flinders Medical Centre major projects.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.5 Significant transactions with government related entities

All significant transactions with SA government related entities are identifiable in this financial report.

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 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*.

	2020	2019
Compensation	\$'000	\$'000
Salaries and other short term employee benefits	2 156	1 629
Post-employment benefits	739	381
Other long-term employment benefits	-	126
Termination benefits	-	429
Total compensation	2 895	2 565

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 2020

2.2 Board and Committee Members

Members during the 2019-20 financial year were:

Passenger Transport Standards Committee

BIRCH C P (re-appointed 01/01/2020)
DUNSTONE J (re-appointed 01/01/2020)
EDMONDS D (re-appointed 01/01/2020)
KING B (re-appointed 01/01/2020)
MADAN V (re-appointed 01/01/2020)
MORTIMER K P* (re-appointed 01/01/2020)
OPIE A L (re-appointed 01/01/2020)
SIMIONATO P (re-appointed 01/01/2020)
SPAGNOLETTI M* (re-appointed 01/01/2020)
WIGGLESWORTH R* (re-appointed 01/01/2020)
TURNER M (appointed 01/01/2020)
WILSON J* (appointed 01/01/2020)

Performance and Risk Committee

ALFORD A*
FORMSTON J*
POWELL D (reappointed 01/07/2020)
SNEDDON Y
DAVIES T
WESSEL N*

South Australian Boating Facility Advisory Committee

ANDREW B (term ended 18/12/2019)
BOLTON G (term ended 18/12/2019)
NOBES M* (term ended 18/12/2019)
PAYZE R J (term ended 18/12/2019)
SCHAHINGER B M (term ended 18/12/2019)
SEAMAN V (term ended 18/12/2019)
WHEELER A J (term ended 18/12/2019)
MILAZZO A J (appointed 03/11/2019)

Road User Safety Advisory Committee

BRAXTON-SMITH A D* (appointed 01/07/2019)
LANE D J* (appointed 01/07/2019)
PETROCCHITTO S (appointed 18/06/2020)
PLACE D W (appointed 01/07/2019)
PLOUFFE J (appointed 01/07/2019)
STEVENS G J* (appointed 01/07/2019)
WARNER S A (appointed 18/06/2020)
WUNDERSITZ L (appointed 01/07/2019)
FLAHERTY J (resigned 18/03/2020)
SALVATI P (resigned 26/11/2019)

State Planning Commission

DYER H L
HOLMES A N (re-appointed 30/05/2020)
HOLDEN C A
LENNON M A
SMITH S J* (re-appointed 29/05/2020)

Mount Barker Infrastructure Advisory Committee

BROPHY N
CLANCEY B J
LAWES P* (resigned 10/04/2020)
MAYER L
PASCALE S*
EXCELL A* (appointed 27/06/2020)

South Australian Public Transport Authority Advisory Board

GAMMIE F (appointed 01/07/2019)
RYU M (appointed 01/07/2019)
VOUNASIS C (appointed 01/07/2019)
WALDOCK R A (appointed 01/07/2019)

State Commission Assessment Panel

ADCOCK M** (term ended 31/05/2020)
BRANFORD C (term ended 31/05/2020)
DUNGEY P J** (term ended 31/05/2020)
FOGARTY S M** (term ended 31/05/2020)
MUTTON D R** (re-appointed 01/06/2020)
ROBERTS S (term ended 31/05/2020)
THOMAS R (appointed 01/06/2020)
ECKERT J (appointed 01/06/2020)
HERRIMAN E (appointed 01/06/2020)
LEADBETER P (appointed 01/06/2020)
PEMBER G (appointed 01/06/2020)
DYER H L
HOLDEN C A

State Planning Commission - Building Committee***

FRISBY D (board term ended 19/12/2019)
HARMER P (board term ended 19/12/2019)
KARUPPIAH N* (resigned 19/12/2019)
LEYDON G (board term ended 19/12/2019)
PAYNE J (board term ended 19/12/2019)
SHILLABEER J (board term ended 19/12/2019)
SOULIO D* (resigned 28/10/2019)

Building Technical Panel ***

FRISBY D (appointed 27/02/2020)
SHILLABEER J (appointed 13/02/2020)
PAYNE J (appointed 24/02/2020)
CENTOFANTI M (appointed 11/05/2020)
BERTHOLINI L* (appointed 11/05/2020)
CIBICH J (appointed 11/05/2020)
FENNELL B (appointed 11/05/2020)
INGERSON N (appointed 11/05/2020)
MURTON P (appointed 11/05/2020)
STEER B (appointed 11/05/2020)

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.2 Board and Committee Members (continued)

*In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

** In 2019-20 these members were temporarily appointed to participate on a Ministerial Development Plan Amendments Hearing Panel.

*** In December 2019 the State Planning Commission approved a new terms of reference to reform the Building Committee (BC) to the Building Technical Panel (BTP). The BTP will undertake delegated building-related statutory functions of the Commission under the Planning, Development Infrastructure Act 2016 (PDI Act) and the Development Act 1993.

Board and Committee Remuneration

	2020	2019
	Number	Number
The number of members whose remuneration received/receivable falls within the following bands:		
\$0 - \$19 999	33	26
\$20 000 - \$39 999	-	5
\$40 000 - \$59 999	5	5
\$60 000 - \$79 999	4	3
\$140 000 - \$159 999	-	1
\$160 000 - \$199 999	1	-
Total Number of Members	43	40

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 \$0.843 million (\$0.863 million).

2.3 Employee Benefits Expenses

	2020	2019
	\$'000	\$'000
Salaries and wages	171 263	177 902
Board and committee fees	611	825
Employment on-costs - superannuation	14 339	19 451
Employment on-costs - payroll	8 423	10 928
Annual leave	13 988	17 955
Long service leave	9 023	8 137
Workers compensation expenses	2 488	532
TVSPs payments (refer below)	3 147	5 683
Skills and Experience Retention Leave	699	983
Other employee related expenses	1 394	2 434
Total Employee Benefit Expenses	225 375	244 830

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 2020

2.3 Employee Benefits Expenses (continued)

Remuneration of Employees

	2020	2019
	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$151 000 - \$154 000 *	n/a	3
\$154 001 - \$174 000	38	25
\$174 001 - \$194 000	18	20
\$194 001 - \$214 000	3	1
\$214 001 - \$234 000	4	10
\$234 001 - \$254 000 (a), (c)	3	4
\$254 001 - \$274 000	3	1
\$274 001 - \$294 000 (b), (c)	8	2
\$294 001 - \$314 000 (c)	2	2
\$314 001 - \$334 000 (d)	1	4
\$334 001 - \$354 000	1	1
\$354 001 - \$374 000 (a)	2	1
\$474 001 - \$494 000	1	-
\$794 001 - \$814 000 (c)	-	1
Total Number of Employees	84	75

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2018-19.

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 \$17.2 million (\$15.6 million).

(a) 2020 - includes TVSP payment for one employee

(b) 2020 - includes TVSP payment for three employees

(c) 2019 - includes TVSP / executive termination payment for one employee

(d) 2019 - includes TVSP / executive termination payment for three employees

The department had 45 (39) Executives as at 30 June 2020.

There were no executive termination payments in 2019-20 (2018-19: \$0.700 million).

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.3 Employee Benefits Expenses (continued)

Targeted Voluntary Separation Packages (TVSPs)

The number of employees who received a TVSP during the reporting period was 37 (2019: 66).

	2020	2019
	\$'000	\$'000
Amounts paid during the reporting period to separated employees:		
TVSPs	3 147	5 683
Leave paid to separated employees	1 671	2 958
	4 818	8 641
Recovery from the Department of Treasury and Finance	(2 338)	(5 202)
Net Cost to the Department	2 480	3 439

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.4 Employee Benefits Liability

	2020	2019
	\$'000	\$'000
Current:		
Annual leave	23 226	21 024
Long service leave	6 776	6 591
Skills and Experience Retention Leave	1 861	1 645
Accrued salaries and wages	5 581	4 123
Total Current Employee Benefits	37 444	33 383
Non-Current:		
Long service leave	69 712	73 706
Total Non-Current Employee Benefits	69 712	73 706
Total Employee Benefits	107 156	107 089

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 2020

3 Expenses

3.1 Supplies and Services

	2020	2019
	\$'000	\$'000
Supplies and Services		
Bus service contracts	217 842	219 419
Rail Commissioner salary reimbursements	71 398	74 408
Major infrastructure maintenance contracts	114 652	84 097
Other service contracts	127 779	113 215
Consultants	-	72
Operating leases**	-	167 055
Property expenses**	175 545	147 824
Plant, equipment and vehicle expenses	8 316	9 419
Land administration fees paid to Land Services SA	73 613	70 006
Information technology and communications	12 184	12 268
Materials and other purchases	18 820	19 731
Utilities	35 642	37 763
Insurance	5 494	5 338
Legal services	4 234	3 273
Short term and low value leases**	17 125	-
Commissions - transaction processing	1 946	2 186
Auditor's remuneration *	1 482	1 106
Administrative costs	7 502	8 191
State Planning Commission costs	45	50
Other	18 807	30 242
Total Supplies and Services	912 426	1 005 663

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

**Previously the department classified its leases as operating or finance leases based on the whether the lease transferred significantly all of the risks and rewards incidental to ownership of the asset to the lessee. Under the new accounting standard AASB16, the distinction between operating and finance leases no longer exists for lessee accounting. The non-lease components of operating leases have been recognised in property expenses above, refer to note 8.3 for more information.

From 1 July 2019, all leases, other than short term leases (under 12 months) and leases of low value assets are recognised as lease liabilities and lease assets (right-of-use assets and finance lease receivables) in the statement of financial position.

In accordance with AASB16, the majority of the department's former operating lease payments are now recognised as lease assets and lease liabilities. This includes lease agreements for office accommodation for the government sector, motor vehicles and other plant and equipment.

Lease expenses for short term and low value leases are recognised as an expense on a straight line basis over the lease term.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

Consultants

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

	2020		2019	
	No.	\$'000	No.	\$'000
Below \$10 000	-	-	2	8
Above \$10 000	-	-	1	64
Total Paid / Payable to the Consultants Engaged	-	-	3	72

In determining the classification of expenditure on consultancies the department uses the definition of consultant from Treasurer's Instruction (Accounting Policy Statement) clause 4.

3.2 Depreciation and Amortisation

	2020	2019
	\$'000	\$'000
Depreciation:		
Network assets	391 887	302 095
Plant and equipment	57 653	52 316
Buildings and facilities	62 485	62 044
Right-of-use plant and equipment	3 248	-
Right-of-use building	101 459	-
Total Depreciation	616 732	416 455
Amortisation:		
Leased assets	-	880
Intangible assets	5 201	7 265
Total Amortisation	5 201	8 145
Total Depreciation and Amortisation	621 933	424 600

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 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 2020

3.2 Depreciation and Amortisation (continued)

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	2 to 150 years
Dwellings	Straight Line	10 to 67 years
Right-of-use buildings	Straight Line	1 to 22 years
Plant and Equipment:		
Plant and equipment	Straight Line	3 to 96 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 15 years
Right-of-use plant and equipment	Straight Line	3 to 4 years
Network Assets:		
Roads (sealed surface)	Straight Line	25 to 30 years
Roads (sealed pavement)	Straight Line	48 to 77 years
Roads (sheeted)	Straight Line	18 years
Structures	Straight Line	10 to 195 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:		
Intangible	Straight Line	3 to 19 years

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

Review of accounting estimates

In 2019-20 the department reassessed the useful life of some of its assets. This review resulted in a decrease of \$4.7million in depreciation expense for the 2019-20 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 2020

3.3 Grants and Subsidies

	2020	2019
	\$'000	\$'000
Grants and Subsidies		
Contribution for policing services	43 577	42 515
Transport Subsidy Scheme	9 007	11 573
Grants to local councils	15 172	9 276
Transport concessions	3 230	3 867
Business and job support fund*	5 711	-
Other	8 274	9 566
Total Grants and Subsidies	84 971	76 797

*In 2019-20 the department was responsible for the disbursement of financial assistance packages in the form of a subsidy payment to the taxi and regional passenger bus services industries. Refer to note 1.3 for more information.

3.4 Borrowing Costs

	2020	2019
	\$'000	\$'000
Interest paid/payable on Borrowing Costs:		
Interest on leases	24 026	704
Total Borrowing Costs	24 026	704

In 2019-20 the interest expense on leases increased due to the recognition of lease liabilities under AASB16. Refer to note 9.1 for further information.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.5 Other Expenses

	2020	2019
	\$'000	\$'000
Other Expenses		
Rates, taxes and levies	9 245	9 273
Donated assets	7 071	47 330
Bad debts	805	16
Write-off of assets	2 625	10 843
Indentured Ports*	18 534	14 595
Local government and income tax equivalent payments	1 272	1 641
Other payments to consolidated account	3 851	5 759
Site remediation	6	370
Other	464	856
Total Other Expenses	43 873	90 683

* This relates to amounts paid 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 paid 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.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4 Income

4.1 Appropriation

	2020	2019
	\$'000	\$'000
Appropriation		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	636 193	387 018
Total Appropriations	636 193	387 018

Appropriations are recognised on receipt. The increase in appropriation is predominantly due to additional funding in 2019-20 for the delivery of transport infrastructure projects.

This table does not show appropriations from equity contributions. 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. Refer to the Statement of Changes in Equity.

4.2 Fees and Charges

	2020	2019
	\$'000	\$'000
Fees and Charges		
Drivers licence fees	67 567	76 958
Metrotickets	79 948	93 642
Motor registrations	493 389	451 235
Marine related fees and charges	29 493	26 425
Land services fees	16 621	16 240
Other fees and charges	33 799	34 297
Total Fees and Charges	720 817	698 797

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.

The reduction in revenue from fees and charges for Metrotickets is largely due to the impact of the COVID-19 pandemic, refer to note 1.3 for more information.

Road Safety

In accordance with the *Highways Act 1926*, \$11.261 million (\$12.826 million) being one-sixth of driver's licence collections and \$1.024 million (\$0.986 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 2020

4.3 Commonwealth-sourced grants and funding

	2020	2019
	\$'000	\$'000
Commonwealth-sourced grants and funding		
Commonwealth grants received via DTF*	285 087	550 073
National Land Transport Act 2014**	6 598	3 156
Other Commonwealth revenues***	127	351
Total Commonwealth-sourced grants and funding	291 812	553 580

* 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.

Commonwealth sourced grants and funding are recognised as income on receipt.

Obligations under Commonwealth sourced grants and funding are required to be met by the State of South Australia. Where the department receives the grant monies via the Department of Treasury and Finance (DTF), for accounting purposes the obligations under the funding arrangements do not sit with the department. Hence, where the delivery of the programs, or infrastructure does not align with payments received by the State, contract assets or liabilities will be recognised by DTF as the representative of State of South Australia, not the department.

Where the department receives the grant monies directly from the Commonwealth (i.e. Roads to Recovery funding) the department is the representative of the State and the obligations under the funding arrangements rest with the department. Roads to Recovery funding is recognised progressively as the department satisfies its obligations under the agreement through its capital expenditure on this program. At 30 June 2020 the department did not have any unsatisfied obligations on the funds received as all funds were spent. Therefore a contract asset (unearned revenue) has not been recognised.

4.4 Intra-government transfers

	2020	2019
	\$'000	\$'000
Intra-government transfers		
Intra-government transfers	44 318	23 065
Transfers from contingency provisions	35 664	10 836
Transfers from Funds SA*	-	142 700
Total Intra-government transfers	79 982	176 601

Intra-government transfers relate to amounts received from other SA government entities for the delivery of departmental objectives. These are recognised as income on receipt.

*In 2018-19 \$142.7million was received from Funds SA on behalf of the Motor Accident Commission and paid into the Highways Fund.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.5 Sales of Goods and Services

	2020	2019
	\$'000	\$'000
Sale of Goods and Services		
Maintenance services	134 938	135 885
Other sale of goods and services	46 030	37 920
Total Sale of Goods and Services	180 968	173 805

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.

Maintenance services:

In its role as across government facilities manager the department provides property maintenance and enhancement services to its portfolio of buildings, facilities and assets. It recovers the cost of providing these services from client agencies. This revenue is recognised over time after once the department has satisfied its performance obligations. Clients are invoiced in arrears of the performance obligations being satisfied.

Other sale of goods and services:

Project and contract management fees

The department acts as project manager for major capital works in relation to government buildings and 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 over time as it delivers the service.

Contract Balances:

As at 30 June 2020 the department held contract assets of \$43.604m (\$48.773m) included in the balance of receivables (note 6.2) in relation to Sales of Goods and Services revenue.

Contract assets relate to maintenance services and represents the department's rights to consideration for work completed but not yet billed at the reporting date.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.6 Rental Income

	2020	2019
	\$'000	\$'000
Rental Income		
Government accommodation	192 505	208 329
Property rents and recoveries	3 581	3 794
Other	5 498	5 663
Total Rental Income	201 584	217 786

Rental income consists of income from the provision of office accommodation to general government sector agencies, government employee housing rent and other property rentals. Office accommodation rental is payable monthly in advance, other rentals are payable in arrears.

Under AASB15, contract assets and liabilities are recognised where consideration has been received for rental periods in advance or rental periods in arrears. Contract assets and liabilities in relation to rental income are immaterial and therefore not recognised.

Where the department has lease agreements as intermediate sub-lessor recognised under AASB16, a finance lease receivable has been recognised. Rental income previously recognised here for those leases is now apportioned between periodic interest revenue and reduction of the lease receivable. Refer Note 6.2.

4.7 Grants and Subsidies

	2020	2019
	\$'000	\$'000
Concessional passenger income	58 080	59 200
Business and job support fund*	6 736	-
Other	109	322
Total Grants and Subsidies	64 925	59 522

Concessional Passenger income relates to funding received from other government agencies in relation to concessional travel provided to pensioners, the unemployed and students on passenger transport in metropolitan and regional areas.

*In 2019-20 the department received subsidies from the Business and Job Support Fund for the disbursement of financial assistance packages to the taxi and regional passenger bus services industries. Refer to note 1.3 for more information.

4.8 Interest

	2020	2019
	\$'000	\$'000
Interest on deposit accounts	988	1 551
Interest on finance leases	5 103	90
Total Interest	6 091	1 641

The interest on deposit accounts relates predominantly to the Rail Transport Facilitation Fund, Boating Administration Working Account and Commonwealth Funding Received for Specific Projects.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.9 Resources Received Free of Charge

	2020	2019
	\$'000	\$'000
Resources received/receivable free of charge:		
Land, buildings and facilities	7	-
Plant and equipment	46	82
Services provided by Shared Services SA	4 721	5 217
Total Resources Received Free of Charge	4 774	5 299

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 2020

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

	2020	2019
	\$'000	\$'000
Net gain (loss) from the disposal of non-current assets received / receivable:		
Land, Buildings and Facilities:		
Proceeds from disposal	6 197	2 434
Net book value of assets disposed	(6 274)	(4 195)
Net gain (loss) from disposal of land, buildings and facilities	(77)	(1 761)
Plant and Equipment:		
Proceeds from disposal	1 699	-
Net book value of assets disposed	(1 366)	(25)
Net gain (loss) from disposal of plant and equipment	333	(25)
Non-Current Assets Held for Sale:		
Proceeds from disposal	12 440	15 525
Net book value of assets disposed	(9 793)	(8 479)
Costs incurred to facilitate disposal	(354)	(141)
Net gain (loss) from disposal of non-current assets held for sale	2 293	6 905
Total Assets:		
Proceeds from disposal	20 336	17 959
Net book value of assets disposed	(17 433)	(12 699)
Costs incurred to facilitate disposal	(354)	(141)
Total net gain (loss) from disposal of non-current assets	2 549	5 119

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 2020

4.11 Other Income

	2020	2019
	\$'000	\$'000
Other Income		
Recoveries and contributions	17 670	18 107
Reimbursement works and external project contributions	14 010	19 391
Service recoveries received from other government agencies	2 264	2 378
Total Other Income	33 944	39 876

5 Non-Financial Assets

5.1 Land, Buildings and Facilities

	2020	2019
	\$'000	\$'000
Land:		
Land at fair value	879 562	874 614
Total Land	879 562	874 614
Land Under Roads:		
Land under roads at cost	187 222	172 229
Total Land Under Roads	187 222	172 229
Land for Current Projects:		
Land for current projects at cost *	166 203	117 422
Total Land for Current Projects	166 203	117 422
Buildings and Facilities:		
Buildings and facilities at fair value	2 033 304	1 988 146
Accumulated depreciation at 30 June	656 563	592 723
Total Buildings and Facilities	1 376 741	1 395 423
Land and Buildings Under Lease:		
Buildings under lease at fair value	-	26 375
Land under lease at fair value	-	11 300
Accumulated amortisation at 30 June	-	1 760
Total Land and Buildings Under Lease	-	35 915
Right-of-use land and buildings		
Right-of-use land and buildings at cost **	1 216 812	-
Accumulated depreciation at 30 June	430 874	-
Total Right-of-use land and buildings	785 938	-
Total Land, Buildings and Facilities	3 395 666	2 595 603

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

** Finance leases under AASB 117 are now reclassified as *Right-of-Use land and buildings*. The carrying value of this category of asset is now deemed at cost at 1 July 2019.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.1 Land, Buildings and Facilities (continued)

RECONCILIATION OF LAND, BUILDINGS AND FACILITIES

The following table shows the movement of Land, Buildings and Facilities during 2019-20

	Land \$'000	Land Under Roads \$'000	Land for Current Projects \$'000	Buildings & Facilities \$'000	Land & Buildings Under Lease \$'000	ROU Land and Buildings \$'000	Total \$'000
Carrying amount at 1 July	874 614	172 229	117 422	1 395 423	-	758 390	3 318 078
Reclassification from assets held for sale	(6 580)	-	-	(1 148)	-	-	(7 728)
Additions	90	-	49 035	21 817	-	137 750	208 692
Disposals	(5 793)	-	-	(481)	-	-	(6 274)
Donated assets	(1 732)	-	-	(4 909)	-	-	(6 641)
Resources received free of charge	7	-	-	-	-	-	7
Write offs	(1)	-	-	-	-	-	(1)
Revaluation increment/(decrement)	34 079	-	-	28 144	-	-	62 223
Depreciation and amortisation	-	-	-	(62 485)	-	(101 459)	(163 944)
Transfers due to reclassification of assets	(15 122)	14 993	(254)	383	-	-	-
Reclassification to finance lease receivables	-	-	-	-	-	(22 206)	(22 206)
Re-Measurement	-	-	-	-	-	13 465	13 465
Other movements	-	-	-	(3)	-	(2)	(5)
Carrying amount at 30 June	879 562	187 222	166 203	1 376 741	-	785 938	3 395 666

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.1 Land, Buildings and Facilities (continued)

RECONCILIATION OF LAND, BUILDINGS AND FACILITIES

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

	Land \$'000	Land Under Roads \$'000	Land for Current Projects \$'000	Buildings & Facilities \$'000	Land & Buildings Under Lease \$'000	Total \$'000
Carrying amount at 1 July	968 622	42 888	184 210	1 486 860	36 795	2 719 375
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	874 614	172 229	117 422	1 395 423	35 915	2 595 603

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.1 Land, Buildings and Facilities (continued)

Valuation of Land, Buildings and Facilities

For non-specialised land, buildings and facilities the valuer 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 adjustments for factors specific to the land, buildings and facilities being valued, such as size and location. Refer to note 11.2.

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

For specialised buildings and facilities the valuer 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 were indexed using the appropriate construction index and the revaluation was done by the Office of the Valuer-General.

Land under Road and Land for Current Projects are not revalued according to the department's policy. The Department of Treasury and Finance coordinates with Valuer-General to ensure asset value attributed to Land under Road on consolidated financial report is recorded at fair value. Land for Current Project are land acquired for ongoing construction projects, they are usually transferred to Land under Road on project completion. Land under Roads are only recognised after 1 July 2008.

Right-of-Use (ROU) Buildings

Right of Use (ROU) buildings leased by the department are recorded at cost. Movements in the ROU buildings are shown in the above movement schedule. Short term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and disclosed in Note 3.1.

The department leases properties from external landlords to provide office and other accommodation for the whole of the government sector. These leases are now recognised on the statement of financial position as right-of-use building assets and lease liabilities in accordance with AASB16 Leases. The lease liabilities related to the ROU buildings are disclosed in Note 7.2. The department's maturity analysis of its lease liabilities is disclosed in Note 11.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 3. Cash outflows related to leases are disclosed in note 8.2.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.1 Land, Buildings and Facilities (continued)

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 2019	Valuer-General	1	2	Market	
	Government Agency Accommodation	1 July 2017	Savillis/JLL/Opton/m3	3	2	Market	
	Ex Australian National Railways Land**	1 July 2019	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	Public Private Property	3	2&3	Market	
	Bus Depot Land	1 July 2017	Knight Frank	3	2	Market	
	Future Road Construction**	1 July 2019	Valuer-General	3	2	Market	
	Leigh Creek Land	1 July 2019	Valuer-General	3	2	Market	
	Other Departmental Land (Bus Interchanges)	1 July 2017	M3 property Strategist	3	2	Market	
Buildings and Facilities							
Buildings and Facilities	Marine Related**	1 July 2018	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 2019	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	
	Leigh Creek Building	1 July 2019	Valuer-General	3	3	Cost	
	Other	1 July 2019	Valuer-General	3	3	Cost	
	Residential Buildings						
	Government Employee Housing	1 July 2019	Valuer-General	1	2	Market	
	Future Road Construction**	1 July 2019	Valuer-General	3	2	Market	
Commercial Buildings							
Government Agency Accommodation	1 July 2017	Savillis/JLL/Opton/m3	3	2	Market		
Future Road Construction**	1 July 2019	Valuer-General	3	2	Market		

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

Asset Class	Assets Valued	Last Valued / Revalued	By Whom	Timing of Revaluations (years)	Input level	Fair Value Approach
	Depots	1 July 2018	Valuer-General	3	2	Market
<i>Land, Buildings and Improvements Under Lease</i>	Land, Buildings and Improvements Under Lease	1 July 2017	Savills Australia	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 2020

5.2 Plant and Equipment

	2020	2019
	\$'000	\$'000
Plant and equipment (at fair value)	1 767 150	1 796 339
Information technology	14 279	13 909
IT under lease	-	3 549
Right-of-use vehicle at cost	8 537	-
	1 789 966	1 813 797
Accumulated Depreciation:		
Accumulated depreciation - Plant and equipment	1 121 846	1 128 102
Accumulated depreciation - Information technology	10 403	11 563
Accumulated depreciation - IT under lease	-	3 549
Accumulated depreciation - ROU Vehicle	3 025	-
	1 135 274	1 143 214
Total Plant and Equipment	654 692	670 583

RECONCILIATION OF PLANT AND EQUIPMENT

The following table shows the movement of Plant and Equipment during 2019-20

	Plant and Equipment	Information Technology	ROU Vehicle	Total
	\$'000	\$'000		\$'000
Carrying amount at 1 July	668 237	2 346	5 584	676 167
Additions	36 920	2 922	3 251	43 093
Disposals	(1 290)	-	(76)	(1 366)
Donated assets	(332)	(98)	-	(430)
Resources received free of charge	46	-	-	46
Write offs	(381)	-	-	(381)
Revaluation increment/(decrement)	(1 521)	-	-	(1 521)
Depreciation and amortisation	(56 357)	(1 296)	(3 248)	(60 901)
Transfers due to reclassification of assets	(16)	-	-	(16)
Other movements	(2)	2	1	1
Carrying amount at 30 June	645 304	3 876	5 512	654 692

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.2 Plant and Equipment (continued)

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	607 970	2 535	610 505
Additions	115 824	876	116 700
Disposals	(25)	-	(25)
Donated assets	(440)	-	(440)
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	(51 277)	(1 039)	(52 316)
Transfers due to reclassification of assets	(244)	-	(244)
Other movements	-	(1)	(1)
Carrying amount at 30 June	668 237	2 346	670 583

Valuation of Plant and Equipment

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

For specialised plant and equipment, the valuer 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.

Right-of-Use (ROU) vehicles

ROU vehicles leased by the department are recorded at cost. Movements in the ROU vehicles are shown in the above movement schedule.

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.2 Plant and Equipment (continued)

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 2019	Jones Lang LaSalle	3	3	Cost
	Tram and Train Rolling Stock	1 July 2017	Jones Lang LaSalle	3	3	Cost
	Bus Depots	1 July 2017	Knight Frank	3	3	Cost
	Rail	1 July 2017	Jones Lang LaSalle	3	2 & 3	Cost
	Tall Ships/Patrol Boats	1 July 2017	Markwell Risk Mgt Services	3	3	Cost
	Ferries (including Modules)	1 July 2019	Pickles Auctions	3	2	Market
	Aids to Navigation	1 July 2019	Valuer-General	3	3	Cost
	Heavy Plant	1 July 2019	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 2020

5.3 Network Assets

	2020	2019
	\$'000	\$'000
Network Assets:		
Roads and structures (at fair value)	35 435 515	27 120 309
Rail and bus track (at fair value)	3 824 679	3 498 023
	39 260 194	30 618 332
Accumulated Depreciation:		
Accumulated depreciation - Roads and structures	9 546 484	7 808 441
Accumulated depreciation - Rail and bus track	1 230 783	1 038 136
	10 777 267	8 846 577
Total Network Assets	28 482 927	21 771 755

RECONCILIATION OF NETWORK ASSETS

The following table shows the movement of Network Assets during 2019-20

	Roads	Structures	Rail and Bus Track	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	16 927 666	2 384 202	2 459 887	21 771 755
Additions	680 432	314 266	56 575	1 051 273
Write offs	1	-	(1 911)	(1 910)
Revaluation increment/(decrement)	5 498 946	393 303	161 435	6 053 684
Depreciation and amortisation	(264 312)	(55 308)	(72 267)	(391 887)
Transfers due to reclassification of assets*	93 622	(83 785)	(9 820)	17
Other	(2)	-	(3)	(5)
Carrying amount at 30 June	22 936 353	2 952 678	2 593 896	28 482 927

*Mainly due to the reclassification of earthworks components of the Bakewell and Gallipoli underpasses to Road 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	16 258 153	2 331 243	2 188 858	20 778 254
Additions	626 922	74 295	274 413	975 630
Write offs	-	(5 676)	(2 776)	(8 452)
Revaluation increment/(decrement)	229 030	75 616	23 687	328 333
Depreciation and amortisation	(185 073)	(45 942)	(71 080)	(302 095)
Transfers due to reclassification of assets	(1 367)	(45 332)	46 783	84
Other	1	(2)	2	1
Carrying amount at 30 June	16 927 666	2 384 202	2 459 887	21 771 755

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.3 Network Assets (continued)

Valuation of Roads and Structures

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 and structures assets using an internally developed revaluation methodology, with inputs for the key areas being provided by independent industry experts.

Departmental policy allows for the roads and structures assets to be revalued in accordance with the required timelines depending on the nature or purpose for which the asset is held, with indexing applied during intervening years, with the exception of the earthworks component. Indexing is applied using the Australian Bureau of Statistics' Road and Bridge Construction Price Index for South Australia as at 1 July.

In accordance with the department's policy, the roads and structures assets were due for revaluation in 2018-19. This revaluation was deferred to 2019-20 financial year. The deferral was primarily due to the determination that further assessment was needed to ensure the most accurate revaluation outcome was achieved for the state's road network asset.

The Department has adopted a network asset valuation model. This approach is defined as valuing a group of assets by applying representative stereotypes and associated unit rates (developed by independent experts) to calculate replacement costs.

All road and structures assets are valued at written down replacement cost by senior professional engineers with the knowledge and expertise in that area. 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.

The valuation model segments the network assets into components that have similar engineering and functional characteristics. For the roads assets these components are:

- Sealed road surfacings
- Sealed road pavements – Base
- Sealed road pavements – sub base
- Sealed road earthworks

Each road component is then characterised by a representative stereotype. The main representative stereotypes are Motorways, Heavy Urban, Light Urban, Heavy Rural, Light Rural and Unsealed Roads (Sheeted, Graded, and Formed). Replacement unit rates are calculated based on the estimated resources necessary to complete a ten-kilometre length for each stereotype. The Department estimates the current replacement cost of the sealed pavements, surfacing and earthworks by multiplying the relevant replacement cost unit rate by the surfacing areas and unsealed pavements by the carriageway area.

For structures assets, the calculation of current replacement cost are divided into a generic group and a specific group. The generic group contains structures suitable for valuation using a unit rate per square metre of deck area. This group contains most of the bridges culverts and large retaining walls controlled by the department. Specific Group contains structures deemed unsuitable for valuation using the unit rate method. Structures in the special group are valued individually by calculating the estimated cost of building a new structure using current construction techniques.

All roads and structures assets, except for earthworks and the pavement sub-base, are subject to depreciation.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

While the methodology remains unchanged, in 2019-20 the Department modified some of the assumptions on the nature of costs included in the unit rate to reflect current practices and improved information. Key changes are:

- Using a 'design and construct' contract model rather than a "construct" only contract approach for some stereotypes. This change results in the inclusion of contractor's design, overheads and margin costs in the estimated unit rates.
- Inclusion of the department's overhead charges.
- Allocating road construction overheads cost to road components (i.e. earthworks, Sub-base, Base and Surface) based on time spent for each component rather than on the component's construction cost. The time based approach has allocated more construction overhead costs to non-depreciation components (earthworks and sub-base) compared to cost-based approach.
- Improved data on the existence and occurrence of some road furniture (e.g. drainage and etc.)
- Increase in costs for improved standards of safety management and worker protection. This is now allocated to all road components.
- Inclusion of retaining walls as a new asset class for the structures revaluation

The impacts of the road network revaluation have been included in the final accounts as at 30 June 2020 resulting in a fair value increase of \$5.9 billion. The increase in roads and structures network value is due to several reasons, notably:

- Changes to key cost assumptions impacting unit rates (see above).
- Increase in the cost of road and structure making materials, including increase in granular material, asphalt costs and precast supply costs due to market conditions.
- Increase in labour costs for the construction of roads.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

Valuation of Rail and Bus Network Assets

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

In 2019-20, rail infrastructure assets (Train and Trams) including tracks, signalling, overhead wiring systems, corridor and communication assets were revalued. The revaluation was undertaken by the Office of the Valuer-General (OVG) by applying the appropriate construction index. The OVG worked closely with qualified engineers within the department to review useful lives 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 2020

5.3 Network Assets (continued)

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 2019	Janey Mitson, B.Eng (Civil)*	3	3	Cost
	Earthworks	1 July 2019	Janey Mitson , B.Eng (Civil)*	3	3	Cost
Structures	Bridges / Culverts	1 July 2019	Grant Wilksch, B.Eng (Civil)	3	3	Cost
	Ferry Landings	1 July 2019	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 2019	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 2019	Valuer-General/ Peter Lawson 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 2020

5.4 Capital Works in Progress

	2020	2019
	\$'000	\$'000
Land, buildings and facilities	79 042	68 042
Road network	1 069 711	1 398 534
Plant, equipment and intangibles	31 280	27 278
Rail and bus track	348 591	174 484
Total Capital Works in Progress	1 528 624	1 668 338

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.4 Capital Works in Progress (continued)

RECONCILIATION OF CAPITAL WORKS IN PROGRESS

The following table shows the movement of Capital Works in Progress during 2019-20

	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	1 398 534	27 278	68 042	174 484	1 668 338
Additions	666 393	45 232	82 614	230 682	1 024 921
Transfer to capital	(994 698)	(41 197)	(70 941)	(56 575)	(1 163 411)
Transfer to operating	(517)	(32)	-	-	(549)
Other	(1)	(1)	(673)	-	(675)
Carrying amount at 30 June	1 069 711	31 280	79 042	348 591	1 528 624

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 2020

5.4 Capital Works in Progress (continued)

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	1 569 028	53 131	48 195	226 633	1 896 987
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	(2 032)	(500)	(148)	-	(2 680)
Transfers due to Administrative Restructures	-	155	(130)	-	25
Transfer due to reclassification of assets	(34 029)	20 927	13 864	(762)	-
Other	1	1	(1)	-	1
Carrying amount at 30 June	1 398 534	27 278	68 042	174 484	1 668 338

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.5 Intangible Assets

	2020	2019
	\$'000	\$'000
Intangibles		
Intangibles	78 907	79 634
Service concession	17 062	17 062
	<u>95 969</u>	<u>96 696</u>
Accumulated amortisation		
Accumulated amortisation - Intangibles	67 008	65 227
Accumulated amortisation - Service concession	3 655	2 166
	<u>70 663</u>	<u>67 393</u>
Total Intangible Assets	<u>25 306</u>	<u>29 303</u>

RECONCILIATION OF INTANGIBLE ASSETS

The following table shows the movement of Intangible Assets during 2019-20

	Intangibles	Service Concession	Total
	2020	2020	
	\$'000	\$'000	\$'000
Carrying amount at 1 July	14 407	14 896	29 303
Additions	1 355	-	1 355
Write-off of non-current assets	(151)	-	(151)
Amortisation	(3 711)	(1 490)	(5 201)
Carrying amount at 30 June	<u>11 900</u>	<u>13 406</u>	<u>25 306</u>

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

	Intangibles	Service Concession	Total
	2019	2019	
	\$'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>

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.5 Intangible Assets (continued)

On transition to AASB 1059 in the 2020-21 financial statements, the value of the land titles registry will be recognised as service concession asset. The department is in the process of valuing the data in the land title registry using the cost approach - *current replacement cost* under AASB 1059.

Valuation of Intangible Assets

Intangible assets, excluding service concession 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

	2020	2019
	\$'000	\$'000
Current - held for distribution at no or nominal consideration		
Road making material and stores at cost	3 429	3 573
Rail material and stores at cost	7 326	7 105
Total inventories held for distribution at no or nominal consideration	10 755	10 678
Current - other than those held for distribution at no or nominal consideration:		
Other inventory at cost	470	310
Total inventories other than those held for distribution at no or nominal consideration	470	310
Total Current Inventories	11 225	10 988

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 2020

5.7 Non-Current Assets Classified as Held for Sale

	2020	2019
	\$'000	\$'000
Non-Current Assets Classified as Held for Sale:		
Land, buildings and facilities	9 405	12 174
Total Non-Current Assets Classified as Held for Sale	9 405	12 174

The department has identified \$9.405 million (\$12.174 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

	2020	2019
	\$'000	\$'000
Deposits at call with the Treasurer	4 218 414	4 165 858
Imprest Account	15	15
Deposits with SAFA	1 563	-
Other	144	158
Total Cash and Cash Equivalents	4 220 136	4 166 031

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6.2 Receivables

	2020	2019
	\$'000	\$'000
Current:		
Receivables	97 874	88 667
Expected credit loss	(1 700)	(960)
Finance lease receivables	20 962	723
GST input tax recoverable	9 367	11 210
Accrued revenues	61 720	65 497
Total Current Receivables	188 223	165 137
Non-Current:		
Receivables	353	2 814
Finance lease receivables	140 619	3 490
Total Non-Current Receivables	140 972	6 304
Total Receivables	329 195	171 441

Movements in the expected credit loss (impairment loss):	2020	2019
	\$'000	\$'000
Balance at 30 June 2019 under AASB 139	-	1 384
Adjustments on initial adoption of AASB 9	-	(345)
Carrying amount at the beginning of the period	960	1 039
Amounts written off	(65)	(95)
Increase / (Decrease) in allowance recognised in profit or loss	805	16
Carrying amount at 30 June	1 700	960

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.

Finance lease receivables:

The department is responsible for managing whole of government office accommodation arrangements under Premier and Cabinet Circular PC018. This includes leasing of accommodation from private landlords and subsequent sub-leasing these properties to government agencies. Where the sub-lease meets the definition of a lease under AASB16, and substantially transfers all the risks and rewards of the head lease to another government agency, the department recognises a finance lease receivable for the net investment of the lease. Finance lease receivables represent approximately 50 sub-leases.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6.2 Receivables (continued)

During 2019-20, the department recognised finance income on finance lease receivables of \$5.103m.

The following table sets out the maturity analysis of lease receivables, showing the discounted lease payments to be received after the reporting date.

Finance Lease receivables	2020	2019
	\$'000	\$'000
Finance lease receivables contracted for at the reporting date are as follows:		
Within one year	25 817	763
Later than one year but no longer than five years	69 487	2 408
Later than five years	111 154	1 195
Minimum lease payments	206 458	4 366
Less unearned finance income	(44 877)	(153)
Total Finance Lease Receivables	161 581	4 213

The present value of finance lease receivable is as follows:

Within one year	20 962	723
Later than one year but no longer than five years	51 968	2 313
Later than five years	88 651	1 177
Present Value of Finance Lease	161 581	4 213

Representing:

Current	20 962	723
Non-current	140 619	3 490
Total finance Lease Receivables	161 581	4 213

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 2020

6.3 Other Assets

	2020	2019
	\$'000	\$'000
Current:		
Prepayments	24 401	49 828
Accommodation Incentives	8 418	7 898
Other	381	341
Total Current Other Assets	33 200	58 067
Non-Current Assets:		
Accommodation Incentives	49 126	29 765
Prepayments	-	1
Total Non-Current Other Assets	49 126	29 766
Total Other Assets	82 326	87 833

Accommodation Incentives received by the department which do not fall under AASB16 are amortised over the lease term.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7 Liabilities

7.1 Payables

	2020	2019
	\$'000	\$'000
Current:		
Creditors	11 243	2 845
Accrued expenses	202 017	194 354
Rail Commissioner (Federally Awarded Employees)	14 810	14 373
Employment on-costs	5 450	4 808
Other	-	5
Total Current Payables	233 520	216 385
Non-Current:		
Rail Commissioner (Federally Awarded Employees)	21 345	22 266
Employment on-costs	6 463	6 727
Total Non-Current Payables	27 808	28 993
Total Payables	261 328	245 378

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 has changed from the 2019 rate of 41% to the rate of 42% in 2020 and the average factor for the calculation of employer superannuation cost on-cost has remained unchanged from the 2019 rate of 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 an increase in the employment on-cost of \$0.079 million (\$0.060 million). The estimated impact on 2020 and 2021 is not expected to be materially different to the impact in 2020.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7.2 Lease Liabilities

	2020	2019
	\$'000	\$'000
Current		
Lease Liabilities	139 179	2 680
Total Current Lease Liabilities	139 179	2 680
Non-Current		
Lease Liabilities	972 214	10 172
Total Non-Current Lease Liabilities	972 214	10 172
Total Lease Liabilities	1 111 393	12 852
Movements in the Lease Liabilities:	2020	2019
	\$'000	\$'000
Balance at 30 June 2019 under AASB 117	12 852	-
Adjustments on initial adoption of AASB 16	1 035 575	-
Carrying amount at the beginning of the period	1 048 427	13 923
Increase/(Decrease) due to lease additions, modifications and re-measurements	187 550	1 598
Reductions resulting from payments	(124 584)	(2 669)
Carrying amount at 30 June	1 111 393	12 852

All material cash outflows are reflected in the lease liabilities disclosed above. For 2018-19 the lease liabilities reflect only finance leases recognised in accordance with AASB117.

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

On adoption of AASB 16, the Department recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining minimum lease payments discounted using the relevant incremental borrowing rate.

At 30 June 2020 the department had committed to material leases for building assets which had not yet commenced. The future cash flows for these leases is \$98.791m over 15 years.

The departments leasing activities as lessee include government accommodation, motor vehicles, office equipment and other plant and equipment. Refer Note 9.3.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7.3 Provisions

	2020	2019
	\$'000	\$'000
Current:		
Provision for workers compensation	1 618	1 638
Site remediation	14 479	16 465
Total Current Provisions	16 097	18 103
Non-Current:		
Provision for workers compensation	7 750	7 535
Site remediation	6 014	5 314
Total Non-Current Provisions	13 764	12 849
Total Provisions	29 861	30 952

Reconciliation of Workers Compensation

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

Carrying amount as at 1 July	9 173	8 429
Increase (decrease) in provision due to revision of estimates	1 915	2 119
Reductions resulting from payments	(1 720)	(1 375)
Carrying Amount at 30 June	9 368	9 173

Reconciliation of Site Remediation

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

Carrying amount as at 1 July	21 779	21 500
Increase in provision due to revision of estimates	6	370
Reductions resulting from payments	(1 292)	(91)
Carrying Amount at 30 June	20 493	21 779

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 2020 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 2020

7.4 Other Liabilities

	2020	2019
	\$'000	\$'000
Current:		
Deferred income	15 848	16 401
Lease incentives	-	7 898
Other	1 259	159
Total Current Other Liabilities	17 107	24 458
Non-Current:		
Lease incentives	-	31 991
Total Non-Current Other Liabilities	-	31 991
Total Other Liabilities	17 107	56 449

Deferred Income

The department sells Metrotickets for travel on public transport. The value of unused Metrotickets as at 30 June 2020 was \$12.614 million (\$11.443 million) and is recognised as a liability.

Incentives

On transition to AASB16 the carrying value of lease incentive liabilities was written off against the initial measurement of the relevant Right-of-Use assets.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

8 Other disclosures

8.1 Equity

	2020
	\$'000
Restatement of Opening Balances	
Adjustments against Retained Earnings:	
Work in progress adjustment - error correction	(14,658)
Asset recognition - error correction	(6 439)
Other adjustments - error correction	(214)
Total Adjustments to Equity	(21 311)

The table above represents total adjustments to equity identified. Adjustments totalling \$21.311 million were identified in the year ended 30 June 2020 which affect the year ended 30 June 2019 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 2020 identified \$14.658 million of costs included in capital works in progress at 30 June 2019 that should have been expended in a prior year. The prior period errors are corrected in the current year by an adjustment to retained earnings. The impact on the financial statements for 2018-19 is summarised below:

	2019	2018	Total
	\$'000	\$'000	\$'000
Road network - work in progress	(675)	(13 446)	(14 121)
Plant and equipment - work in progress	(33)	(504)	(537)
Total work in progress adjustment	(708)	(13 950)	(14 658)

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

8.1 Equity (continued)

Asset Recognition – error correction

A review of projects expenditure by the department in the year ended 30 June 2020 identified \$6.439 million of costs included in capital works in progress at 30 June 2019 that should have been capitalised in a prior year. The prior period errors are corrected in the current year by an adjustment to retained earnings. The impact on the financial statements for 2018-19 is summarised below:

	2019 \$'000	2018 \$'000	Total \$'000
Network Assets	(1 695)	(451)	(2 146)
Land, buildings and facilities	-	(4 438)	(4 438)
Plant and equipment	4	141	145
Total asset recognition - error correction	(1 691)	(4 748)	(6 439)

Other Adjustments – error correction

A review of operating income and expenditure by the department in the year ended 30 June 2020 identified \$0.214 million of costs incorrectly accounted for at 30 June 2019 that should have been classified and recognised differently in a prior year. The prior period errors are corrected in the current year by an adjustment to retained earnings. The impact on the financial statements for 2018-19 is summarised below:

	2019 \$'000	2018 \$'000	Total \$'000
Inventories	(220)	-	(220)
Receivables	(112)	-	(112)
Payables	118	-	118
Total other adjustments error correction	(214)	-	(214)

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

8.2 Cash Flow Reconciliation

	2020	2019
	\$'000	\$'000
Leases		
Buildings	119 623	-
Plant and equipment	4 961	-
Total cash outflows from leases	124 584	-

	2020	2019
	\$'000	\$'000
Reconciliation of Cash and Cash Equivalents - Cash at 30 June as per:		
Statement of Cash Flows	4 220 136	4 166 031
Statement of Financial Position	4 220 136	4 166 031
Reconciliation of Net Cash provided by (used in) operating activities to net result		
Net cash provided by operating activities	848 328	936 046
Add (less): Non-Cash Items:		
Net gain (loss) on sale or disposal of non-current assets	2 549	5 119
Depreciation/amortisation expense of non-current assets	(621 933)	(424 600)
Assets written off	(2 625)	(10 843)
Assets donated	(7 071)	(47 330)
Resources received free of charge	4 774	5 299
Expensing of works in progress	(549)	(2 680)
Movements in Assets and Liabilities:		
Increase (Decrease) in receivables	187 209	(30 728)
Increase (Decrease) in inventories	237	1 193
Increase (Decrease) in other assets	19 921	(1 754)
(Increase) Decrease in payables and provisions	(259 939)	(14 173)
(Increase) Decrease in employee benefits	(67)	(12 428)
(Increase) Decrease in other liabilities	39 342	4 473
Net result	210 176	407 594

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 2020

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 recognising 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 in accordance with AASB15.

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 2020

8.3 Significant accounting policies (continued)

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, are not to be recognised by the department as an asset. However, any land under roads acquired after 1 July 2008 have been recognised by the department in accordance with AASB 1051 *Land Under Roads*, paragraph 15, when the asset recognition criteria is 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 \$1.5 million and the estimated useful life is greater than three years.

The department revalues its assets in accordance with the required timelines, 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.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

8.3 Significant accounting policies (continued)

If at any time the carrying amount of an asset materially differs from its fair value, the department re-values 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 de-recognition, any revaluation surplus relating to that asset is transferred to retained earnings.

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. In 2019-20 an assessment was undertaken for impacts of the COVID-19 pandemic and it was deemed that there was not sufficient information/evidence of impairment to assets for 2019-20.

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.

Leases

The department enters into lease arrangements as both lessee and lessor.

A new accounting standard *AASB16 Leases* came into effect in 2019-20 resulting in significant changes to the departments accounting for leases. The transitional impacts of the new standard are disclosed in Note 9.

The Treasurer's Instructions (Accounting Policy Statements) specify the required accounting policies for public authorities in applying AASB 16. These requirements are reflected in the department's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets;
- Right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less;
- the department, in the capacity of a lessee, does not include non-lease components in lease amounts;
- Right-of-use assets are subsequently measured applying a cost model; and
- the incremental borrowing rate published by the Department of Treasury and Finance is used when the implicit rate in the lease is not able to be determined.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

Significant accounting policies related to the application of AASB 16 are disclosed under the relevant notes.

Lease activities in the department:

As Lessee:

Commercial Property:

The department is responsible for the management of accommodation arrangements on behalf of other government agencies under Premier and Cabinet Circular PC018 *Government Office Accommodation Framework* (PC018). The department has approximately 300 leases of commercial properties from external parties as well as departmentally owned properties to enable this. Approximately 250 of these external leases include extension options.

Commercial accommodation leases with external parties are non-cancellable with terms ranging from 1 to 22 years. Lease extensions or options are typically renegotiated before the end of the current term. Rent is generally payable monthly in advance. Leases include a fixed rate increase, CPI and/or periodic market review. Major value leases typically have a predetermined fixed rate annual increase (2.5% -3.75%) factored into the lease.

Office accommodation provided to general government sector agencies under PC018 do not meet the definition of a lease under AASB 16. Revenue for these agencies is recognised under AASB 15 and classified as Government accommodation rental income (refer note 4.6). Where the department leases this accommodation from an external party the department records the Right-of-Use asset and Lease Liability on its statement of financial position.

For some office accommodation provided to the general government sector agencies under PC018 the department provides accommodation incentives (eg fit out). These have been recognised as an asset and are amortised against rental income on a straight line basis over the term of the arrangement with the government sector agency.

Leased accommodation provided by the department outside of the scope PC018 are accounted for as leases under AASB 16. Where the department acts as sub-lessor it recognises a Finance Lease receivable for the net investment in the lease. Refer to Note 6.2.

Lease liabilities are classified as both current and non-current, with the minimum lease payments allocated between borrowing costs and the reduction of lease liability for the period.

Right of Use assets are depreciated over the reasonably certain term of the lease.

Significant judgments/policy:

Reasonably certain

The lease term is the non-cancellable period of a lease including periods covered by an option to extend the lease if the lessee is reasonably certain to exercise this option.

Where a property lease has extension options, these have been included in the value of the ROU asset and Lease liability where the department has assessed the lease extension option(s) is reasonably certain. The department considers all relevant facts and circumstances when making this determination including the whole of government accommodation strategy, economic conditions including relocation costs, operational needs of sub lessee's and relevant factors.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

Lease components

Where a contract contains both lease and non-lease components such as asset maintenance services, the department excludes the non-lease component amounts when determining the lease liability and right-of-use asset amount in accordance with AASB16 and the Treasurer's Instructions (Accounting Policy Statements).

In determining the non-lease component rate for property leases, the department has applied the independently measured Property Council of Australia benchmark rates published for South Australia. This rate is then applied to the minimum lease payments of multi-story office buildings to determine value of the lease liability and lease asset.

Plant and Equipment:

The department leases plant and equipment for its operational use. This includes motor vehicles, office equipment and other plant. Motor vehicles leases are with the South Australian Financing Authority (SAFA).

Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Lease terms can range from 3 years up to 5 years, no contingent rental provisions exist and no options exist to renew the leases at the end of the lease.

The department has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases of less than 12 months and low value assets, being assets which have a value of \$15 000 or less. These lease payments are recognised as expenses on a straight line basis over the lease term.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

As Lessor:

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.

Departmental Owned property

The department owns properties such as commercial buildings, land and other operating facilities. Where these properties are leased to other entities they are treated as operating leases because the department retains all the risks and rewards incidental to ownership of the underlying asset. That is the leases are significantly shorter than the useful life of the underlying asset.

The department recognises lease payments from operating leases as rental income on a straight line basis over the term of the lease. Commercial accommodation operating leases are non- cancellable and rent is payable in advance.

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. The underlying assets have no value recorded in the Financial Statements because all the risks and rewards incidental to ownership of the underlying asset have been transferred to the Councils.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

9 Changes in accounting policy

9.1 AASB 16 leases

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 Leases replaces AASB 117 Leases and related interpretations.

The adoption of AASB 16 Leases from 1 July 2019 resulted in adjustments to the amounts recognised from a lessee perspective in the financial statements:

- AASB 117 Leases only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 Leases applies a comprehensive model to all leases. Applying AASB 16 resulted in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position.
- AASB 117 Leases resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 Leases largely replaces this with depreciation expenses 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 adoption of AASB 16 Leases also resulted in the department recognising a finance lease receivable and interest income for subleases where the department assessed all the risks and rewards incidental to head lease (i.e. RoU) were transferred to the sublessee.

Impact on retained earnings

The total impact on the department's retained earnings as at 1 July 2019 is as follows:

	\$'000
<u>Assets</u>	
ROU asset-buildings	722 475
ROU asset-plant and equipment	5 584
Finance Lease Receivable	149 670
<u>Liabilities</u>	
Lease Liability	(1 035 575)
Lease Incentive Liability	39 889
<u>Net impact on equity</u>	(117 957)

The department disclosed in its 2018-19 financial report total undiscounted operating lease commitments as lessee of \$1.040m under AASB117. The opening lease liability for 2019-20 differs from the closing operating lease commitments at 30 June 2019 due to a combination of components that significantly influenced the calculation of the lease liability value for any given lease. These factors include operating leases that no longer meet the definition of a lease, adjustments due to reassessment of lease terms and the definition of non-lease components, the impact of applying discount rates and recognition exemptions for short term and low value leases.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

Accounting policies on transition

AASB 16 sets out accounting policies on transition in its transitional provisions. The Treasurer's Instructions (Accounting Policy Statements) requires certain choices in those transitional provisions to be taken. The department has adopted the following accounting policies:

As Lessee:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.
- the initial measurement of the lease liability was the present value of the remaining lease payments excluding non-lease components, discounted using the relevant incremental borrowing published by the Department of Treasury and Finance rate as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 1.82%.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities with the exception of leases with a lease liability greater than \$10 million. In these cases, the ROU asset has been calculated at its carrying amount as if the standard had been applied since the lease commencement date.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 June 2020 (including any relevant reasonably certain extension period) except for vehicles leased from SAFA.
- the use of hindsight used in determining opening balances.

As Lessor:

- as an intermediate lessor under AASB 16, the department is required to evaluate the classification of a sub-lease with reference to the ROU asset associated with the head lease and not with reference to the underlying asset. Consequently, many sub-leases that were classified as operating leases under AASB 117 have been classified as finance leases under the new standard.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

9.2 AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 supersedes AASB 111 Construction contracts, AASB 118 Revenue and related Interpretations and applies to all revenue arising from contracts with customers.

Impact on retained earnings

There was no impact on the department's retained earnings as at 1 July 2019.

Accounting policies on transition

The department has adopted AASB 15 Revenue from Contracts with Customers on 1 July 2019. The *Treasurer's Instructions (Accounting Policy Statements)* require certain choices in those transitional provisions to be taken. The department has on transition:

- not recognised an adjustment to the opening balance of retained earnings as at 1 July 2019;
- not adopted the completed contract expedient, and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former revenue and income accounting standards; and
- elected not to restate retrospectively contracts for modifications that occurred before 1 July 2019, as there were no contract modifications.

Impacts on the financial statements are explained below together with impacts from adoption of AASB 1058 *Income of Not-for-Profit Entities*.

Ongoing accounting policies

The *Treasurer's Instructions (Accounting Policy Statements)* specify requirements for public authorities in applying AASB 15. These requirements are reflected in the department's accounting policies as follows:

- non-intellectual property licences, low value licences (i.e. assets which have a value of \$15 000 or less) and short-term licences (i.e. being those with a licence term of 12 months or less) are exempt from AASB 15 revenue recognition requirements. The department has elected to recognise revenue at the point in time the licence is issued. This policy has been applied in note 4.2 and notes A12 and A13 of the administered items.
- AASB 15 is applied to a portfolio of contracts with similar characteristics.
- there is no adjustment to the promised amount of consideration for the effects of a significant financing component if the period between the transfer of goods/services and the payment date is one year or less.
- the incremental costs of obtaining a contract are expensed when incurred when the amortisation period of the asset that the department would have recognised is one year or less.
- for measuring progress towards satisfaction of performance obligations when the output method is applied, revenue is recognised in the amount to which there is a right to invoice corresponding directly to the value to the customers of the department's performance completed to date.
- there is no disclosures of certain information relating to remaining performance obligations if the original contract is expected to end within one year or when revenue is recognised in accordance with paragraph B16.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

9.3 AASB 1058 Income of not-for-profit entities

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

Accounting policies on transition

On transition, there was no impact on retained earnings.

9.5 Presentation of the financial statements

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government. Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the department. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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.

The department's capital commitments are predominantly for 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 expenditure commitments include major service and supply contracts for road and rail maintenance, ferry operations and bus transport services. Accommodation expenses and short term and low value leases that do not meet the definition of a lease under AASB16 have been recognised by the department as an expenditure commitment in 2019-20.

Capital Commitments	2020	2019
	\$'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	1 072 046	729 076
Later than one year but no later than five years	516 376	219 031
Later than five years	96 298	-
Total Capital Commitments	1 684 720	948 107

Expenditure Commitments	2020	2019
	\$'000	\$'000
Within one year	426 122	341 454
Later than one year but no later than five years	1 169 827	121 810
Later than five years	1 549 904	581 247
Total Expenditure Commitments	3 145 853	1 044 511

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

10 Unrecognised Contractual Commitments (continued)

Operating Lease Commitments as Lessee	2020 \$'000	2019 \$'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
Later than one year but no later than five years	-	441 887
Later than five years	-	440 995
Total Operating Lease Commitments as Lessee	-	1 039 601
Representing:		
Cancellable operating leases	-	9 151
Non-cancellable operating leases	-	1 030 450
Total Operating Lease Commitments as Lessee	-	1 039 601
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	-	151 305
Later than one year but no later than five years	-	438 220
Later than five years	-	440 925
Total Non-cancellable Operating Lease Commitments as Lessee	-	1 030 450

Operating lease commitments is provided for the comparative year only as AASB 16 Leases does not distinguish between operating and finance leases for the lessee.

Commitments in relation to rental of residential accommodation properties are now disclosed in Other Commitments as they do not meet the definition of a lease in AASB16.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

10 Unrecognised Contractual Commitments (continued)

Operating Lease Commitments as Sub-lessor	2020	2019
	\$'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	-	24 364
Later than one year but no later than five years	-	62 449
Later than five years	-	7 089
Total Operating Lease Commitments as Sub-lessor	-	93 902

Sub-leased receivables under AASB16 are now recognised on the Statement of Financial Position as finance lease receivables.

Operating Lease Commitments as Lessor	2020	2019
	\$'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	2 269	1 296
Later than one year but no later than five years	3 331	1 171
Later than five years	-	-
Total Operating Lease Commitments as Lessor	5 600	2 467

The department's operating lease commitments as lessor are for commercial accommodation and access rights to State Owned land sites for departmentally owned properties. These leases relate to office accommodation leased to Public Financial Corporations and Public Non-Financial Corporations and operational sites leased to government agencies. Commercial accommodation leases are con-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 2020

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 2020, the department:

- 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 2020, 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

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 2020

10.3 Impact of standards and statements not yet effective

AASB 1059 Service Concession Arrangements – Grantor

AASB 1059 *Service Concession Arrangements – Grantor*, prescribes the accounting for certain arrangements in which an operator provides public services on behalf of a public sector grantor involving a service concession arrangement. This standard applies to reporting periods beginning on or after 1 January 2020.

The Department has reviewed all of its arrangements which the Department has with another entity that includes a service concession asset to assess whether AASB 1059 applies. The following arrangement was identified.

Delivery of Land Titling, Registration and Valuation Services

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 AASB 1059 – *Service Concession Arrangements – Grantor* when the standard becomes operational in July 2020. 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.

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 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 AASB 1059 have been applied and the system and associated infrastructure have been classified as a service concession asset. See Intangibles Note 5.5.

The department is in the process of valuing the land services registries to be classified as a service concession asset. This asset will be measured at current replacement cost under AASB 1059. Recognition of the land services registry data as a service concession asset will have an impact on periods prior to 2019-20.

The Department will continue to assess the impact of AASB 1059 in 2020-21.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

10.4 COVID-19 pandemic outlook for the department

The COVID-19 pandemic will continue to impact the operations of the department in 2020-21. The key expected impacts include continued implementation of the infrastructure stimulus packages for road infrastructure and safety, the continued decline in passenger transport patronage and the additional public transport network safety measures.

There is insufficient evidence to identify an impact on the valuation on assets and liabilities as a result of the current economic environment. This will continue to be monitored during the coming year.

10.5 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.

Restructuring of administrative arrangements

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 29 July 2020, the department will become known as the Department for Infrastructure and Transport.

As a consequence of the restructuring of administrative arrangements the Planning and Development, Office of the Local Government, Land & Built Environments and Office for Design and Architecture South Australia sections will be assigned to the Attorney-General's Department, along with the offices of the Surveyor-General, Valuer-General and Registrar-General.

Adelaide rail transformation project

The delivery of the new tram service model will commence 5 July 2020. These arrangements are currently being assessed for the application of the incoming accounting standard AASB1059 Service Concession Arrangements – Grantor.

As at the date of this report, the SA Government was in the process of procuring train services. Dependent on the outcome of the procurement process, it is expected that a private operator would commence providing train services during 2020-21.

Modernising road maintenance

In 2019-20 the department disclosed that the Government has endorsed a new delivery model for road maintenance services. On 6 July 2020 the department will enter into contractual arrangements for the delivery of the road maintenance 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 2020

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 1.25% in 2019 to 0.75% in 2020.

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 actuarial assessment performed by the Department of Treasury and Finance saw a decrease in the salary inflation rate from 4% in 2019 to 2.5% in 2020 for long service leave liability.

The net financial effect of the changes in the current financial year is a decrease in the long service leave liability of \$5.33 million and employee benefit expense of \$0.483 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 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 2020

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 2020

11.2 Fair Value Measurement (continued)

	2020	Level 2	Level 3
	\$'000	\$'000	\$'000
Recurring Fair Value Measurements			
Land (note 5.1)	879 562	862 210	17 352
Buildings and facilities (note 5.1)	1 376 741	281 936	1 094 805
Plant and equipment (note 5.2)	645 304	22 133	623 171
Road and structures (note 5.3)	25 889 031	-	25 889 031
Rail and bus track (note 5.3)	2 593 896	-	2 593 896
Total Recurring Fair Value Measurements	31 384 534	1 166 279	30 218 255
Non- Recurring Fair Value Measurements			
Land, buildings and facilities held for sale (note 5.7)	9 405	9 405	-
Total Non-Recurring Fair Value Measurements	9 405	9 405	-
Total	31 393 939	1 175 684	30 218 255
	2019	Level 2	Level 3
	\$'000	\$'000	\$'000
Recurring Fair Value Measurements			
Land (note 5.1)	874 614	857 095	17 519
Buildings and facilities (note 5.1)	1 395 423	307 750	1 087 673
Land, buildings and improvements under lease (note 5.1)	35 915	35 915	-
Plant and equipment (note 5.2)	668 237	42 557	625 680
Road and structures (note 5.3)	19 311 868	-	19 311 868
Rail and bus track (note 5.3)	2 459 887	-	2 459 887
Total Recurring Fair Value Measurements	24 745 944	1 243 317	23 502 627
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	24 758 118	1 255 491	23 502 627

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 2019-20.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.2 Fair Value Measurement (continued)

Reconciliation of Level 3 Fair value Measurements as at 30 June 2020

	Land \$'000	Buildings and Facilities ⁽¹⁾ \$'000	Plant and Equipment ⁽¹⁾ \$'000	Road and Structures \$'000	Rail and Bus Track \$'000	Total \$'000
Carrying Amount at 1 July	17 519	1 087 673	625 680	19 311 868	2 459 887	23 502 627
Additions	-	11 180	31 550	994 698	56 575	1 094 003
Disposals ⁽²⁾	-	-	(164)	-	-	(164)
Donated assets	-	(4 910)	(327)	-	-	(5 237)
Resources received free of charge	-	-	46	-	-	46
Write offs	-	-	(378)	1	(1 911)	(2 288)
Revaluation increment (decrement) ⁽³⁾	-	33 192	(2 054)	5 892 248	161 435	6 084 821
Depreciation and amortisation	-	(43 613)	(50 914)	(319 620)	(72 267)	(486 414)
Transfers due to reclassification of assets at same Fair Value level	-	-	(16)	9 836	(9 820)	-
Transfers due to Administrative Restructures at same Fair Value level	-	-	-	-	-	-
Transfer into Level 3	-	11 747	19 748	-	-	31 495
Transfer out of Level 3	(167)	(464)	-	-	-	(631)
Other Movements	-	-	-	-	(3)	(3)
Carrying amount as at 30 June	17 352	1 094 805	623 171	25 889 031	2 593 896	30 218 255

(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 - - 69 - - 69

Department of Planning, Transport and Infrastructure
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.2 Fair Value Measurement (continued)

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

	Land \$'000	Buildings and Facilities ⁽¹⁾ \$'000	Plant and Equipment ⁽¹⁾ \$'000	Road and Structures \$'000	Rail and Bus Track \$'000	Total \$'000
Carrying Amount at 1 July	-	1 153 896	568 006	18 589 396	2 188 858	22 500 156
Additions	-	20 782	109 936	701 217	274 413	1 106 348
Disposals ⁽²⁾	-	(461)	(14)	-	-	(475)
Donated assets	-	(27 944)	(423)	-	-	(28 367)
Write offs	-	(652)	(1 296)	(5 676)	(2 776)	(10 400)
Revaluation increment (decrement) ⁽³⁾	-	155 456	(706)	304 646	23 687	483 083
Depreciation and amortisation	-	(42 533)	(47 986)	(231 015)	(71 080)	(392 614)
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)	-	-	(173887)
Transfer into Level 3	17 519	1 209	87	-	-	18 815
Transfer out of Level 3	-	-	(39)	-	-	(39)
Other Movements	-	5	2	(1)	2	8
Carrying amount as at 30 June	17 519	1 087 673	625 680	19 311 868	2 459 887	23 502 627

(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)
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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 2020

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 2020

11.3 Financial Instruments (continued)

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)	14 490	2	265
1 – 30 days past due	1 391	5	69
31 – 60 days past due	538	16	89
More than 60 days past due	6 687	19	1 277
Loss allowance			1 700

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 \$0.065 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.

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 2020

11.3 Financial Instruments (continued)

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 of financial instruments

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 2020

11.3 Financial Instruments (continued)

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	
2020						
Financial assets						
Cash and cash equivalents:	Cash and cash equivalent	6.1	4 220 136	4 220 136	-	-
Financial assets at amortised cost	Receivables ^{(a)(b)}	6.2	158 247	157 894	353	-
	Finance lease receivable	6.2	206 459	25 817	69 487	111 155
Total financial assets			4 584 842	4 403 847	69 840	111 155
Financial Liabilities						
Financial liabilities at amortised cost:	Payables ^(a)	7.1	246 301	224 956	21 345	-
	Lease liability	7.2	1 259 534	163 297	444 418	651 819
Total financial liabilities			1 505 835	388 253	465 763	651 819
2019						
Financial assets						
Cash and cash equivalents:	Cash and cash equivalent	6.1	4 166 031	4 166 031	-	-
Loans and receivables:	Receivables ^{(a)(b)}	6.2	156 221	153 407	2 814	-
	Finance lease receivable	6.2	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 cost:	Payables ^(a)	7.1	232 498	209 984	22 514	-
	Lease liability	7.2	15 217	3 293	8 549	3 375
Total financial liabilities			247 715	213 277	31 063	3 375

For 2018-19 the lease liabilities reflect only finance leases recognised in accordance with AASB117.

Receivables and Payables

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

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

Department for Planning, Transport and Infrastructure

Financial Statements - Administered

for the year ended 30 June 2020

Department for Planning, Transport and Infrastructure
Statement of Administered Comprehensive Income
for the year ended 30 June 2020

	Note No	2020 \$'000	2019 \$'000
Income			
Appropriation	A11	19 234	9 994
Fees and charges	A12	255 015	230 698
Collections on behalf of third parties	A13	916 043	1 035 465
Interest revenue	A14	146	434
Other income	A15	34 616	38 816
Total Income		1 225 054	1 315 407
Expenses			
Employee benefit expenses	A5	708	601
Supplies and services	A6	3 765	3 723
Grants and subsidies	A7	47 315	29 756
Disbursements on behalf of third parties	A8	919 634	1 038 946
Borrowing costs		-	4
Other expenses	A9	81 274	1 407
Payments to Consolidated Account	A10	223 600	199 623
Total Expenses		1 276 296	1 274 060
Net Result		(51 242)	41 347
Total Comprehensive Result		(51 242)	41 347

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 for Planning, Transport and Infrastructure
Statement of Administered Financial Position
as at 30 June 2020

	Note	2020	2019
	No	\$'000	\$'000
Current Assets			
Cash and cash equivalents	A16	57 351	73 625
Receivables	A17	178	87
Total Current Assets		57 529	73 712
Non-current Assets			
Land	A18	17 964	17 964
Total Non-Current Assets		17 964	17 964
Total Assets		75 493	91 676
Current liabilities			
Payables	A19	41 262	51 823
Other liabilities	A21	36 756	41 124
Total Current Liabilities		78 018	92 947
Non-current liabilities			
Other liabilities	A21	1 471 018	1 421 030
Total Non-Current Liabilities		1 471 018	1 421 030
Total Liabilities		1 549 036	1 513 977
Net assets		(1 473 543)	(1 422 301)
Equity			
Retained earnings		(1 478 895)	(1 427 653)
Asset revaluation surplus		5 352	5 352
Total Equity		(1 473 543)	(1 422 301)

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

Contingent assets and liabilities A24
 Unrecognised contractual commitments A23

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

Department for Planning, Transport and Infrastructure
Statement of Administered Changes in Equity
for the year ended 30 June 2020

	Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2018	4 522	51 312	55 834
Restated 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 liabilities 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)
Net result for 2019-20	-	(51 242)	(51 242)
Total comprehensive result for 2019-20	-	(51 242)	(51 242)
Balance at 30 June 2020	5 352	(1 478 895)	(1 473 543)

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 for Planning, Transport and Infrastructure
Statement of Administered Cash Flows
for the year ended 30 June 2020

	Note No.	2020 \$'000 Inflows (Outflows)	2019 \$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash inflows			
Appropriation		19 027	9 807
Receipts from fees and charges		254 715	230 775
Collection on behalf of third parties		916 248	1 035 651
Grants and subsidies		-	12
Interest		185	406
Other income		406	410
Transfers as a result of administrative restructure		-	1 711
Cash generated from Operations		1 190 581	1 278 772
Cash outflows			
Employee benefit payments		(639)	(649)
Payments for supplies and services		(5 105)	(7 187)
Grants and subsidies		(54 716)	(18 006)
Disbursements on behalf of third parties		(923 348)	(1 035 435)
Payments to Consolidated Account		(223 047)	(201 691)
Transfers as a result of administrative restructure		-	(4 854)
Cash used in Operations		(1 206 855)	(1 267 822)
Net cash provided by (used in) operating activities	A22	(16 274)	10 950
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash inflows			
Repayment of loans - Local Government		-	37
Cash generated from Financing Activities		-	37
Cash outflows			
Repayment of loans - SA Government		-	(37)
Cash used in Financing Activities		-	(37)
Net Cash provided by (used in) Financing Activities		-	-
Net increase (decrease) in cash held		(16 274)	10 950
Cash at 1 July		73 625	62 675
Cash at 30 June	A16	57 351	73 625

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

Department for Planning, Transport and Infrastructure
Schedule of Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2020

(Programs - refer to note A2)	Land Use Planning		Roads and Marine		Infrastructure Planning and Policy		Total	Total
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Income								
Appropriation	13 942	3 900	3 593	3 481	1 699	2 613	19 234	9 994
Fees and charges	28 797	28 365	-	-	226 218	202 333	255 015	230 698
Collections on behalf of third parties	-	-	915 866	1 035 465	177	-	916 043	1 035 465
Interest revenue	107	318	-	-	39	116	146	434
Other income	-	49	-	-	34 616	38 767	34 616	38 816
Total Income	42 846	32 632	919 459	1 038 946	262 749	243 829	1 225 054	1 315 407
Expenses								
Employee benefit expenses	-	-	-	-	708	601	708	601
Supplies and services	2 243	2 148	-	-	1 522	1 575	3 765	3 723
Grants and subsidies	44 051	27 300	-	-	3 264	2 456	47 315	29 756
Disbursements on behalf of third parties	-	-	919 459	1 038 946	175	-	919 634	1 038 946
Borrowing costs	-	-	-	-	-	4	-	4
Other expenses	81 274	1 407	-	-	-	-	81 274	1 407
Payments to Consolidated Account	-	-	-	-	223 600	199 623	223 600	199 623
Total Expenses	127 568	30 855	919 459	1 038 946	229 269	204 259	1 276 296	1 274 060
Net Result	(84,722)	1,777	-	-	33,480	39,570	(51,242)	41,347

Department of Planning, Transport and Infrastructure
Notes to and forming part of the Administered Financial Statements
for the year ended 30 June 2020

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 for controlled items. 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 3: Roads and Marine, Program 6: Infrastructure Planning and Policy 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 2020 comprised the following:

- Compulsory Third Party Insurance
- Emergency services levy
- Expiation receipts
- Firearm receipts
- Flinders Ports — land tax equivalent
- Hospital Fund — contributions
- Lifetime Support Scheme receipts
- Planning and Development Fund
- Planning fees
- Real Property Act Assurance Fund
- Real Property Act Trust Accounts
- Registrar-General and Surveyor-General Statutory Act revenues
- Registration and Licensing collections and disbursements
- Service SA disbursements
- Special Act salaries
- Stamp duty receipts
- West Beach Trust (trading as West Beach Parks) — taxation 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 2020

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.

	2020	2019
	\$'000	\$'000
Transfer payments to SA Government Entities		
Department of Treasury and Finance	471 135	443 242
Lifetime Support Authority	160 651	156 186
CTP Regulator	106 530	115 457
South Australian Fire and Emergency Services Commission	48 979	47 706
South Australian Police	12 179	10 534
Other	24 666	16 485
Transfer payment to local government:		
Councils	26 562	18 235
Transfer payment to non-SA Government Entities		
Compulsory Third Party Insurance	310 817	431 299
Refunds	18 844	19 147
National Heavy Vehicle Regulator	14 780	14 571
Other	445	593
Total Transfer Payments	1 195 588	1 273 455

Department of Planning, Transport and Infrastructure
Notes to and forming part of the Administered Financial Statements
for the year ended 30 June 2020

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

		Original Budget ⁽¹⁾	Actual	Variance
		2020	2020	
Statement of Comprehensive Income	Note	\$'000	\$'000	\$'000
Income				
Appropriations		8 111	19 234	11 123
Fees and charges		265 948	255 015	(10 933)
Collections on behalf of third parties	a	1 050 565	916 043	(134 522)
Interest revenue		496	146	(350)
Other income		-	34 616	34 616
Total Income		1 325 120	1 225 054	(100 066)
Expenses				
Employee benefit expenses		521	708	187
Supplies and services		2 444	3 765	1 321
Grants and subsidies		33 372	47 315	13 943
Disbursements on behalf of third parties	a	1 063 618	919 634	(143 984)
Borrowing costs		121	-	(121)
Payments to Consolidated Account		224 349	223 600	(749)
Other expenses	b	1 325	81 274	79 949
Total Expenses		1 325 750	1 276 296	(49 454)
Net Result		(630)	(51 242)	(50 612)
Total comprehensive result		(630)	(51 242)	(50 612)

The budget performance table compares the department's outcomes against budget information presented to Parliament (2019-20 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.

The following is a brief explanation 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) The budget for Compulsory Third Party Insurance was significantly reduced by the premium bands with the commencement of the fully competitive market for Compulsory Third Party Insurance on 1 July 2019.
- b) A total of \$80 million was included in the total proceeds received by the State from the commercialisation of the State's land services operations. This amount was paid to the State for the exclusive right to negotiate for any other registry managed by the State. In 2019-20 this amount has been recognised as an expense within note A9 upon assumption of the unearned liability. Refer to note A21 for additional information.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the Administered Financial Statements
for the year ended 30 June 2020

A5: Employee Benefit Expenses

	2020	2019
	\$'000	\$'000
Minister and Valuer-General salaries	708	601
Total Employee benefit expenses	708	601

A6: Supplies and Services

	2020	2019
	\$'000	\$'000
Project Expenditure	945	753
Professional and Technical Services	1 269	1 246
Auditor's Remuneration - Planning and Development Fund *	27	24
Other	1 524	1 700
Total Supplies and Services	3 765	3 723

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

A7: Grants and Subsidies

	2020	2019
	\$'000	\$'000
Planning and Development Fund grant payments*	27 341	17 828
Planning Reform contribution	13 413	5 347
Land Tax Equivalent - Flinders Ports (Transfer to DTF)	2 817	2 456
Transfer to Outback Communities Authority and Local Govt Grants Commission	1 858	2 915
West Beach Trust Tax equivalent reimbursements	1 438	960
Development Plan Amendment program	-	250
Lincoln Cove Marina (Transfer to DTF)	448	-
Total Grants and Subsidies	47 315	29 756

*Refer to note A11

A8: Disbursements on Behalf of Third Parties

	2020	2019
	\$'000	\$'000
Compulsory Third Party Insurance	417 347	546 756
Stamp Duties - Department of Treasury and Finance	170 714	169 577
Lifetime Support Scheme - Lifetime Support Authority	160 651	156 186
Hospital Fund - Department of Treasury and Finance	73 556	71 586
Emergency Services Levy - SA Fire & Emergency Services Commission	48 979	47 706
Refunds	18 844	19 147
National Heavy Vehicle Regulator	14 780	14 571
Expiation Notices - South Australian Police	9 244	7 538
Other	5 519	5 879
Total Disbursements on Behalf of Third Parties	919 634	1 038 946

Department of Planning, Transport and Infrastructure
Notes to and forming part of the Administered Financial Statements
for the year ended 30 June 2020

A9: Other Expenses

	2020	2019
	\$'000	\$'000
Planning fees	1 270	1 407
Land Services Commercialisation - unearned revenue assumed*	80 000	-
Other expenses	4	-
Total Other Expenses	81 274	1 407

*Refer to note A21

A10: Payments to Consolidated Account

	2020	2019
	\$'000	\$'000
Payments to Consolidated Account *	223 600	199 623
Total Payments to Consolidated Account	223 600	199 623

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

A11: Appropriation

	2020	2019
	\$'000	\$'000
Appropriations from the Consolidated Account pursuant to the <i>Appropriations Act</i> *	18 655	9 443
Special Act Salaries	579	551
Total Appropriation	19 234	9 994

*Includes \$3.593 million (\$3.481 million) to fund remissions provided on Emergency Services Levy charges.

The original amount appropriated to the department under the annual *Appropriation Act* was not varied. An additional \$11.1 million was appropriated to the department from the Governor's Appropriation Fund.

The additional appropriation was received as an impact of the COVID-19 pandemic, to accelerate the Planning and Development grant program as part of the Premier's Economic Stimulus Package.

A12: Fees and Charges

	2020	2019
	\$'000	\$'000
Regulatory Fees - Land Services*	223 657	199 877
Regulatory Fees - Planning	28 797	28 365
Land Tax Equivalent - Flinders Ports	2 561	2 456
Total Fees and Charges	255 015	230 698

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

Department of Planning, Transport and Infrastructure
Notes to and forming part of the Administered Financial Statements
for the year ended 30 June 2020

A13: Collections on Behalf of Third Parties

	2020	2019
	\$'000	\$'000
Compulsory Third Party Insurance	417 347	546 756
Stamp Duties - Department of Treasury and Finance	170 714	169 577
Lifetime Support Scheme - Lifetime Support Authority	160 651	156 186
Hospital Fund - Department of Treasury and Finance	73 556	71 586
Emergency Services Levy - SA Fire & Emergency Services Commission	45 386	44 225
Refunds	18 844	19 147
National Heavy Vehicle Regulator	14 780	14 571
Expiation Notices - South Australian Police	9 244	7 538
Other	5 521	5 879
Total Collections on Behalf of Third Parties	916 043	1 035 465

A14: Interest Revenue

	2020	2019
	\$'000	\$'000
Interest Revenue	146	434
Total Interest Revenue	146	434

A15: Other Income

	2020	2019
	\$'000	\$'000
Land Services commercialisation*	34 210	38 406
Other income	406	410
Total Other Income	34 616	38 816

*The \$34.210 million reflects the straight-line apportionment of the total commercialisation price from the period 1 July 2019 to 30 June 2020. The remaining commercialisation price is recognised as unearned revenue and discussed more in Note A21.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the Administered Financial Statements
for the year ended 30 June 2020

A16: Cash and Cash Equivalents

	2020	2019
	\$'000	\$'000
Deposits at call	57 351	73 625
Total Cash and Cash Equivalents	57 351	73 625

A17: Receivables

	2020	2019
	\$'000	\$'000
Current		
Current Receivables	1	1
Accrued Revenues	177	86
Total Current Receivables	178	87
Total Receivables	178	87

Refer to Note A27 for information on risk management.

A18: Land

	2020	2019
	\$'000	\$'000
Land		
Land at Fair Value	17 964	17 964
Total Land	17 964	17 964

Reconciliation of Land

The following table shows the movement of Land during 2019-20.

	2020	2019
	\$'000	\$'000
Carrying amount at 1 July	17 964	17 134
Revaluations	-	830
Carrying amount at 30 June	17 964	17 964

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. Revaluation is performed every three (3) years.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the Administered Financial Statements
for the year ended 30 June 2020

A19: Payables

	2020	2019
	\$'000	\$'000
Current		
Creditors	17 710	21 407
Accrued Expenses	23 552	30 416
Total Current Payables	41 262	51 823
Total Payables	41 262	51 823

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 A27.

A20: Borrowings

	2020	2019
	\$'000	\$'000
Balance as at 1 July	-	33
Add Increases in debt due to Interest	-	4
Less Repayments:		
Woodville, Henley and Grange Drainage Scheme	-	(14)
South West Suburbs Drainage Scheme	-	(23)
Balance as at 30 June	-	-

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

For further information on risk management refer to Note A27.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the Administered Financial Statements
for the year ended 30 June 2020

A21: Other Liabilities

	2020	2019
	\$'000	\$'000
Current		
Deferred income	2 546	2 718
Unearned revenue	34 210	38 406
Total current other liabilities	36 756	41 124
Non-Current		
Unearned revenue	1 471 018	1 421 030
Total non-current other liabilities	1 471 018	1 421 030
Total other liabilities	1 507 774	1 462 154

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

The department has recognised a liability reflective of the unearned revenue arising from the consideration received for the commercialisation of the State's land services operations. The recognition of the unearned revenue is calculated on a straight line basis over the term of the contract, reducing the liability.

As part of the overall proceeds received from the commercialisation of the State's land services operations, the State received \$80 million for the exclusive right to negotiate for any other registry managed by the State. On 16 December 2019 the Government decided not to proceed with the proposed further commercialisation of State registries and opted to extend the term of the land services commercialisation agreement by seven (7) years. Consequently, the balance of the unearned revenue has increased. The \$80 million has been recognised as an expense within note A9.

The department has applied 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, the value of the land titles registry will be recognised as service concession asset. The department is in the process of valuing the data in the land title registry 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 2020

A22: Cash Flow Reconciliation

	2020	2019
	\$'000	\$'000
Reconciliation of Cash and Cash Equivalents - Cash at 30 June as per		
Statement of Cash flows	57 351	73 625
Statement of Financial Position	57 351	73 625
Reconciliation of Net Cash provided by (used in) operating activities to net result		
Net cash provided by operating activities	(16 274)	10 950
Add (less): Non-Cash Items:		
Unearned revenue	34 210	38 406
Land Services Commercialisation - unearned revenue assumed	(80 000)	-
Movements in assets and liabilities		
Increase / (decrease) in receivables	91	41
(Increase) / decrease in payables	10 559	(7 945)
(Increase) / decrease in other liabilities	172	(105)
Net result	(51 242)	41 347

Department of Planning, Transport and Infrastructure
Notes to and forming part of the Administered Financial Statements
for the year ended 30 June 2020

A23: Unrecognised Contractual Commitments

	2020	2019
	\$'000	\$'000
Other Commitments		
Within one year	500	-
Later than one year but not later than five years	500	-
Total Unrecognised Contractual Commitments	1 000	-

The commitment in 2019-20 relates to the project for the delivery of the Greener Neighbourhoods grant program administered by the Planning and Development Fund.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the Administered Financial Statements
for the year ended 30 June 2020

A24: Contingent Assets and Liabilities

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

A25: Events After the Reporting Period

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 29 July 2020, the department will become known as the Department for Infrastructure and Transport. As a consequence of this restructuring the offices of the Surveyor-General, Valuer-General and Registrar-General will be assigned to the Attorney-General's Department under the responsibility of the Minister for Planning and Local Government, along with the Planning and Development Fund.

For more information on the impact of the administrative arrangements on the department's administered items, refer to note 10.5 in the 2019-20 financial statements for the Department of Planning, Transport and Infrastructure.

A26: 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 2020.

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	2020	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	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

Valuation Techniques and Inputs

Valuation techniques used to derive Level 2 fair values are detailed in Note A18. There were no changes in valuation techniques during 2019-20.

Department of Planning, Transport and Infrastructure
Notes to and forming part of the Administered Financial Statements
for the year ended 30 June 2020

A27: Financial Instruments

A27.1 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 2020

A27.2 Categorisation of Financial Instruments

	Carrying Amount (\$'000)	Contract Maturities		
		< 1 year (\$'000)	1-5 years (\$'000)	> 5 years (\$'000)
2020				
Financial Assets				
Cash and cash equivalents	57 351	57 351	-	-
Receivables ^(a)	178	178	-	-
Total Financial Assets	57 529	57 529	-	-
Financial liabilities				
Payables ^(a)	24 232	24 232	-	-
Total Financial Liabilities	24 232	24 232	-	-
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	-	-

(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).