

Planning and Development Fund

Financial report
for the year ended
30 June 2021



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To the Chief Executive Attorney-General's Department

Opinion

I have audited the financial report of the Planning and Development Fund for the financial year ended 30 June 2021.

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

The financial report comprises:

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

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Planning and Development Fund. 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 the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 196(2) of the *Planning, Development and Infrastructure Act 2016*, I have audited the financial report of the Planning and Development Fund for the financial year ended 30 June 2021.

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

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson

Auditor-General

22 October 2021

Planning and Development Fund

Financial Statements

For the year ended 30 June 2021

Planning and Development Fund
Certification of the Financial Statements
for the year ended 30 June 2021

We certify that the:

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



Caroline Mealor
Chief Executive

20 October 2021



Andrew Swanson FCPA
Executive Director, Finance People and Performance

20 October 2021

Planning and Development Fund
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Fees and charges	2.1	30 357	27 559
SA Government grants, subsidies and transfers	2.2	-	11 100
Interest		3	107
Other income	2.3	3 974	-
Total income		34 334	38 766
Expenses			
Grants and subsidies	3.2	34 578	40 754
Supplies and services	3.1	1 598	2 224
Other expenses	3.3	151	54
Total expenses		36 327	43 032
Net result		(1 993)	(4 266)
Total comprehensive result		(1 993)	(4 266)

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

Planning and Development Fund
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents		5 243	12 936
Receivables	5.1	3 046	2
Total current assets		8 289	12 938
Non-current assets			
Land	4.1	17 928	17 964
Total non-current assets		17 928	17 964
Total assets		26 217	30 902
Current liabilities			
Payables	6.1	1 784	4 847
Contract liabilities	6.2	2 917	2 546
Total current liabilities		4 701	7 393
Net assets		21 516	23 509
Equity			
Asset revaluation surplus		6 758	6 758
Retained Earnings		14 758	16 751
Total equity		21 516	23 509

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

Planning and Development Fund
Statement of Changes in Equity
for the year ended 30 June 2021

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019	6 758	21 017	27 775
Net result for 2019-20		(4 266)	(4 266)
Total comprehensive result for 2019-20	-	(4 266)	(4 266)
Balance at 30 June 2020	6 758	16 751	23 509
Net result for 2020-21		(1 993)	(1 993)
Total comprehensive result for 2020-21	-	(1 993)	(1 993)
Balance at 30 June 2021	6 758	14 758	21 516

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

Planning and Development Fund
Statement of Cash Flows
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Cash inflows			
Fees and charges		27 684	27 387
Transfers from SA Government		-	11 100
Interest received		3	138
Other receipts		3 974	-
Cash generated from operating activities		31 661	38 625
Cash outflows			
Payments of grants and contributions		(38 316)	(48 829)
Payments for supplies and services		(923)	(3 014)
Other payments		(151)	(54)
Cash used in operating activities		(39 390)	(51 897)
Net cash provided by / (used in) operating activities		(7 729)	(13 272)
Cash flows from investing activities			
Cash inflows			
Proceeds from sale of land		36	-
Cash generated from investing activities		36	-
Net cash provided by / (used in) investing activities		36	-
Net increase / (decrease) in cash and cash equivalents		(7 693)	(13 272)
Cash and cash equivalents at the beginning of the reporting period		12 936	26 208
Cash and cash equivalents at the end of the reporting period		5 243	12 936

The accompanying notes form part of these financial statements

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2021

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Planning and Development Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2021

1. About the Planning and Development Fund

The Planning and Development Fund ("the Fund") is established under the *Development Act 1993*. The Fund was established under section 79 of the *Development Act 1993* and continues under the *Planning, Development and Infrastructure Act 2016*.

1.1. Basis of preparation

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

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

The Fund has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Fund is a not-for-profit entity. The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

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

The net amount of the GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the Fund is a member of an approved GST group of which the Attorney-General's Department is responsible for the remittance and collection of GST.

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

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Fund has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

1.2. Objectives of the Planning and Development Fund

The Fund was established under section 79 of the *Development Act 1993* and continues under *section 194 of the Planning, Development and Infrastructure Act 2016*.

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

The primary source of funding is from developers who are required to contribute to the Fund in lieu of providing a proportion of the development as open space, pursuant to *Section 50 of the Development Act 1993* or *section 198 of the Planning, Development and Infrastructure Act 2016*.

Planning and Development Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2021

1.2 Objectives of the Planning and Development Fund (continued)

The Planning and Development Fund continues in existence under the *Planning, Development and Infrastructure Act 2016*.

As a result of administrative arrangements outlined in the Government Gazette on 29 July 2020, the ministerial responsibilities of the Minister for Planning and Local Government transferred to the Attorney-General Department.

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

The COVID-19 pandemic has impacted on the operations of the Fund and the impacts are included under the relevant disclosure notes. The key impact in 2020-21 is the acceleration of the Planning and Development grant program as part of the Government's Economic Stimulus measures.

At this stage, there are no other material impacts to the Fund. The Fund will continue to assess the impact of the COVID-19 pandemic on their operations in 2021-22.

1.4 Key Management Personnel

Key management personnel of the Fund includes the Minister for Planning and Local Government, the Chief Executive of the Department for Infrastructure and Transport until 29 July 2020, the Chief Executive of the Attorney-General's Department from 29 July 2020 and the Executive Director, Planning and Land Use Services who have responsibility for the strategic direction and management of the Fund.

The Fund does not compensate its key management personnel.

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

The remuneration of the Chief Executive and Executive Director is paid by the Attorney-General's Department and the remuneration of the Chief Executive of the Department for Infrastructure and Transport is paid by the Department for Infrastructure and Transport.

Transactions with key management personnel and other related parties

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

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2. Income

2.1. Fees and charges

	2021	2020
	\$'000	\$'000
Land Division Fees - Torrens Title	19 753	16 125
Land Division Fees - Community Title	10 603	11 424
Regulated and Significant Tree Contributions	1	10
Total fees and charges	30 357	27 559

Land division fees

Land division fees are a requirement of the planning decision process and are payable by the applicant prior to the issue of the Certificate of Approval by the State Commission Assessment Panel. Revenue is recognised as the Certificate of Approval is issued to the applicant. Revenue from licenses is recognised at a point in time as they meet the short term/low value licence recognition exemption in AASB 15.

2.2. Transfers from SA Government

	2021	2020
	\$'000	\$'000
Transfers from SA Government	-	11 100
Total transfers from SA Government	-	11 100

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

2.3. Other income

	2021	2020
	\$'000	\$'000
Refunds	3 974	-
Total other income	3 974	-

Refunds reported under Other income are the return of unspent grant payments, including grants provided to grant recipients in previous years for projects that either did not proceed or were completed at a lower than estimated cost

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3. Expenses

3.1. Supplies and services

	2021	2020
	\$'000	\$'000
Supplies and Services:		
Property costs	880	901
Management service cost	648	1 269
Auditor's remuneration	28	27
Other contracted services	25	27
Legal	3	-
Other	14	-
Total supplies and services	1 598	2 224

3.2. Grants and Subsidies

	2021	2020
	\$'000	\$'000
Open Space and Places for People Grants	18 559	22 701
Strategic Investment Grants	16 019	18 053
Total grants and subsidies	34 578	40 754

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

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

3.3. Other expenses

	2021	2020
	\$'000	\$'000
Other expenses:		
Refunds	126	33
Emergency services levy	17	13
Rates, taxes and levies	8	8
Total other expenses	151	54

Refunds paid by the Fund represents previously recognised land development fees

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2021

4. Non-Financial Assets

4.1. Land

	2021	2020
	\$'000	\$'000
Land	17 928	17 964
Total land	17 928	17 964

Reconciliation of land

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

	2021	2020
	\$'000	\$'000
Carrying amount at 1 July 2020	17 964	17 964
Disposals	(36)	-
Carrying amount at 30 June 2021	17 928	17 964

In 2020-21, the Fund operated under both the *Development Act 1993* and the *Planning Development and Infrastructure Act 2016* and provides for the means for the Government to support an open space grant program across South Australia, the delivery of the State Planning Strategy and the implementation of State Planning Policies. Land acquired by the Fund is not held as a fixed property asset in the furtherance of the business operations of the Fund. The land may be transferred to open space for public use, undergo remediation or be returned to Crown Land. The land is periodically revalued.

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

Valuation of land

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

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2021

5. Financial Assets

5.1. Receivables

	2021	2020
	\$'000	\$'000
Current		
Receivables	3 046	-
Accrued interest	-	2
Total current receivables	<u>3 046</u>	<u>2</u>
Total receivables	<u>3 046</u>	<u>2</u>

Receivables are primarily fees and charges for the division of land received through systems hosted by the Department of Infrastructure and Transport and not received by the Fund at 30 June 2021.

6. Liabilities

6.1. Payables

	2021	2020
	\$'000	\$'000
Current		
Payables	1 784	4 847
Total payables	<u>1 784</u>	<u>4 847</u>

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

6.2. Contract liabilities

	2021	2020
	\$'000	\$'000
Land division fees	2 917	2 546
Total contract liabilities	<u>2 917</u>	<u>2 546</u>

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

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2021

7. Outlook

7.1. Unrecognised contractual commitments

	2021	2020
	\$'000	\$'000
Within one year	1 348	1 374
Later than one year but not longer than five years	-	1 348
Total Expenditure Commitments	1 348	2 722

Commitments disclosed for 2020-21 relate to grant funding for the support of local government projects in the Green Adelaide Region and contributions towards land management works performed by the State.

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

7.2. Contingent assets and liabilities

The Fund is not aware of any contingent assets or liabilities with respect to the Fund as at 30 June 2021.

7.3. Events after the reporting period

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

Planning and Development Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2021

8. Measurement and risk

8.1. Fair Value

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

Initial Recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value i.e. the amount recorded by the transferor public authority immediately prior to the restructure.

Revaluation

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

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

8.2. Financial instruments

Financial risk management

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

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

Liquidity risk

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

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

Classification of financial instruments

The Fund measures all financial instruments at amortised cost and are current for 2021.