

Planning and Development Fund

Financial report
for the year ended
30 June 2018



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To the Chief Executive Department of Planning, Transport and Infrastructure

As required by section 82(2) of the *Development Act 1993* I have audited the financial report of the Planning and Development Fund for the financial year ended 30 June 2018.

Opinion

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 2018, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Acting Chief Executive and the Director, Finance and Risk of the Department of Planning, Transport and Infrastructure.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Department of Planning, Transport and Infrastructure. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

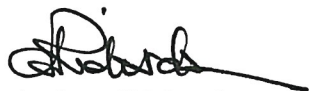
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Andrew Richardson

Auditor-General

23 October 2018

Planning and Development Fund CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the:

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



Julienne TePohe
A/Chief Executive
Department of Planning,
Transport and Infrastructure
South Australia

18 October 2018



Bill Cagialis
Director, Finance and Risk
Department of Planning,
Transport and Infrastructure
South Australia

18 October 2018

Planning and Development Fund

Financial Statements

for the year ended 30 June 2018

Planning and Development Fund
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018	2017
	No	\$'000	\$'000
Expenses			
Grants and contributions	3	24 249	28 465
Supplies and services	4	1 914	1 821
Other expenses	5	761	65
Total expenses		26 924	30 351
Income			
Fees and charges	6	28 222	24 731
Interest		264	315
Other income		2	75
Total income		28 488	25 121
Net result		1 564	(5 230)
Total comprehensive result		1 564	(5 230)

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

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

Planning and Development Fund
Statement of Financial Position
as at 30 June 2018

	Note No	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents		13 688	29 889
Receivables	7	18	184
Total current assets		13 706	30 073
Non-current assets			
Land	8	17 134	17 844
Total non-current Assets		17 134	17 844
Total assets		30 840	47 917
Current liabilities			
Payables	9	3 065	21 059
Other liabilities	10	2 580	3 227
Total current liabilities		5 645	24 286
Total liabilities		5 645	24 286
Net assets		25 195	23 631
Equity			
Retained earnings		19 267	17 703
Asset revaluation surplus		5 928	5 928
Total equity		25 195	23 631

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

Unrecognised contractual commitments	12
Contingent assets and liabilities	13

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

Planning and Development Fund
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2018

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 30 June 2016	5 928	22 933	28 861
Net result for 2016-17	-	(5 230)	(5 230)
Total comprehensive result for 2016-17	-	(5 230)	(5 230)
Balance at 30 June 2017	5 928	17 703	23 631
Net result for 2017-18	-	1 564	1 564
Total comprehensive result for 2017-18	-	1 564	1 564
Balance at 30 June 2018	5 928	19 267	25 195

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

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

Planning and Development Fund
STATEMENT OF CASH FLOWS
for the year ended 30 June 2018

	2018	2017
	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities		
Cash outflows		
Payments of grants and contributions	(42 243)	(24 396)
Payments for supplies and services	(1 914)	(1 171)
Other payments	(51)	(65)
Cash used in operations	(44 208)	(25 632)
Cash inflows		
Fees and charges	27 575	25 451
Interest received	281	323
Other receipts	151	36
Cash generated from operations	28 007	25 810
Net cash provided by / (used in) operating activities	(16 201)	178
Net increase /(decrease) in cash and cash equivalents	(16 201)	178
Cash and cash equivalents at 1 July	29 889	29 711
Cash and cash equivalents at 30 June	13 688	29 889

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

Planning and Development Fund

Notes to and forming part of the financial statements

Note 1: Objectives of the Planning and Development Fund

The Planning and Development Fund (the Fund) was established under section 79 of the *Development Act 1993*.

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

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

The *Planning, Development and Infrastructure Act 2016* was assented to by the Governor on 21 April 2016. This Act provides for the repeal of the *Development Act 1993* and continues the existence of the Fund. Commencement of the *Planning, Development and Infrastructure Act 2016* was proclaimed by the Governor on 28 March 2017 however some provisions of the Act, including Section 194 that continues the existence of the Fund, are suspended.

Note 2: Basis of Financial Statements

a) Reporting entity

The Department of Planning, Transport and Infrastructure (DPTI) is responsible for the administration of the Fund. The *Development Act 1993* requires the Fund to provide an annual report to State Parliament.

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

b) Statement of compliance

The financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

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

c) Basis of preparation

The financial statements have been prepared based on a twelve month period and presented in Australian currency. The historic cost convention is used unless a different measurement basis is specifically disclosed.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

Planning and Development Fund

Notes to and forming part of the financial statements

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

Significant accounting policies are set out below and within the Notes.

d) Taxation

The Fund is not subject to income tax. The Fund is liable for the emergency services levy, land tax equivalents and local government rate equivalents. The Fund is also indirectly liable for payroll tax, fringe benefits tax and goods and services tax (GST) which are incurred by DPTI, and make up a portion of the management service fee.

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 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 not included as part of receivables or payables in the Statement of Financial Position as the Fund is a member of an approved GST group of which DPTI is responsible for the remittance and collection of GST.

There are no cash flows relating to GST transactions with the ATO in the Statement of Cash Flows.

e) Non-current assets

Acquisition and recognition

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

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

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

Revaluation of non-current assets

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

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

Planning and Development Fund
Notes to and forming part of the financial statements

Note 3: Grants and contributions

	2018	2017
	\$'000	\$'000
Grants and contributions:		
Places for People and Open Space grants	14 129	8 370
Strategic Investment Grants	10 120	20 095
Total Grants and contributions	<u>24 249</u>	<u>28 465</u>

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

Note 4: Supplies and services

	2018	2017
	\$'000	\$'000
Supplies and services:		
Contract services	-	3
Management service cost	1 098	1 022
Auditor's remuneration *	26	25
Property costs	786	770
Other	4	1
Total supplies and services	<u>1 914</u>	<u>1 821</u>

* For work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

Note 5: Other expenses

	2018	2017
	\$'000	\$'000
Other expenses:		
Emergency services levy	18	18
Rates, taxes and levies	7	7
Refunds	26	40
Donated Assets	710	-
Total other expenses	<u>761</u>	<u>65</u>

Other expenses include refunds of previously recognised land development fees for waivers or withdrawals of approved developments.

Planning and Development Fund

Notes to and forming part of the financial statements

Note 6: Fees and charges

	2018	2017
	\$'000	\$'000
Fees and charges:		
Torrens Title	16 547	14 983
Community Title	11 669	9 736
Regulated and Significant Tree Contributions	6	12
Total fees and charges	28 222	24 731

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.

Note 7: Receivables

	2018	2017
	\$'000	\$'000
Current		
Accrued interest	18	35
Receivables	-	149
Total current receivables	18	184
Total receivables	18	184

No prepayments exist as at 30 June 2018. The accrued interest on deposit represents interest on deposits with the Treasurer.

Planning and Development Fund
Notes to and forming part of the financial statements

Note 8: Land

	2018	2017
	\$'000	\$'000
Land	17 134	17 844
Total land	17 134	17 844

Reconciliation of land

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

	2018	2017
	\$'000	\$'000
Carrying amount at 1 July	17 844	17 844
Asset Donated	(710)	-
Carrying amount at the beginning of the period	17 134	17 844

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

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

Valuation of land

Land was revalued to fair value as at 1 July 2015 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.

Note 9: Payables

	2018	2017
	\$'000	\$'000
Current		
Payables	3 065	21 059
Total current payables	3 065	21 059
Total payables	3 065	21 059

Payables are measured at their nominal amount which include creditors and accrued expenses being raised for amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received.

Planning and Development Fund
Notes to and forming part of the financial statements

Note 10: Other liabilities

	2018	2017
	\$'000	\$'000
Current		
Revenue received in advance	2 580	3 227
Total current other liabilities	<u>2 580</u>	<u>3 227</u>
Total other liabilities	<u>2 580</u>	<u>3 227</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 revenues 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.

Note 11: Financial risk management/financial instruments

Financial risk management

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

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

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

Categorisation of financial assets and liabilities

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

Category of financial asset and financial liability		Note No	2018	2017
			Carrying Amount	Carrying Amount
			\$'000	\$'000
Financial assets				
Cash and cash equivalents	Cash and cash equivalents		13 688	29 889
Loans and receivables	Receivables ⁽¹⁾	7	<u>18</u>	<u>184</u>
Total financial assets			<u>13 706</u>	<u>30 073</u>
Financial liabilities				
Financial liabilities at cost:	Payables ⁽¹⁾	9	<u>3 039</u>	<u>21 034</u>
Total financial liabilities			<u>3 039</u>	<u>21 034</u>

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

Planning and Development Fund

Notes to and forming part of the financial statements

Note 12: Unrecognised contractual commitments

	2018	2017
	\$'000	\$'000
Operating commitments		
Within one year	598	-
Total operating commitments	598	-

Commitments includes operating arrangements for land management activities and are disclosed at their nominal value.

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.

Note 13: Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Department is not aware of any contingent assets or liabilities with respect to the Fund as at 30 June 2018.

Note 14: Related party transactions

The Fund was established under section 79 of the *Development Act 1993* and is wholly owned and controlled by the Crown.

Related parties of the Fund include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Key Management Personnel

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

The Fund does not compensate its key management personnel.

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

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

Transactions with Key Management Personnel and other related parties

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

Planning and Development Fund
Notes to and forming part of the financial statements

Note 15: After balance date events

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