

Department for Child Protection

Financial report
for the year ended
30 June 2021



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To the Chief Executive Department for Child Protection

Opinion

I have audited the financial report of the Department for Child Protection 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 Department for Child Protection as at 30 June 2021, 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 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 the Chief Financial Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Department for Child Protection. 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* 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.

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*, I have audited the financial report of the Department for Child Protection 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 Department for Child Protection'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

20 September 2021

Department for Child Protection

**Financial Statements
for the year ended
30 June 2021**

Department for Child Protection
Certification of the Financial Statements
for the year ended 30 June 2021

Certification of the financial statements

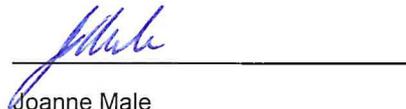
We certify that the:

- financial statements of the Department for Child Protection:
 - 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 for Child Protection for the financial year over its financial reporting and its preparation of financial statements have been effective.



Catherine Taylor
Chief Executive
15 September 2021



Joanne Male
Chief Financial Officer
15 September 2021

Department for Child Protection
Statement of Comprehensive Income
for the year ended 30 June 2021

| | Note | 2021 \$'000 | 2020 \$'000 |
|--|------|-----------------|----------------|
| <u>Income</u> | | | |
| Appropriation | 2.1 | 601 448 | 567 638 |
| Commonwealth-sourced grants and funding | 2.2 | 1 486 | 795 |
| Fees and charges | 2.3 | 1 102 | 1 166 |
| Resources received free of charge | 2.4 | 4 957 | 3 918 |
| Other income | 2.5 | 4 549 | 2 221 |
| Net gain from disposal of property, plant and equipment | 2.6 | 575 | - |
| Total income | | 614 117 | 575 738 |
| <u>Expenses</u> | | | |
| Employee benefits expenses | 3.3 | 239 025 | 218 336 |
| Supplies and services | 4.1 | 54 391 | 53 671 |
| Child protection services | 4.2 | 323 905 | 286 054 |
| Grants and subsidies | 4.3 | 906 | 118 |
| Depreciation and amortisation | 4.4 | 4 466 | 3 404 |
| Cash alignment transfers to Consolidated Account | | 5 624 | 12 163 |
| Borrowing costs | 4.5 | 36 | 50 |
| Other expenses | 4.6 | 279 | 327 |
| Total expenses | | 628 632 | 574 123 |
| Net result | | (14 515) | 1 615 |
| <u>Other comprehensive income</u> | | | |
| Items that will not be reclassified to net result | | | |
| Changes in property, plant and equipment asset revaluation surplus | 5.1 | 1 083 | 2 231 |
| Total other comprehensive income | | 1 083 | 2 231 |
| Total comprehensive result | | (13 432) | 3 846 |

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

Department for Child Protection
Statement of Financial Position
as at 30 June 2021

| | Note | 2021 \$'000 | 2020 \$'000 |
|---------------------------------------|------|-----------------|-----------------|
| <u>Current assets</u> | | | |
| Cash and cash equivalents | 6.1 | 31 341 | 39 042 |
| Receivables | 6.2 | 6 483 | 3 911 |
| Total current assets | | 37 824 | 42 953 |
| <u>Non-current assets</u> | | | |
| Receivables | 6.2 | 459 | 212 |
| Property, plant and equipment | 5.1 | 43 796 | 43 051 |
| Intangible assets | 5.2 | 394 | 40 |
| Total non-current assets | | 44 649 | 43 303 |
| Total assets | | 82 473 | 86 256 |
| <u>Current liabilities</u> | | | |
| Payables | 7.1 | 25 117 | 23 980 |
| Financial Liabilities | 7.2 | 2 248 | 2 029 |
| Employee benefits | 3.4 | 29 581 | 24 854 |
| Provisions | 7.3 | 5 113 | 4 254 |
| Other liabilities | 7.4 | 112 | 79 |
| Total current liabilities | | 62 171 | 55 196 |
| <u>Non-current liabilities</u> | | | |
| Payables | 7.1 | 2 846 | 3 346 |
| Financial Liabilities | 7.2 | 1 472 | 1 272 |
| Employee benefits | 3.4 | 30 077 | 35 863 |
| Provisions | 7.3 | 19 551 | 10 717 |
| Other liabilities | 7.4 | 476 | 550 |
| Total non-current liabilities | | 54 422 | 51 748 |
| Total liabilities | | 116 593 | 106 944 |
| Net Assets | | (34 120) | (20 688) |
| <u>Equity</u> | | | |
| Retained earnings | 8.1 | (40 927) | (26 412) |
| Asset revaluation surplus | 8.1 | 6 807 | 5 724 |
| Total Equity | | (34 120) | (20 688) |

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

Department for Child Protection
Statement of Changes in Equity
for the year ended 30 June 2021

| | Asset revaluation surplus | Retained earnings | Total equity |
|--|---------------------------------|----------------------|-----------------|
| Note | \$'000 | \$'000 | \$'000 |
| Balance at 1 July 2019 | 3 493 | (28 027) | (24 534) |
| <u>Net result for 2019-20</u> | - | 1 615 | 1 615 |
| Gain/loss on revaluation of leasehold improvements and land during 2019-20 | 2 231 | - | 2 231 |
| Total comprehensive result for 2019-20 | 2 231 | 1 615 | 3 846 |
| Balance at 30 June 2020 | 5 724 | (26 412) | (20 688) |
| <u>Net result for 2020-21</u> | - | (14 515) | (14 515) |
| Gain/loss on revaluation of land during 2020-21 | 1 083 | - | 1 083 |
| Total comprehensive result for 2020-21 | 1 083 | (14 515) | (13 432) |
| Balance at 30 June 2021 | 6 807 | (40 927) | (34 120) |

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

Department for Child Protection
Statement of Cash Flows
for the year ended 30 June 2021

| | 2021 | 2020 |
|---|------------------|------------------|
| | \$'000 | \$'000 |
| Note | | |
| <u>Cash flows from operating activities</u> | | |
| <u>Cash inflows</u> | | |
| Appropriation | 601 448 | 567 638 |
| GST recovered from the ATO | 29 826 | 26 501 |
| Receipts from Commonwealth-sourced grants and funding | 1 486 | 795 |
| Fees and charges | 1 112 | 1 611 |
| Other income | 1 219 | 2 387 |
| | 635 091 | 598 932 |
| <u>Cash generated from operations</u> | | |
| <u>Cash outflows</u> | | |
| Employee benefits payments | (229 703) | (222 529) |
| Payments for supplies and services | (54 261) | (54 516) |
| Payments for child protection services | (348 771) | (307 591) |
| Payments of grants and subsidies | (906) | (118) |
| Cash alignment transfers to Consolidated Account | (5 624) | (12 163) |
| Interest paid | (36) | (50) |
| Other payments | (285) | (253) |
| | (639 586) | (597 220) |
| | (4 495) | 1 712 |
| Net cash provided by / (used in) operating activities | 8.2 | 1 712 |
| <u>Cash flows from investing activities</u> | | |
| <u>Cash inflows</u> | | |
| Proceeds from the sale of property, plant and equipment | 2 600 | - |
| | 2 600 | - |
| <u>Cash generated from investing activities</u> | | |
| <u>Cash outflows</u> | | |
| Purchase of property, plant and equipment | (2 995) | (3 728) |
| | (2 995) | (3 728) |
| Cash used in investing activities | (395) | (3 728) |
| Net cash provided by / (used in) investing activities | (395) | (3 728) |
| <u>Cash generated from financing activities</u> | | |
| <u>Cash outflows</u> | | |
| Repayment of principal portion of lease liabilities | (2 811) | (2 090) |
| | (2 811) | (2 090) |
| Cash used in financing activities | (2 811) | (2 090) |
| Net cash provided by / (used in) financing activities | (2 811) | (2 090) |
| Net increase / (decrease) in cash and cash equivalents | (7 701) | (4 106) |
| Cash and cash equivalents at the beginning of the reporting period | 39 042 | 43 148 |
| Cash and cash equivalents at the end of the reporting period | 6.1 | 39 042 |

The accompanying notes form part of these financial statements.

Department for Child Protection

Notes to and forming part of the financial statements

for the year ended 30 June 2021

1. About the Department for Child Protection

The Department for Child Protection (the department) is a government department of the State of South Australia. The department is established pursuant to the *Public Sector Act 2009* as an administrative unit acting on behalf of the Crown.

The department does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the department.

Transactions and balances relating to administered resources are presented separately and are disclosed in Note 11. Except as otherwise disclosed administered items are accounted for on the same basis as the department's 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 purposes of preparing the financial statements, the department is a not-for-profit entity. The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

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

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

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.2. Objectives and programs

Objectives

Through the administration of the state's child protection statutory framework, the department's primary objective is to work with government and non-government agencies to keep children and young people safe from abuse and neglect.

The department receives, assesses, refers and investigates child protection notifications, and is required to make application to the court where it assesses that an order is required to ensure the safety of a child or young person. Where a court determines that a child or young person cannot remain safely at home, the department is responsible for the provision (either directly or indirectly) of quality care and case management and, when it is safe to do so, supports the reunification of children and young people with their families.

The department works closely with a range of government and non-government organisations so that children and young people who have been abused or are at risk of further abuse can be directly referred, together with their families, to appropriate intensive family supports within the broader child protection service sector.

Programs

The department operates within one activity: *Care and protection*

The department is focused on the care and protection of children and young people who have been abused and/or are assessed as being at risk of harm within their families, or whose families do not have the capacity to protect them from harm.

This includes:

- Assessing and responding to reports of abuse and risk of harm to children and young people, including referral and/or investigation and assessment where appropriate;
- Applying for care and protection orders and placing children and young people in care to ensure their safety when all other options to ensure a child or young person's safety have been explored and the child or young person remains at risk;
- Implementing the Aboriginal and Torres Strait Islander Child Placement Principle;
- Working with families to address the safety concerns that led to a child or young person entering care, so reunification can take place when it is safe and in the best interests of the child or young person;
- Planning for permanence and stability to support children and young people in care to ensure they have attachment relationships, which are critical to their health and wellbeing; and
- Providing assistance and support to young people to transition from care to independent adult life.

1.3. Impact of COVID-19 pandemic on the department

The COVID-19 pandemic has impacted on the operations of the department and the impacts are included under the relevant disclosure notes. The financial impacts in 2020-21, are not considered to be material.

The COVID-19 pandemic outlook for the department is explained in note 9.3.

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.4. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2020-21 Budget Paper 4). Appropriation reflects appropriation issued to special deposit accounts controlled by the department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

| | Original Budget 2021 \$'000 | Actual 2021 \$'000 | Variance 2021 \$'000 |
|--|--------------------------------------|--------------------------|----------------------------|
| <u>Income</u> | | | |
| Appropriation | 606 093 | 601 448 | (4 645) |
| Commonwealth-sourced grants and funding | 932 | 1 486 | 554 |
| Fees and charges | 55 | 1 102 | 1 047 |
| Resources received free of charge | - | 4 957 | 4 957 |
| Other income | 1 326 | 4 549 | 3 223 |
| Net gain from disposal of property, plant and equipment | 523 | 575 | 52 |
| Total income | 608 929 | 614 117 | 5 188 |
| <u>Expenses</u> | | | |
| Employee benefits expenses | 234 235 | 239 025 | 4 790 |
| Supplies and services | 58 004 | 54 391 | (3 613) |
| Child protection services | 313 411 | 323 905 | 10 494 |
| Grants and subsidies | - | 906 | 906 |
| Depreciation and amortisation | 3 417 | 4 466 | 1 049 |
| Cash alignment transfers to Consolidated Account | 5 624 | 5 624 | - |
| Borrowing costs | 56 | 36 | (20) |
| Other expenses | 154 | 279 | 125 |
| Total expenses | 614 901 | 628 632 | 13 731 |
| Net result | (5 972) | (14 515) | (8 543) |
| <u>Other comprehensive income</u> | | | |
| Items that will not be reclassified to net result | | | |
| Changes in property, plant and equipment asset revaluation surplus | - | 1 083 | 1 083 |
| Total other comprehensive income | - | 1 083 | 1 083 |
| Total comprehensive result | (5 972) | (13 432) | (7 460) |

| | Original Budget 2021 \$'000 | Actual 2021 \$'000 | Variance 2021 \$'000 |
|--------------------------------------|--------------------------------------|--------------------------|----------------------------|
| Investing expenditure summary | | | |
| Total leases | 2 042 | 3 295 | 1 253 |
| Total existing projects | 6 253 | 2 739 | (3 514) |
| Total investing expenditure | 8 295 | 6 034 | (2 261) |

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.5. Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report.

The department had no significant transactions with government related entities except for the appropriation funding received from the Department of Treasury and Finance and incurred expenditure with the Department of Infrastructure and Transport of \$19.8 million (2020: \$18.2 million), (note 4.1).

The department also receives Commonwealth-sourced grants and funding, some of which are received from the Commonwealth indirectly through the Department of Treasury and Finance (refer note 2.2).

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2. Income

2.1. Appropriations

Appropriations are recognised on receipt. The original amount appropriated to the department under the annual Appropriation Act 2020 was \$601.4 million and no additional funds were received from the Treasurer via the Governor's Appropriation Fund.

2.2. Commonwealth-sourced grants and funding

| | 2021 | 2020 |
|--|--------------|------------|
| | \$'000 | \$'000 |
| Family allowances | 906 | 450 |
| Newpin program* | 313 | - |
| Transition to Independent Living Allowance | 122 | 155 |
| Family Law Information Sharing Project* | 90 | 88 |
| Unaccompanied Humanitarian Minors | 55 | 102 |
| Total Commonwealth-sourced grants and funding | 1 486 | 795 |

*Received from the Commonwealth indirectly through the Department of Treasury and Finance

Commonwealth-sourced grants and funding are recognised in accordance with AASB 1058 as income on receipt.

2.3. Fees and charges

| | 2021 | 2020 |
|-----------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Intra Government fees and charges | 1 037 | 1 037 |
| Other fees and charges | 65 | 129 |
| Total fees and charges | 1 102 | 1 166 |

2.4. Resources received free of charge

| | 2021 | 2020 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Services received free of charge - Shared Services SA | 3 647 | 3 918 |
| Services received free of charge - Department of the Premier and Cabinet | 739 | - |
| Contributed assets | 571 | - |
| Total resources received free of charge | 4 957 | 3 918 |

Contributed assets relates to a vacant parcel of land transferred to the department from the Minister from the Department of Education and a donated security system.

Contributions of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated.

Shared Services SA and the Department of the Premier and Cabinet are directly appropriation funded for the services provided to general government agencies.

The department receives financial accounting, taxation, payroll, accounts payable and accounts receivable services from Shared Services SA free of charge.

The department receives centralised information and technology and telecommunication services from the Department of the Premier and Cabinet free of charge.

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2.5. Other income

| | 2021 | 2020 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Recoveries | 3 443 | 1 591 |
| Contingencies transferred from the Department of Treasury and Finance | 787 | 349 |
| Discount given on assets purchased | 163 | - |
| Child payment recoups | 142 | 250 |
| Other | 14 | 31 |
| Total other income | 4 549 | 2 221 |

2.6. Net gain from disposal of property, plant and equipment

| | 2021 | 2020 |
|---|------------|----------|
| | \$'000 | \$'000 |
| Land and buildings | | |
| Net proceeds from disposal | 2 600 | - |
| Less carrying amount of assets disposed | (2 025) | - |
| Net gain from disposal of land and buildings | 575 | - |
| Total assets | | |
| Proceeds from disposal | 2 600 | - |
| Less net book value of assets disposed | (2 025) | - |
| Total net gain from disposal of property plant and equipment | 575 | - |

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the department include the Minister, the Chief Executive and the other members of the executive team who have responsibility for the strategic direction and management of the department.

The compensation excludes salaries and other benefits the Minister for Child Protection 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*.

| | 2021 | 2020 |
|---|---------------|---------------|
| <u>Compensation</u> | <u>\$'000</u> | <u>\$'000</u> |
| Salaries and other short-term employee benefits | 3 459 | 3 349 |
| Post-employment benefits | 449 | 424 |
| Total compensation | 3 908 | 3 773 |

Transactions with key management personnel and other related parties

There are no transactions to disclose for key management personnel and related parties during the reporting period

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.2. Board and committee members

Members during the 2021 financial year were:

Performance and Risk Committee

Ms Mel Bradley*
 Ms Jenny Browne* (retired February 2021)
 Mr Michael Burton*
 Ms Rosina Hislop
 Ms Joanne Male* (appointed February 2021)
 Ms Linda South
 Ms Nerida Saunders* (appointed June 2021)
 Mr Onno van der Wel
 Ms Fiona Ward*

Dame Roma Mitchell Trust Funds Board of Advice

Mr Timothy Burton* (retired November 2020)
 Ms Colleen Fitzpatrick (Chair)
 Mr Peter Giffard
 Ms Chelsea Hall*
 Ms Megan Hender
 Mr Nick Jenkins (appointed September 2020)
 Ms Susan Richards (appointed September 2020)
 Ms Joanna Saies (appointed September 2020)

*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.

| Board and committee remuneration | 2021 | 2020 |
|--|--------------------------|--------------------------|
| The number of members whose remuneration received/receivable falls within the following bands: | | |
| | Number of members | Number of members |
| \$0 | 14 | 12 |
| \$1 - \$19 999 | 2 | 2 |
| \$20 000 - \$39 999 | 1 | 1 |
| Total number of members | 17 | 15 |

The total remuneration received or receivable by members was \$34 000 (2020: \$38 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.3. Employee benefits expenses

| | 2021 | 2020 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Salaries and wages | 176 712 | 166 325 |
| Annual leave | 16 735 | 16 105 |
| Employment on-costs - superannuation | 18 616 | 17 714 |
| Employment on-costs - other | 10 355 | 10 008 |
| Workers compensation | 15 713 | 3 463 |
| Long service leave | (1 052) | 2 368 |
| Targeted voluntary separation packages | 259 | 708 |
| Skills and experience retention leave | 601 | 566 |
| Board and committee fees | 34 | 38 |
| Other employee related expenses | 1 052 | 1 041 |
| Total employee benefits expenses | 239 025 | 218 336 |

The superannuation employment on-cost charge represents the department's contributions to superannuation plans in respect of current services of current employees. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

Executive remuneration

| | 2021 | 2020 |
|---|-----------|-----------|
| | No | No |
| The number of employees whose remuneration received or receivable falls within the following bands: | | |
| \$154 001 to \$174 000 | 14 | 16 |
| \$174 001 to \$194 000 | 7 | 4 |
| \$194 001 to \$214 000 | 2 | 3 |
| \$214 001 to \$234 000 | 1 | - |
| \$234 001 to \$254 000 | 3 | 1 |
| \$254 001 to \$274 000 | 1 | 1 |
| \$274 001 to \$294 000 | 1 | 1 |
| \$294 001 to \$314 000 | - | 1 |
| \$334 001 to \$354 000 | 1 | 1 |
| \$354 001 to \$374 000 | 1 | - |
| \$374 001 to \$394 000 | 1 | 1 |
| \$394 001 to \$414 000 | - | 1 |
| \$434 001 to \$454 000 | - | 1 |
| Total | 32 | 31 |

The total remuneration received by these employees for the year was \$6.5 million (2020: \$6.6 million).

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 related fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left the department.

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.3. Employee benefits expenses (continued)

Targeted voluntary separation packages (TVSP)

The number of employees who received a TVSP during the reporting period was 2 (2020: 7).

| | 2021 | 2020 |
|--|------------|--------------|
| | \$'000 | \$'000 |
| Amounts paid to separated employees: | | |
| Targeted voluntary separation packages | 259 | 708 |
| Leave paid to separated employees | 130 | 423 |
| Total amount paid | 389 | 1 131 |
| Recovery from the Department of Treasury and Finance | - | 1 638 |
| Net cost to the department | 389 | (507) |

3.4. Employee benefits liability

| | 2021 | 2020 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Annual leave | 18 135 | 16 854 |
| Accrued salaries and wages | 6 349 | 5 246 |
| Long service leave | 4 240 | 1 913 |
| Skills and experience retention leave | 857 | 841 |
| Total current employee benefits | 29 581 | 24 854 |
| <u>Non-current</u> | | |
| Long service leave | 30 077 | 35 863 |
| Total non-current employee benefits | 30 077 | 35 863 |
| Total employee benefits | 59 658 | 60 717 |

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

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount 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 the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 10.1.

Department for Child Protection
Notes to and forming part of the financial statements
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4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1. Supplies and services

| | 2021 | 2020 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Accommodation | 12 474 | 12 235 |
| Information technology and communications | 9 616 | 11 290 |
| Minor works, maintenance and equipment | 8 603 | 5 665 |
| Shared Services SA charges | 4 412 | 3 957 |
| Vehicle and travelling expenses | 4 012 | 4 128 |
| Employee related costs | 2 575 | 2 399 |
| Office administration | 2 261 | 2 657 |
| Intra government charges | 1 951 | 3 075 |
| Rental and leases accommodation | 1 641 | 1 477 |
| Contractors | 1 531 | 2 373 |
| Utilities | 1 189 | 1 200 |
| Contractors – Agency staff | 979 | 579 |
| Cleaning | 838 | 824 |
| Insurance | 816 | 772 |
| Legal costs | 701 | 576 |
| Security | 306 | 265 |
| Consultants | 267 | 81 |
| Advertising expenses | 36 | 16 |
| Other supplies and services | 183 | 102 |
| Total supplies and services | 54 391 | 53 671 |

Accommodation

Most of the department's accommodation is provided by the Department of Infrastructure and Transport under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly are expensed and disclosed under accommodation. Information about accommodation incentives relating to this arrangement is shown at note 7.4.

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

| | No | 2021 | No | 2020 |
|-------------------|----------|------------|----------|-----------|
| | | \$'000 | | \$'000 |
| Below \$10 000 | 1 | 6 | - | - |
| \$10 000 or above | 1 | 261 | 2 | 81 |
| Total | 2 | 267 | 2 | 81 |

Department for Child Protection
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4.2. Child protection services

| | 2021 | 2020 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Contracted Out-of-Home care services ¹ | 216 564 | 188 206 |
| Carer payments and client related costs ² | 97 136 | 89 097 |
| Family support services | 6 449 | 4 419 |
| Advocacy and support services | 3 756 | 4 332 |
| Total child protection services | 323 905 | 286 054 |

¹ incorporates residential based care, family based care, other supported placement services and immediate response services.

² incorporates all carer payments and other client related costs associated with having a child in a placement.

4.3. Grants and subsidies

| | 2021 | 2020 |
|--|------------|------------|
| | \$'000 | \$'000 |
| Australian Centre for Child Protection | 500 | - |
| Child and Family Welfare | 290 | 50 |
| Create Foundation South Australia | 65 | - |
| NAIDOC SA Inc | 25 | - |
| Care Leavers Australia Network | 15 | - |
| University of Adelaide | 8 | - |
| Flinders Foundation | 3 | - |
| Documentary Grant | - | 68 |
| Total grants and subsidies | 906 | 118 |

Department for Child Protection
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4.4. Depreciation and amortisation

| | 2021 | 2020 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Right-of-use vehicles | 1 958 | 1 862 |
| Right-of-use buildings | 850 | 244 |
| Residential accommodation housing | 728 | 727 |
| Leasehold improvements | 688 | 372 |
| Computer software | 214 | 192 |
| Computing, communications, furniture and equipment | 28 | 7 |
| Total depreciation and amortisation | 4 466 | 3 404 |

All non-current assets not held for sale with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Useful life

Depreciation/amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

| <u>Class of asset</u> | <u>Useful life (years)</u> |
|--|----------------------------|
| Residential accommodation housing | 30-50 |
| Leasehold improvements | 1-20 |
| Computing, communications, furniture and equipment | 5-10 |
| Computer Software | 3-10 |
| Right-of-use vehicles and buildings | 1-5 |

Review of accounting estimates

Assets' residual values, useful lives and depreciation/amortisation methods are reviewed and adjusted if appropriate on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

4.5. Borrowing costs

| | 2021 | 2020 |
|---------------------------------------|-----------|-----------|
| | \$'000 | \$'000 |
| Interest expense on lease liabilities | 36 | 50 |
| Total borrowing costs | 36 | 50 |

4.6. Other expenses

| | Note | 2021 | 2020 |
|---------------------------------------|------|------------|------------|
| | | \$'000 | \$'000 |
| Audit fees * | | 240 | 252 |
| Impairment (gain)/loss on receivables | 6.2 | (3) | 36 |
| Asset disposals/derecognised | 5.1 | 33 | 25 |
| Interest | | 6 | 3 |
| Other expenses | | 3 | 11 |
| Total other expenses | | 279 | 327 |

* Audit fees paid / payable to the Auditor-General's Department relate to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by Auditor-General's Department.

Department for Child Protection
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5. Non-financial assets

5.1. Property, plant and equipment by asset class

Property, plant and equipment comprises tangible assets owned and right-of-use (leased) assets. The assets presented below do not meet the definition of investment property.

| | 2021 | 2020 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| <u>Land</u> | | |
| Land at fair value | 19 730 | 19 542 |
| Total land | 19 730 | 19 542 |
| <u>Residential accommodation housing</u> | | |
| Residential accommodation housing at fair value | 30 147 | 30 747 |
| Accumulated depreciation at the end of the period | (16 105) | (15 377) |
| Total residential accommodation housing | 14 042 | 15 370 |
| <u>Construction work in progress</u> | | |
| Construction work in progress at cost | 1 770 | 981 |
| Total construction work in progress | 1 770 | 981 |
| <u>Right-of-use buildings</u> | | |
| Right-of-use buildings at cost (deemed fair value) | 2 163 | 893 |
| Accumulated depreciation | (1 041) | (244) |
| Total right-of-use buildings | 1 122 | 649 |
| <u>Right-of-use vehicles</u> | | |
| Right-of-use vehicles at cost (deemed fair value) | 4 894 | 4 148 |
| Accumulated depreciation | (2 308) | (1 511) |
| Total right-of-use vehicles | 2 586 | 2 637 |
| <u>Leasehold improvements</u> | | |
| Leasehold improvements at fair value | 13 080 | 12 006 |
| Accumulated depreciation at the end of the period | (8 958) | (8 271) |
| Total leasehold improvements | 4 122 | 3 735 |
| <u>Computing, communications, furniture and equipment</u> | | |
| Computing, communications, furniture and equipment at cost (deemed fair value) | 475 | 182 |
| Accumulated depreciation at the end of the period | (51) | (45) |
| Total computing, communications, furniture and equipment | 424 | 137 |
| Total property, plant and equipment | 43 796 | 43 051 |

Property, plant and equipment with a value equal to or in excess of \$15 000 is capitalised, otherwise it is expensed. Property, plant and equipment is recorded at fair value. Detail about the department's approach to fair value is set out in note 10.2.

Department for Child Protection
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5.1. Property, plant and equipment by asset class (continued)

Property, plant and equipment owned

Impairment

Property, plant and equipment owned by the department has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity.

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 10.2. 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.

Reconciliation 2020-21

| | Land \$'000 | Residential accommodation housing \$'000 | Construction work in progress \$'000 |
|---|----------------|---|--|
| Carrying amount at 1 July 2020 | 19 542 | 15 370 | 981 |
| Additions | - | - | 2 623 |
| Disposals | (1 425) | (600) | - |
| Assets derecognised | - | - | - |
| Transfers to/(from) work in progress | - | - | (1 834) |
| Asset revaluation increment/(decrement) | 1 083 | - | - |
| Depreciation and amortisation | - | (728) | - |
| Contributed assets | 530 | - | - |
| Carrying amount at 30 June 2021 | 19 730 | 14 042 | 1 770 |

| | Leasehold improvements \$'000 | Computing, communications, furniture and equipment \$'000 | Total \$'000 |
|---|-------------------------------------|---|-----------------|
| Carrying amount at 1 July 2020 | 3 735 | 137 | 39 765 |
| Additions | - | 116 | 2 739 |
| Disposals | - | - | (2 025) |
| Assets derecognised | - | (33) | (33) |
| Transfers to/(from) work in progress | 1 075 | 191 | (568) |
| Asset revaluation increment/(decrement) | - | - | 1 083 |
| Depreciation and amortisation | (688) | (28) | (1 444) |
| Contributed assets | - | 41 | 571 |
| Carrying amount at 30 June 2021 | 4 122 | 424 | 40 088 |

Department for Child Protection
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5.1. Property, plant and equipment by asset class (continued)

Reconciliation 2019-20

| | Land \$'000 | Residential accommodation housing \$'000 | Construction work in progress \$'000 |
|---|----------------|---|--|
| Carrying amount at 1 July 2019 | 19 243 | 15 791 | 781 |
| Additions | 250 | 306 | 417 |
| Assets derecognised | - | - | - |
| Transfers to/(from) work in progress | - | - | (217) |
| Asset revaluation increment/(decrement) | 49 | - | - |
| Depreciation and amortisation | - | (727) | - |
| Carrying amount at 30 June 2020 | 19 542 | 15 370 | 981 |

| | Leasehold improvements \$'000 | Computing, communications, furniture and equipment \$'000 | Total \$'000 |
|---|-------------------------------------|---|-----------------|
| Carrying amount at 1 July 2019 | 1 708 | 53 | 37 576 |
| Additions | - | 116 | 1 089 |
| Assets derecognised | - | (25) | (25) |
| Transfers to/(from) work in progress | 217 | - | - |
| Asset revaluation increment/(decrement) | 2 182 | - | 2 231 |
| Depreciation and amortisation | (372) | (7) | (1 106) |
| Carrying amount at 30 June 2020 | 3 735 | 137 | 39 765 |

Department for Child Protection
Notes to and forming part of the financial statements
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5.1. Property, plant and equipment by asset class (continued)

Property, plant and equipment leased

Right-of-use assets are recorded at cost.

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 are disclosed in note 4.1

The department has a limited number of leases:

- 682 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms range from 3 years (60,000km) to 5 years (100,000km).
- 46 residential accommodation properties leased with private landlords that are non-cancellable. Residential accommodation lease terms range from 1 year to 3 years.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The department's maturity analysis of its lease liabilities is disclosed in note 10.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4. Cash outflows related to leases are disclosed in note 8.2.

Impairment

Property, plant and equipment leased by the department has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

Reconciliation 2020-21

| | Right-Of-Use Buildings | Right-Of-Use Vehicles | Total |
|--|---------------------------|--------------------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| Carrying amount at 1 July 2020 | 649 | 2 637 | 3 286 |
| Additions | 1 375 | 1 920 | 3 295 |
| Disposals | (52) | (13) | (65) |
| Depreciation and amortisation | (850) | (1 958) | (2 808) |
| Carrying amount at 30 June 2021 | 1 122 | 2 586 | 3 708 |

Reconciliation 2019-20

| | Right-Of-Use Buildings | Right-Of-Use Vehicles | Total |
|--|---------------------------|--------------------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| Carrying amount at 1 July 2019 | - | - | - |
| Additions | 824 | 1 842 | 2 666 |
| Disposals | - | (27) | (27) |
| Assets recognised on adoption of AASB 16 | 69 | 2 684 | 2 753 |
| Depreciation and amortisation | (244) | (1 862) | (2 106) |
| Carrying amount at 30 June 2020 | 649 | 2 637 | 3 286 |

Department for Child Protection
Notes to and forming part of the financial statements
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5.2. Intangible assets

| | 2021 | 2020 |
|--|------------|-----------|
| | \$'000 | \$'000 |
| <u>Computer software</u> | | |
| Internally developed computer software | 8 882 | 8 314 |
| Accumulated amortisation | (8 488) | (8 274) |
| Total computer software | <u>394</u> | <u>40</u> |
| Total intangible assets | <u>394</u> | <u>40</u> |

Intangible assets are initially 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 acquisition of computer software is capitalised only when the expenditure meets the definition criteria (identifiable control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$15 000.

The computer software relates to the department's Connected Client and Case Management System (C3MS) for case management of children.

Reconciliation 2020-21

| | <u>Computer software</u> |
|---------------------------------------|--------------------------|
| | \$'000 |
| Carrying amount at 1 July 2020 | 40 |
| Transfers from WIP | 568 |
| Amortisation | (214) |
| Total as at 30 June 2021 | <u>394</u> |

Reconciliation 2019-20

| | <u>Computer software</u> |
|---------------------------------------|--------------------------|
| | \$'000 |
| Carrying amount at 1 July 2019 | 232 |
| Amortisation | (192) |
| Total as at 30 June 2020 | <u>40</u> |

Department for Child Protection
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for the year ended 30 June 2021

6. Financial assets

6.1. Cash and cash equivalents

| | 2021 | 2020 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Deposits with the Treasurer | 24 073 | 35 379 |
| Deposits with the Treasurer (AAEFA) | 6 875 | 3 437 |
| Imprest account/cash on hand | 393 | 226 |
| Total cash and cash equivalents | 31 341 | 39 042 |

Deposits with the Treasurer

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

The department has two deposit accounts with the Treasurer:

- a general operating account; and
- an Accrual Appropriation Excess Funds Account (AAEFA).

Although the department controls the money in Accrual Appropriation Account, its use must be approved by the Treasurer. The department does not earn interest on its deposits with the Treasurer.

Department for Child Protection
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6.2. Receivables

| | 2021 | 2020 |
|--------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| <u>Trade receivables</u> | | |
| From government entities | 1 598 | 192 |
| From non-government entities | 1 317 | 223 |
| Less impairment loss on receivables | (50) | (56) |
| Total trade receivables | 2 865 | 359 |
| GST input tax recoverable | 2 059 | 2 185 |
| Prepayments | 1 037 | 1 293 |
| Accrued revenues | 490 | 52 |
| Workers compensation recoveries | 32 | 22 |
| Total current receivables | 6 483 | 3 911 |
| <u>Non-current</u> | | |
| Workers compensation recoveries | 459 | 212 |
| Total non-current receivables | 459 | 212 |
| Total receivables | 6 942 | 4 123 |

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Trade receivables, prepayments and accrued revenues are non-interest bearing. Trade receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The net amount of GST payable to the Australian Taxation Office is included as part of receivables.

Other than as recognised in the impairment loss on receivables, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Allowance for Impairment loss on receivables

| | 2021 | 2020 |
|--|-------------|-------------|
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | (56) | (71) |
| (Increase)/decrease in the allowance recognised in profit and loss | 3 | 15 |
| Amounts written off | 3 | - |
| Carrying amount at the end of the period | (50) | (56) |

Impairment losses relate to contracts with customers external to SA Government.

Refer to note 10.3 for details regarding credit risk, the methodology for determining impairment and information on risk management.

Department for Child Protection
Notes to and forming part of the financial statements
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7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

| | 2021 | 2020 |
|------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Accrued expenses | 19 407 | 17 607 |
| Employment on-costs | 5 222 | 4 542 |
| Trade payables | 431 | 1 758 |
| Paid Parental Leave Scheme payable | 57 | 73 |
| Total current payables | 25 117 | 23 980 |
| <u>Non-current</u> | | |
| Employment on-costs | 2 846 | 3 346 |
| Total non-current payables | 2 846 | 3 346 |
| Total payables | 27 963 | 27 326 |

Trade payables and accruals are raised for all amounts owing but unpaid. Trade 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.

The net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this Payables note.

Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions which are settled when the respective employee benefits that they relate to is discharged.

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 liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and external schemes.

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 not changed from the 2020 rate of 42% and the average factor for the calculation of employer superannuation on-costs has changed to 10.1% (2020: 9.8%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$0.45 million and employee benefits expense of \$4.8 million respectively.

Department for Child Protection
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7.2. Financial Liabilities

| | 2021 | 2020 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Lease liabilities | 2 248 | 2 029 |
| Total current financial liabilities | 2 248 | 2 029 |
| <u>Non-current</u> | | |
| Lease liabilities | 1 472 | 1 272 |
| Total non-current financial liabilities | 1 472 | 1 272 |
| Total financial liabilities | 3 720 | 3 301 |

All material cash outflows are reflected in the lease liabilities disclosed above.

7.3. Provisions

| | 2021 | 2020 |
|---------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Provision for workers compensation | 5 038 | 4 224 |
| Provision for legal claims | 70 | 30 |
| Provision for additional compensation | 5 | - |
| Total current provisions | 5 113 | 4 254 |
| <u>Non-current</u> | | |
| Provision for workers compensation | 19 083 | 10 210 |
| Provision for legal claims | 110 | 130 |
| Provision for additional compensation | 358 | 377 |
| Total non-current provisions | 19 551 | 10 717 |
| Total provisions | 24 664 | 14 971 |

Movement in provisions for workers compensation

| | 2021 | 2020 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 14 434 | 16 564 |
| Additional provision recognised | 15 726 | 3 636 |
| Reductions arising from payments/other sacrifice of future economic benefits | (6 039) | (5 766) |
| Carrying amount at the end of the period | 24 121 | 14 434 |

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

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7.3. Provisions (continued)

Movement in provisions for legal claims

| | 2021 | 2020 |
|---|------------|------------|
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 160 | 190 |
| Reductions resulting from re-measurement or settlement without cost | (50) | (80) |
| Reductions arising from payments | (10) | (10) |
| Additional provision recognised | 80 | 60 |
| Carrying amount at the end of the period | 180 | 160 |

A liability has been reported to reflect unsettled legal claims. The legal claims provision includes various claims relating to professional indemnity, public liability and property damage.

Movement in provision for additional compensation

| | 2021 | 2020 |
|---|------------|------------|
| | \$'000 | \$'000 |
| <u>Movement in provisions</u> | | |
| Carrying amount at the beginning of the period | 377 | 549 |
| Reductions resulting from re-measurement or settlement without cost | (14) | (172) |
| Carrying amount at the end of the period | 363 | 377 |

The additional compensation provision provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme.

7.4. Other Liabilities

| | 2021 | 2020 |
|--|------------|------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Deposits held - purchased leave | 14 | 4 |
| Unclaimed monies | 2 | 2 |
| Unearned revenue | 23 | - |
| Accommodation incentive | 73 | 73 |
| Total current other liabilities | 112 | 79 |
| <u>Non-current</u> | | |
| Accommodation incentive | 476 | 550 |
| Total non-current other liabilities | 476 | 550 |
| Total other liabilities | 588 | 629 |

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8. Other disclosures

8.1. Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of land and buildings to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

8.2. Cash flow

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 Australian Taxation Office is classified as part of operating cash flows.

| | 2021 | 2020 |
|--------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Leases | | |
| Buildings | 833 | 244 |
| Vehicles | 1 959 | 1 862 |
| Total cash outflow for leases | <u>2 792</u> | <u>2 106</u> |

| | 2021 | 2020 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| <u>Reconciliation of cash and cash equivalents at the end of the reporting period</u> | | |
| Cash and cash equivalents disclosed in the Statement of Financial Position | 31 341 | 39 042 |
| Balance as per Statement of Cash Flows | <u>31 341</u> | <u>39 042</u> |

| | | |
|---|---------|---------|
| <u>Reconciliation of net cash provided by operating activities to net result</u> | | |
| Net cash provided by / (used in) operating activities | (4 495) | 1 712 |
| <u>Add / (less) non-cash items</u> | | |
| Discount given on assets purchased | 163 | - |
| Net gain from disposal of property, plant and equipment | 575 | - |
| Depreciation and amortisation | (4 466) | (3 404) |
| Contributed assets | 571 | - |
| Non-current assets written off | (33) | (25) |

| | | |
|--|-----------------|--------------|
| <u>Movement in assets and liabilities</u> | | |
| Increase/(decrease) in receivables | 2 819 | (293) |
| (Increase)/decrease in employee benefits | 1 059 | 2 639 |
| (Increase)/decrease in payables | (637) | 1 958 |
| (Increase)/decrease in provisions | (9 693) | 2 332 |
| (Increase)/decrease in financial liabilities | (419) | (3 383) |
| (Increase)/decrease in other liabilities | 41 | 79 |
| Net result | <u>(14 515)</u> | <u>1 615</u> |

Department for Child Protection
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9. Outlook

9.1. Unrecognised contractual commitments

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

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements are payable as follows:

| | 2021 | 2020 |
|--|------------|--------------|
| | \$'000 | \$'000 |
| Within one year | 583 | 1 535 |
| Later than one year but not longer than five years | - | 32 |
| Total capital commitments | 583 | 1 567 |

The department's capital commitments relate to construction of a residential care facility at Davoren Park and refit of the Sturt assessment unit.

Expenditure commitments

Commitments in relation to expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements are payable as follows:

| | 2021 | 2020 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Within one year | 260 427 | 190 130 |
| Later than one year but not longer than five years | 541 031 | 259 345 |
| Later than five years | 115 239 | 2 909 |
| Total expenditure commitments | 916 697 | 452 384 |

The department's expenditure commitments are for contracted service agreements for out of home care, family support services and the non-lease components of South Australian Government Financing Authority (SAFA) vehicle rentals.

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9.1. Unrecognised contractual commitments (continued)

Accommodation expenditure commitments

Commitments in relation to expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements are payable as follows:

| | 2021 | 2020 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Within one year | 8 495 | 8 089 |
| Later than one year but not longer than five years | 25 510 | 15 933 |
| Later than five years | 6 907 | 6 933 |
| Total accommodation expenditure commitments | 40 912 | 30 955 |

The department's expenditure commitments are for MoAAs with the Department of Infrastructure and Transport for office accommodation and facilities.

9.2. 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 in the process of appealing an outcome with the SA Employment Tribunal. The outcome of this appeal is uncertain and any associated costs cannot be reliably estimated. Claims for unspecified damages have been lodged against the department during the year. The department is negotiating with the claimants, on advice from the Crown Solicitor's Office. A reliable estimate of the expenditure required to settle these claims or whether they will be successful cannot be reasonably determined.

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9.3. COVID-19 pandemic outlook for the department

The COVID-19 pandemic will continue to impact the operations of the department in 2021-22.

The key expected impacts to the department will depend on the relative risk within the South Australian community. The department is expected to continue to incur immaterial costs of personal protective equipment and supply of cleaning products into the future. Staffing costs are likely to increase if the number of cases in South Australia rises throughout 2021-22.

The department is monitoring the effects of the COVID-19 pandemic on children and young people in care, including the anticipated impacts on mental health and wellbeing and associated levels of service need.

In addition, the department is monitoring the potential growth in demand in terms of both reports of abuse and risk of harm and placement numbers connected to increasing economic hardship and unemployment rates in South Australia.

9.4. Events after the reporting period

No events after reporting date to report.

10. Measurement and risk

10.1. Long service leave liability - measurement

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

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 increased to 1.25% (2020: 0.75%). The actuarial assessment performed by DTF left the salary inflation rate at 2.5% for long service leave liability. The net financial effect of the changes in the actuarial assumptions and methodology is a decrease in the long service leave liability of \$4.8 million.

The split for long service leave between current and non-current is based on the department's best estimate of the amount to be paid in the coming year.

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10.2. 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 principle 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.

Revaluation

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

The department revalues its land annually. The department revalues its residential housing and leasehold improvements every six years via an independent certified practising valuer.

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.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Fair value hierarchy

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 valuation:

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (input other than quoted prices included within level 1) that are observable for the asset either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 2020 and 2021, the department had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

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10.2. Fair value (continued)

Fair value classification – non financial assets at 30 June 2021

| | Note | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|--|------|-------------------|-------------------|-----------------|
| <u>Recurring fair value measurements</u> | | | | |
| Land | 5.1 | 19 730 | - | 19 730 |
| Residential accommodation housing | 5.1 | - | 14 042 | 14 042 |
| Leasehold improvements | 5.1 | - | 4 122 | 4 122 |
| Computing, communications, furniture and equipment | 5.1 | - | 424 | 424 |
| Total recurring fair value measurements | | 19 730 | 18 588 | 38 318 |
| Total fair value measurements | | 19 730 | 18 588 | 38 318 |

Fair value classification – non financial assets at 30 June 2020

| | Note | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|--|------|-------------------|-------------------|-----------------|
| <u>Recurring fair value measurements</u> | | | | |
| Land | 5.1 | 19 542 | - | 19 542 |
| Residential accommodation housing | 5.1 | 600 | 14 770 | 15 370 |
| Leasehold improvements | 5.1 | - | 3 735 | 3 735 |
| Computing, communications, furniture and equipment | 5.1 | - | 137 | 137 |
| Total recurring fair value measurements | | 20 142 | 18 642 | 38 784 |
| Total fair value measurements | | 20 142 | 18 642 | 38 784 |

Land

An independent valuation of land was performed by the Valuer-General as at 30 June 2021.

Fair value of land has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land such as size and location. For land classified as restricted in use, the valuation was determined using an adjustment were applied to reflect the restriction.

Residential accommodation housing

An independent valuation of residential accommodation housing was performed as at 30 June 2018 by Fred Taormina, B.App.Sc. (Val), A.A.P.I. Certified Practicing Valuer of Valcorp Australia Pty Ltd.

The valuation was performed by reference to a cost approach basis and utilising comparable sales evidence, zoning and permitted use.

The fair value of buildings was determined using current replacement cost, due to there not being an active market. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of the assets, their size, condition and location.

The valuation used estimates about construction materials that would be required to replace the buildings, information about current construction costs were derived from building costs guides / internal records such as recent tender documents, construction invoices etc and the estimated useful life due to age and condition of the building.

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10.2. Fair value (continued)

Leasehold Improvements

The independent valuation of leasehold improvements was performed by Fred Taormina, B.App.Sc. (Val), A.A.P.I. Certified Practising Valuer of Valcorp Australia Pty Ltd as at 30 June 2020. The valuer adopted depreciated replacement cost when valuing the assets as quoted prices in an active liquid market was not available.

Computing, communications, furniture and equipment

All items of computing, communications, furniture and equipment had a fair value at the time of acquisition less than \$1.5 million. Computing, communications, furniture and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

Reconciliation of level 3 recurring fair value measurements as at 30 June 2021

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3):

| | Residential accommodation housing | Leasehold improvements | Computing, communications, furniture and equipment |
|---|---|---------------------------|---|
| | \$'000 | \$'000 | \$'000 |
| Opening balance at the beginning of the period | 15 370 | 3 735 | 137 |
| Additions | - | - | 116 |
| Disposals | (600) | - | - |
| Assets derecognised | - | - | (33) |
| Transfers (to) / from WIP | - | 1 075 | 191 |
| Contributed assets | - | - | 41 |
| <u>Gains/(losses) for the period recognised in net result:</u> | | | |
| Depreciation and amortisation | (728) | (688) | (28) |
| Total losses recognised in net result | (728) | (688) | (28) |
| Carrying balance at the end of the period | 14 042 | 4 122 | 424 |

Reconciliation of level 3 recurring fair value measurements as at 30 June 2020

| | Residential accommodation housing | Leasehold improvements | Computing, communications, furniture and equipment |
|---|---|---------------------------|---|
| | \$'000 | \$'000 | \$'000 |
| Opening balance at the beginning of the period | 15 191 | 1 708 | 53 |
| Additions | 306 | - | 116 |
| Assets derecognised | - | - | (25) |
| Transfers (to) / from work in progress | - | 217 | - |
| <u>Gains/(losses) for the period recognised in net result:</u> | | | |
| Depreciation and amortisation | (727) | (372) | (7) |
| Total losses recognised in net result | (727) | (372) | (7) |
| <u>Gains/(losses) for the period recognised in other comprehensive income (OCI):</u> | | | |
| Revaluation increments/(decrements) | - | 2 182 | - |
| Total gains/(losses) recognised in OCI | - | 2 182 | - |
| Carrying balance at the end of the period | 14 770 | 3 735 | 137 |

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10.3. Financial instruments

Financial risk management

Risk management is managed by the department's legal services directorate. Departmental 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 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

The department is funded principally from appropriation by the SA Government. 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

The department has policies and procedures in place to ensure that 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 which comprise a large number of small balances.

To measure the expected credit losses, receivables are grouped based on 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 informed credit assessment, including 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.

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

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.

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 \$'000 |
|-------------------------------|---|--------|-----------------------------|
| Current (not past due) | 1 293 | 0% | - |
| 1 – 30 days past due | 1 197 | 0% | - |
| 31 – 60 days past due | 49 | 0% | - |
| 61 – 90 days past due | 13 | 0% | - |
| More than 90 days past due | 127 | 39% | 50 |
| Loss allowance | | | 50 |

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10.3. Financial instruments (continued)

Loss rates are based on actual history of credit loss, these rates have been adjusted to reflect differences between previous economic conditions, current conditions and the department's view of the forecast economic conditions over the expected life of the receivables.

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.

Trade receivable 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.

The allowance for impairment was recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence existed.

No impairment losses on the department's receivables arose from the department's contracts with customers. No impairment losses were recognised in relation to contract assets during the year.

Cash and cash equivalents

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 does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging.

There is no exposure to foreign currency or other price risks.

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10.3. 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/financial liability note.

The following tables disclose the carrying amounts of each of the following categories of financial assets and liabilities:

Maturity analysis of financial instruments

| Category of financial asset and financial liability | Note | 2021 Carrying amount / fair value \$'000 | 2021 Contractual maturities | |
|---|------|--|-----------------------------|-----------------------|
| | | | Within 1 year \$'000 | 1 - 5 years \$'000 |
| <u>Financial assets</u> | | | | |
| Cash and cash equivalents | | | | |
| Cash and cash equivalents | 6.1 | 31 341 | 31 341 | - |
| Financial assets at amortised cost | | | | |
| Receivables | 6.2 | 3 119 | 3 119 | - |
| Total financial assets | | 34 460 | 34 460 | - |
| <u>Financial liabilities</u> | | | | |
| Financial liabilities at amortised cost | | | | |
| Payables | 7.1 | 19 598 | 19 598 | - |
| Leases liabilities | 7.2 | 3 720 | 2 248 | 1 472 |
| Other liabilities | 7.4 | 588 | 112 | 476 |
| Total financial liabilities | | 23 906 | 21 958 | 1 948 |

| Category of financial asset and financial liability | Note | 2020 Carrying amount / fair value \$'000 | 2020 Contractual maturities | |
|---|------|--|-----------------------------|-----------------------|
| | | | Within 1 year \$'000 | 1 - 5 years \$'000 |
| <u>Financial assets</u> | | | | |
| Cash and cash equivalents | | | | |
| Cash and cash equivalents | 6.1 | 39 042 | 39 042 | - |
| Financial assets at amortised cost | | | | |
| Receivables | 6.2 | 411 | 411 | - |
| Total financial assets | | 39 453 | 39 453 | - |
| <u>Financial liabilities</u> | | | | |
| Financial liabilities at amortised cost | | | | |
| Payables | 7.1 | 19 113 | 19 113 | - |
| Leases liabilities | 7.2 | 3 301 | 2 029 | 1 272 |
| Other liabilities | 7.4 | 629 | 79 | 550 |
| Total financial liabilities | | 23 043 | 21 221 | 1 822 |

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10.3. Financial instruments (continued)

Receivables and payables

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 (not materially different from amortised cost).

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.

11. Administered items

| | 2021 | 2020 |
|-------------------------------------|------------|------------|
| | \$'000 | \$'000 |
| <u>Administered Income</u> | | |
| Appropriation | 369 | 371 |
| Total administered income | <u>369</u> | <u>371</u> |
| <u>Administered Expenses</u> | | |
| Employee benefits | 369 | 371 |
| Total administered expenses | <u>369</u> | <u>371</u> |
| Net result | <u>-</u> | <u>-</u> |

Minister's salary and allowances

Administered items are for the minister's salary and allowances pursuant to *Parliamentary Remuneration Act 1990*.

Appropriation in administered items is reported on an accrual basis.

At 30 June 2021, there are no assets and liabilities for this administered item.