

Department of Human Services

Financial report
for the year ended
30 June 2020



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To the Acting Chief Executive Department of Human Services

Opinion

I have audited the financial report of the Department of Human Services for the financial year ended 30 June 2020.

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

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- Notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2020
- a Statement of Administered Financial Position as at 30 June 2020
- a Statement of Administered Cash Flows for the year ended 30 June 2020
- a Disaggregated Administered Statement of Comprehensive Income for the year ended 30 June 2020
- Notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Acting Chief Executive and the Acting 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 of Human Services. 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 Acting Chief Executive for the financial report

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

Auditor's responsibilities for the audit of the financial report

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

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

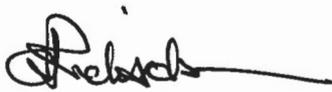
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

23 September 2020

**Department of Human Services
(DHS)**

Financial Statements

For the year ended 30 June 2020

Department of Human Services
Certification of Financial Statements
for the year ended 30 June 2020

We certify that the attached general purpose financial statements for the Department of Human Services:

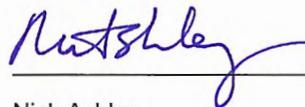
- comply with relevant Treasurer's Instructions issued under section 41 of the Public Finance and Audit Act 1987, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the department; and
- present a true and fair view of the financial position of the department as at 30 June 2020 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Department of Human Services for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Lois Boswell
A/Chief Executive

18 September 2020



Nick Ashley
A/Chief Financial Officer

18 September 2020

Department of Human Services
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Appropriation	2.1	945 357	1 537 330
Fees and charges	2.2	18 731	35 304
Sales of goods and services	2.3	25 411	19 239
Commonwealth-sourced grants and funding	2.4	102 477	101 198
Interest	2.5	3	5
Resources received free of charge	2.6	4 165	4 713
Intra-government transfers	2.7	41 178	40 012
Other income	2.8	5 421	13 530
Total income		1 142 743	1 751 331
Expenses			
Employee benefits expenses	3.3	283 706	307 762
Supplies and services	4.1	96 214	211 784
Depreciation and amortisation	4.2	12 301	10 829
Grants and subsidies	4.3	81 212	1 030 920
NDIS Contributions	4.4	612 017	207 949
Net loss from disposal of property, plant and equipment	4.5	250	2 697
Borrowing costs	4.6	38	-
Cash alignment transfers		-	16 614
Other expenses	4.7	342	2 028
Total expenses		1 086 080	1 790 583
Net result		56 663	(39 252)
Other comprehensive income			
Items that will not be reclassified to net result:			
Changes in property, plant and equipment asset revaluation surplus		2 544	-
Total other comprehensive income		2 544	-
Total comprehensive result		59 207	(39 252)

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 of Human Services
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	6.1	145 924	164 075
Receivables	6.2	70 981	23 683
Inventories	5.6	241	398
Total current assets		217 146	188 156
Non-current assets			
Receivables	6.2	827	729
Property, plant and equipment	5.1	162 254	163 055
Capital works in progress	5.4	3 223	3 066
Intangible assets	5.5	2 861	4 023
Total non-current assets		169 165	170 873
Total assets		386 311	359 029
Current liabilities			
Payables	7.1	22 451	29 256
Financial liabilities	7.2	1 021	-
Employee benefits	3.4	50 871	72 559
Provisions	7.3	7 426	6 135
Other current liabilities	7.4	894	3 150
Total current liabilities		82 663	111 100
Non-current liabilities			
Payables	7.1	2 874	3 200
Financial liabilities	7.2	977	-
Employee benefits	3.4	31 006	34 782
Provisions	7.3	25 960	23 748
Other non-current liabilities	7.4	476	868
Total non-current liabilities		61 293	62 598
Total liabilities		143 956	173 698
Net assets		242 355	185 331
Equity			
Contributed capital		74 325	74 325
Retained earnings		139 814	85 334
Asset revaluation surplus		28 216	25 672
Total equity		242 355	185 331

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

Department of Human Services
Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Contributed capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018		74 325	44 101	104 227	222 653
Net result for 2018-19		-	-	(39 252)	(39 252)
Total comprehensive result for 2018-19		-	-	(39 252)	(39 252)
Transfer to retained earnings of net increment realised on sale of land and buildings		-	(18 429)	18 429	-
Net assets received from an administrative restructure		-	-	1 930	1 930
Balance at 30 June 2019		74 325	25 672	85 334	185 331
Changes in accounting policy on adoption of AASB 15, 16 and 1058		-	-	1 870	1 870
Prior period adjustment		-	-	1 543	1 543
Restated balance at 30 June 2019		74 325	25 672	88 747	188 744
Net result for 2019-20		-	-	56 663	56 663
Gain/(loss) on revaluation of property, plant and equipment		-	2 544	-	2 544
Total comprehensive result for 2019-20		-	2 544	56 663	59 207
Net assets received from an administrative restructure	1.4	-	-	(5 596)	(5 596)
Balance at 30 June 2020		74 325	28 216	139 814	242 355

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

Department of Human Services
Statement of Cash Flows
for the year ended 30 June 2020

		2020 (Outflows) Inflows \$'000	2019 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash inflows			
Appropriation		945 357	1 537 330
Fees and charges		38 157	30 363
Sales of goods and services		25 411	15 940
Receipts from Commonwealth-sourced grants		102 477	101 198
Interest received		3	5
GST recovered from the ATO		14 873	37 563
Intra-government transfers		39 635	40 012
Other receipts		6 318	17 496
Cash generated from operations		1 172 231	1 779 907
Cash outflows			
Employee benefits payments		(311 015)	(291 476)
Payments for supplies and services		(116 488)	(306 296)
Payments of grants and subsidies		(81 212)	(1 031 083)
Payments for NDIS contributions		(673 891)	(207 949)
Cash alignment transfers		-	(16 614)
Other payments		-	(1)
Interest paid		(38)	-
Cash used in operations		(1 182 644)	(1 853 419)
Net cash provided by/(used in) operating activities	8.2	(10 413)	(73 512)
Cash flows from investing activities			
Cash inflows			
Proceeds from sale of property, plant and equipment		28	16 775
Cash generated from investing activities		28	16 775
Cash outflows			
Purchase of property, plant and equipment		(6 370)	(7 155)
Cash used in investing activities		(6 370)	(7 155)
Net cash provided by/(used in) investing activities		(6 342)	9 620
Cash flows from financing activities			
Cash inflows			
Cash received from restructuring activities		158	-
Cash generated from financing activities		158	-
Cash outflows			
Repayment of leases		(1 554)	-
Cash used in financing activities		(1 554)	-
Net cash provided by / (used in) financing activities		(1 396)	-
Net increase/(decrease) in cash and cash equivalents		(18 151)	(63 892)
Cash and cash equivalents at the beginning of the period		164 075	227 967
Cash and cash equivalents at the end of the period	6.1	145 924	164 075

The accompanying notes form part of these financial statements.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1. About the Department of Human Services

The Department of Human Services (DHS/the department) is a not-for-profit 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.

Administered financial statements relating to administered resources are presented separately.

1.1. Basis of preparation

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

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

For the 2019-20 financial statements, the department adopted *AASB 15 – Revenue from Contracts with Customers*, *AASB 16 – Leases* and *AASB 1058 – Income of Not-for-Profit Entities*. Further information is provided in note 9.

The financial statements 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.

1.2. Objectives and Programs

Objectives

The Department of Human Services delivers strategies, programs and services that improve the wellbeing and safety of South Australians.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2. Objectives and Programs (continued)

Program 1: Communities

This program designs, commissions and connects community services that improve the lives of individuals and families across South Australia. This is achieved through partnerships, programs, grants and concessions that strengthen families and communities and support participation, safety and resilience.

The program includes concessions that ease cost of living pressures; funding to the not-for-profit sector for a range of community services; provision of support and targeted services to reduce child abuse and neglect; interpreting and translating services; and the provision of screening services. It also includes grant programs and services to support young South Australians, build community capacity and increase volunteering.

Program 2: Status of Women

The Status of Women program supports the full and equal participation of women in the social, political and economic life of the state. Priorities include addressing domestic, family and sexual violence, equality for women in every aspect of life, and women's employment and leadership. The program provides policy advice and across-government leadership, funding for key initiatives, state-wide information and referral services through the Women's Information Service (WIS) and executive support to the Premier's Council for Women.

Program 3: Youth Justice

The Youth Justice Division is responsible for the statutory supervision of young people in contact with the justice system.

Youth Justice aims to address offending behaviours and connect vulnerable young people and their families with a suite of supports, programs and services to improve outcomes and contribute to community safety.

Program 4: NDIS and Disability Services

This program is responsible for South Australia's transition to the National Disability Insurance Scheme (NDIS), working closely with the National Disability Insurance Agency (NDIA), the Commonwealth Government and the non-government sector. The program provides state disability services, including supported community accommodation.

It was also responsible for effective and transparent funding arrangements with non-government organisations for services provided to people with a disability and their carers during the transition to the NDIS.

Program 5: Social Housing

This program facilitated the transfer of funding to the South Australian Housing Authority (SAHA) to enable it to develop, implement and provide housing services for people who are at risk or in high need and to work with government and non-government agencies to improve the standard of, and access to, housing across the state.

The role of the SAHA includes the management of grants for housing services to low income households; specialist homelessness and domestic violence services; the management of public housing; Aboriginal housing; community housing; financial support for private rental; and the regulation of housing standards. The SAHA also provides housing strategy, policy development and advice to government.

DHS no longer facilitates the transfer of funding to SAHA, effective from 1 July 2019. This is now facilitated through the Department of Treasury and Finance.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2. Objectives and Programs (continued)

The tables on the following pages present expenses, income, attributable to each program.

Income and Expenses by program for the year ended 30 June 2020

	Communities		Status of Women		Youth Justice	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Income						
Appropriation	-	-	-	-	-	-
Fees and charges	3 291	1 758	71	102	717	112
Sales of goods and services	19 294	15 942	-	-	1	-
Commonwealth-sourced grants and funding	2 814	2 721	2 756	-	45	-
Interest	1	-	-	-	-	-
Resources received free of charge	871	990	25	28	477	514
Intra-government transfers	26 410	10 082	298	1 150	-	-
Other income	359	406	6	(3)	131	118
Total income	53 040	31 899	3 156	1 277	1 371	744
Expenses						
Employee benefits expenses	65 458	48 307	2 167	2 224	35 355	37 468
Supplies and services	28 521	19 531	713	551	8 822	8 508
Depreciation and amortisation	3 700	2 626	15	12	3 451	3 311
Grants and subsidies	69 767	59 392	4 965	2 415	425	443
NDIS Contributions	-	-	-	-	-	-
Net loss from disposal of property, plant and equipment	(4)	556	-	14	19	262
Borrowing costs	13	-	-	-	4	-
Cash alignment transfers	-	-	-	-	-	-
Other expenses	69	416	2	12	38	228
Total expenses	167 524	130 828	7 862	5 228	48 114	50 220
Net result	(114 484)	(98 929)	(4 706)	(3 951)	(46 743)	(49 476)

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2. Objectives and Programs (continued)

Income and Expenses by program for the year ended 30 June 2020

	NDIS and Disability Services*		Social Housing**		General / Not Attributable	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Income						
Appropriation	-	-	-	-	945 357	1 537 330
Fees and charges	14 652	17 054	-	-	-	16 278
Sales of goods and services	6 116	3 297	-	-	-	-
Commonwealth-sourced grants and funding	96 862	98 477	-	-	-	-
Interest	2	5	-	-	-	-
Resources received free of charge	2 792	3 181	-	-	-	-
Intra-government transfers	1 574	1 196	-	114	12 896	27 470
Other income	4 925	13 009	-	-	-	-
Total income	126 923	136 219	-	114	958 253	1 581 078
Expenses						
Employee benefits expenses	180 726	219 763	-	-	-	-
Supplies and services	58 158	183 194	-	-	-	-
Depreciation and amortisation	5 135	4 880	-	-	-	-
Grants and subsidies	6 055	134 582	-	834 088	-	-
NDIS Contributions	612 017	207 949	-	-	-	-
Net loss from disposal of property, plant and equipment	235	1 865	-	-	-	-
Borrowing costs	21	-	-	-	-	-
Cash alignment transfers	-	-	-	-	-	16 614
Other expenses	233	1 372	-	-	-	-
Total expenses	862 580	753 605	-	834 088	-	16 614
Net result	(735 657)	(617 386)	-	(833 974)	958 253	1 564 464

* The transition of all DHS disability clients to NDIS was completed during 2018-19

** Social Housing is only displayed for comparative purposes.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2. Objectives and Programs (continued)

Income and Expenses by program for the year ended 30 June 2020

	Total	
	2020	2019
	\$'000	\$'000
Income		
Appropriation	945 357	1 537 330
Fees and charges	18 731	35 304
Sales of goods and services	25 411	19 239
Commonwealth-sourced grants and funding	102 477	101 198
Interest	3	5
Resources received free of charge	4 165	4 713
Intra-government transfers	41 178	40 012
Other income	5 421	13 530
Total income	1 142 743	1 751 331
Expenses		
Employee benefits expenses	283 706	307 762
Supplies and services	96 214	211 784
Depreciation and amortisation	12 301	10 829
Grants and subsidies	81 212	1 030 920
NDIS Contributions	612 017	207 949
Net loss from disposal of property, plant and equipment	250	2 697
Borrowing costs	38	-
Cash alignment transfers	-	16 614
Other expenses	342	2 028
Total expenses	1 086 080	1 790 583
Net result	56 663	(39 252)

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.3. Impact of COVID-19 pandemic on the department

Although the COVID-19 pandemic impacted on areas of the department's service delivery and internal processes, it did not have a material impact on its financial statements. Where possible, impacts are identified under the relevant disclosure notes.

1.4. Changes to the department

Transferred in

As a result of administrative arrangements outlined in the Administrative Arrangement (Minister for Human Services) Proclamation 2019 23 May 2019 gazette, the Child and Family Intensive Support System (CFISS) became a business unit of DHS. Assets, rights and liabilities of the programs and services relating to this business unit were transferred from the Department of Education, effective 1 July 2019. In addition, the Public Sector (Reorganisation of Public Sector Operations) notice 2019, dated 27 June 2019 was gazetted which related to the employees transferring.

On transfer of CFISS, the department recognised the following assets and liabilities:

	CFISS \$'000	Total \$'000
Cash	158	158
Receivables	35	35
Total assets	193	193
Payables	734	734
Employee benefits	5 053	5 053
Other liabilities	2	2
Total liabilities	5 789	5 789
Total net assets transferred	(5 596)	(5 596)

Grant programs also transferred from the Department of Child Protection.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.5. Budget performance

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

Statement of Comprehensive Income	Note	Original budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
Income				
Appropriation		876 999	945 357	68 358
Fees and charges		12 968	18 731	5 763
Sales of goods and services		16 001	25 411	9 410
Commonwealth-sourced grants and funding		104 432	102 477	(1 955)
Interest		-	3	3
Resources received free of charge		-	4 165	4 165
Intra-government transfers		23 059	41 178	18 119
Other income		6 174	5 421	(753)
Total income		1 039 633	1 142 743	103 110
Expenses				
Employee benefits expenses		290 412	283 706	(6 706)
Supplies and services		78 758	96 214	17 456
Depreciation and amortisation		11 201	12 301	1 100
Grants and subsidies		67 879	81 212	13 333
NDIS contributions		608 286	612 017	3 731
Net loss from disposal of property, plant and equipment		-	250	250
Borrowing costs		-	38	38
Other expenses		5 579	342	(5 237)
Total expenses		1 062 115	1 086 080	23 965
Net result		(22 482)	56 663	79 145
Other comprehensive income				
Items that will not be reclassified to net result				
Changes in property, plant and equipment asset revaluation surplus		-	2 544	2 544
Total other comprehensive income		-	2 544	2 544
Total comprehensive result		(22 482)	59 207	81 689

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.5. Budget performance (continued)

		Original budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
Investing expenditure summary	Note			
Total new and existing projects		5 381	2 541	(2 840)
Total annual programs	a	1 771	2 168	397
Total investing expenditure		<u>7 152</u>	<u>4 709</u>	<u>(2 443)</u>

a) The total annual program was higher than original budget primarily due to the ongoing demand for disability equipment.

1.6. Significant transactions with government related entities

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

- Note 2.2 Business services with the SA Housing Authority
- Note 2.7 Intra-government transfers
- Note 4.1 Accommodation provided by the Department of Planning, Transport and Infrastructure.

2. Income

The existence of the department and the ongoing delivery of current programs and services is dependent on government policy and on continuing appropriation by Parliament.

Commonwealth-sourced grants and payments mainly relate to revenue from the DisabilityCare Australia Fund as a contribution towards NDIS expenditure.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.1. Appropriation

	2020 \$'000	2019 \$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act and other Acts</i>	945 357	1 537 330
Total appropriation	945 357	1 537 330

Appropriation is recognised on receipt. This table does not show appropriation in the form of a loan or an equity contribution. Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the department and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

The total appropriation consists of \$945.357 million (\$1 537.330 million) for operational funding, inclusive of \$8.383 million (\$6.122 million) for capital projects. The original amount appropriated to the department under the annual *Appropriation Act* was not varied. An additional \$68.358 million (\$470.165 million) was appropriated from the *Governor's Appropriation Fund*.

2.2. Fees and charges

	2020 \$'000	2019 \$'000
Recoveries	8 066	14 702
Client fees	6 630	7 406
Fees, fines and penalties	1 820	2 014
Business services *	1 213	9 100
Rent	946	1 969
Insurance recoveries	56	113
Total fees and charges	18 731	35 304

* Represents services provided to SA Housing Authority as per the Memorandum of Administrative Arrangements (MOAA), revenue is recognised when services are provided. All other revenue from fees and charges are recognised on receipt.

2.3. Sales of goods and services

All revenue from the sales of goods and services is revenue recognised from contracts with customers.

	2020 \$'000	2019 \$'000
Screening check fees	14 029	9 446
Domiciliary Equipment Services - minor equipment and home modifications	6 122	3 299
Interpreter and translator services	5 260	6 494
Total sales of goods and services	25 411	19 239

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.3. Sales of goods and services (continued)

Screening check fees

The department's screening unit provides checks of workers and volunteers to organisations, contributing to creating safe environments for children and other vulnerable people. Prices are set by the State Government, with volunteer checks provided free of charge.

Approximately 82% of requests are paid upon request and approximately 18% paid by account. Refunds may occasionally occur within a few days of the initial request, often due to a request relating to a current existing screening check.

After a request, the screening check is usually provided within three weeks, with the exception of a small number of checks that may require further investigation or are complex in nature. Under AASB 15, recognition occurs at the point that the screening check is provided.

Interpreter and translator services

The department's Interpreting and Translating Centre (ITC) provides interpreting and translating assignments to private and business clients from a wide range of cultural and linguistic backgrounds.

Base fee schedules are used to calculate each service request. In some instances, a service may change upon delivery. For example, an extension in translating is required at the time of providing the service and the quoted price may be adjusted. Under AASB 15, recognition occurs at the point in time of the service being provided.

Domiciliary Equipment Services - minor equipment and home modifications

Domiciliary Equipment Services (DES) provides minor equipment, equipment hire services and home modification services in South Australia. Equipment sales and home modification services are classified under AASB 15.

Set fee schedules exist for items of minor equipment and equipment items used in home modification services. This is used as a base to calculate an order. Under AASB 15, recognition occurs at the time the equipment is delivered or installed.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.4. Commonwealth-sourced grants and funding

	2020	2019
	\$'000	\$'000
DisabilityCare Australia Fund	72 704	70 560
Continuity of Support Programme	22 065	25 370
COVID-19 Domestic Violence Support	2 754	-
Commonwealth Home Support Programme	2 449	2 429
Residential Aged Care	2 363	2 400
Other	142	439
Total Commonwealth-sourced grants and funding	102 477	101 198

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

2.5. Interest

	2020	2019
	\$'000	\$'000
Cash and cash equivalents	3	5
Total interest	3	5

2.6. Resources received free of charge

	2020	2019
	\$'000	\$'000
Services received free of charge - Shared Services SA	4 165	4 713
Total resources received free of charge	4 165	4 713

Under AASB 1058 *Income of Not-for-Profit Entities*, the contribution of services provided by SSSA to government agencies are disclosed in the financial statements as income because the fair value of the services can be reliably measured, and the services would have been purchased if they had not been donated.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.7. Intra-government transfers

	2020	2019
	\$'000	\$'000
National Education Reform Agreement	19 288	-
DTF Contingency Fund - TVSP reimbursement	12 156	27 470
Community Development Fund	3 000	3 000
APY Lands Youth Programs and Family Services	2 293	2 369
DTF Contingency Fund - Other	740	-
Other grants from SA Government agencies	3 701	7 173
Total Intra-government transfers	41 178	40 012

Intra-government transfers are recognised on receipt.

2.8. Other income

	2020	2019
	\$'000	\$'000
DES NDIS hire charges	2 831	2 953
DES hire charges	1 577	1 872
Other*	1 013	8 705
Total other income	5 421	13 530

* The 2018-19 amounts include revenue received by Child Youth Services (CYS) which transferred to the non-government sector on 1 October 2018 and revenue received from the sale of ASSIST.

3. Board, committees and employees

The Chief Executive is responsible to the Premier and the department's Minister for supporting the achievement of the Government's objectives, the effective management of the department and the general conduct of its employees. A performance agreement, developed between the Chief Executive and Minister, outlines key agency leadership priorities and indicators of success for the financial year.

The Executive Leadership Team (ELT) is the principal governance and management body of DHS. ELT supports the Chief Executive to set and effectively monitor the strategic agenda, direction, governance, performance and culture of the department.

DHS board and committees are tasked with providing oversight and leadership of specific department responsibilities. This includes the Risk Management and Audit Committee which is responsible for overseeing risk management, internal controls, financial reporting, auditing and monitoring compliance with laws, policies and relevant codes of conduct, and reports to the Chief Executive.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.1. Key management personnel

Key management personnel of the department include:

- the Minister for Human Services
- Chief Executive
- Deputy Chief Executive
- Chief Financial Officer
- Executive Director, People, Strategy and Systems
- Group Executive Director, Disability and Reform Services
- Executive Director, NDIS Reform and Services
- Executive Director, Disability Services
- Executive Director, Youth Justice Services
- Director, Office for Women
- Director, Office of the Chief Executive
- Executive Director, Community and Family Services
- Chief Information Officer

Total compensation for key management personnel was \$4.795 million in 2019-20 and \$3.671 million in 2018-19.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Human Services receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

	2020	2019
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	3 336	2 421
Post-employment benefits	330	588
Termination benefits	633	531
Other long-term employment benefits	495	131
Total	4 794	3 671

Transactions with key management personnel and other related parties

Compensation of key management personnel is disclosed above. The department had no material transactions or balances and/or transactions outside normal day-to-day operations to disclose.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.2. Board and committee members

Members during the 2020 financial year were:

Risk Management and Audit Committee

C Mitchell	Chair	Appointed	5/06/2020		
M Patetsos	Chair	Appointed	25/07/2006	Resigned	19/02/2020
E Moran	Member	Appointed	20/05/2020		
Y Sneddon	Member	Appointed	13/03/2012	Resigned	19/02/2020
J King	Member	Appointed	17/12/2018		
N Ashley *	Member	Appointed	3/08/2018		
K Summers *	Member	Appointed	30/04/2019		

Premier's Council for Women

M A Silva	Chair	Reappointed	1/07/2019		
M Hagias	Deputy Chair	Reappointed	1/07/2019		
L Hallahan	Member	Reappointed	1/07/2019		
A Lee	Member	Reappointed	1/07/2019		
E O'Loughlin	Member	Reappointed	1/07/2019		
N Saunders *	Member	Reappointed	1/02/2020		
V Welgraven *	Member	Reappointed	1/07/2019		
S Mapuvire	Member	Appointed	1/07/2019		
L Tyler	Member	Appointed	1/07/2019		
J Danvers	Member	Appointed	1/07/2019		

State Emergency Relief Fund Committee

V Faggotter	Chair	Reappointed	1/04/2019		
B Grear *	Member	Reappointed	8/12/2019		
G Cornish *	Member	Reappointed	1/09/2019		
A Lloyd-Wright *	Member	Appointed	15/02/2018	Resigned	15/10/2019
L Houston *	Member	Reappointed	1/09/2019		
M Griffiths *	Member	Appointed	15/11/2019		
J Brayley *	Member	Appointed	13/01/2020		
A Loechel	Member	Appointed	13/01/2020		
N Day	Member	Appointed	13/01/2020		
D Waters	Member	Appointed	4/05/2020		
P Austin	Member	Appointed	27/01/2020		
J Sharkie	Member	Appointed	13/01/2020	Resigned	9/04/2020

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.2. Board and committee members (continued)

Gambling Advisory Committee

W Bevan	Chair	Appointed	27/12/2017		
C Carter	Member	Appointed	10/11/2017		
J Sleep	Member	Appointed	10/11/2017		
L Nguyen	Member	Appointed	19/10/2016	Resigned	18/10/2019

Grants SA Assessment Panel

E Carson	Chair	Reappointed	1/07/2019	Resigned	8/08/2019
P Maher *	Chair/Member	Appointed	1/07/2019		
J Stone	Member	Reappointed	1/07/2019	Resigned	30/06/2020
H Anstiss	Member	Reappointed	1/07/2019	Resigned	30/06/2020
H Nguyen	Member	Reappointed	1/07/2019	Resigned	30/06/2020

* In accordance with the Premier and Cabinet's Circular PC016 *Remuneration for Government Appointed Part-time Board and Committee*, government employees did not receive any remuneration for board/committee duties during the financial year.

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:

	2020	2019
\$0 - \$19 999	38	41
Total number of members	38	41

The total remuneration received or receivable by members was \$0.038 million (\$0.041 million). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

3.3. Employee benefits expenses

	2020	2019
	\$'000	\$'000
Salaries and wages	201 874	201 875
Employee on-cost - superannuation	21 274	21 881
Annual leave	20 040	20 956
Workers compensation	12 924	12 543
Employee on-cost - other	12 120	12 473
Targeted voluntary separation packages	11 941	26 800
Skills and experience retention leave	1 083	1 046
Eligible termination payments *	959	2 856
Long service leave	766	5 735
Other employee related expenses	630	1 131
Board and committee fees	79	59
Additional compensation	16	407
Total employee benefits expenses	283 706	307 762

* Includes incentive payments for CYS Mutual and ASSIST employees in 2018-19.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.3. Employee benefits expenses (continued)

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2020	2019
	No.	No.
\$151 000 - \$154 000*	N/A	-
\$154 001 - \$174 000	7	11
\$174 001 - \$194 000	7	9
\$194 001 - \$214 000	7	5
\$214 001 - \$234 000	5	1
\$234 001 - \$254 000	1	5
\$254 001 - \$274 000	2	4
\$274 001 - \$294 000	3	7
\$294 001 - \$314 000	5	9
\$314 001 - \$334 000	1	2
\$334 001 - \$354 000	-	6
\$354 001 - \$374 000	-	1
\$374 001 - \$394 000	1	-
\$414 001 - \$434 000	1	1
\$434 001 - \$454 000	-	1
\$454 001 - \$474 000	-	1
\$534 001 - \$554 000	1	-
\$1 274 001 - \$1 294 000	1	-
Total	42	63

* The \$151 000 to \$154 000 band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2018-19.

Total remuneration received by these employees for the year was \$11.099 million (\$16.000 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 fringe benefits tax paid or payable in respect of those benefits.

The total number of executives for 2020 are 28 (27) and non-executive are 14 (36).

Targeted voluntary separation packages

The number of employees who received a TVSP during the reporting period was 153 (345).

	2020	2019
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted voluntary separation packages	11 941	26 800
Leave paid to separated employees	7 786	8 805
Recovery from the Department of Treasury and Finance	(12 156)	(27 470)
Net cost to the department	7 571	8 135

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.4. Employee benefits liability

	2020	2019
	\$'000	\$'000
Current		
Annual leave	22 560	20 453
Long service leave	13 723	13 878
Accrued salaries and wages	13 490	37 171
Skills and experience retention leave	1 098	1 057
Total current employee benefits	50 871	72 559
Non-current		
Long service leave	31 006	34 782
Total non-current employee benefits	31 006	34 782
Total employee benefits	81 877	107 341

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.

Salary 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 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 in note 11.1.

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

Aside from employee expenses, NDIS contributions and supplies and services are DHS' largest expenditure categories. Under supplies and services, accommodation is the largest balance.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Accommodation	22 630	26 364
Information technology and communication charges	15 962	14 701
Contractors and agency staff	15 160	13 058
Client related expenses	5 507	5 887
Business services	5 622	6 214
Brokerage care services	3 766	115 140
Crimtrac history check fees	3 564	2 526
Minor equipment	3 425	4 896
Repairs and maintenance	2 406	3 201
Motor vehicles	2 192	3 945
Printing, stationery, postage and periodicals	1 185	1 441
Drugs and medical supplies	1 150	1 677
Travel and accommodation	1 074	1 231
Seminars, courses and training	1 065	1 195
Short term leases	824	-
Insurance	708	780
Consultants	550	1 730
Low-value leases	231	-
Other	9 193	7 798
Total supplies and services	96 214	211 784

Accommodation

Most of the department's accommodation is provided by the Department of Planning, Transport and Infrastructure under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of lease set out in AASB 16.

In prior years expenses associated with MoAA have been classified as operating lease payments. Expenses associated with MoAA have been re-classified as accommodation expenses for both the current year and the comparative. Further details about this re-classification is set out in note 9.1.

Consultants

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

	2020		2019	
	No.	\$'000	No.	\$'000
Below \$10 000	1	7	-	-
\$10 000 or above	10	543	14	1 730
Total	11	550	14	1 730

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.2. Depreciation and amortisation

	2020	2019
	\$'000	\$'000
Buildings	3 937	3 994
Computer software	2 661	2 446
Independent living equipment program	2 579	2 661
Right-of-use vehicles	1 283	-
Accommodation and leasehold improvements	971	1 162
Plant and equipment	571	538
Right-of-use buildings	251	-
Computing equipment	38	15
Motor vehicles	10	13
Total depreciation and amortisation	12 301	10 829

Right-of-use asset is a lessee's right to use an asset over the life of a lease, refer to note 9.1.

All non-current assets with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

The department did not revalue its controlled land and buildings during 2018-19. The Administered buildings were revalued in 2018-19. The department revalued its controlled land and buildings in 2019-20, the administered land and buildings were deemed to have an immaterial impact and were not processed.

Land and non-current assets held for sale are not depreciated.

Useful life

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

Class of asset	Useful life (years)
Buildings	1-50
Accommodation and leasehold improvements	Life of lease
Plant and equipment	3-15
Right-of-use property, plant and equipment	Lease term
Motor vehicles	3-5
Computer equipment	3-5
Computer software	1-5
Independent living equipment program (ILEP)	2-5

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected 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.

The department undertook a desktop valuation of land and buildings as at 30 June 2020. This resulted in a decrement to the value of land and an increment in buildings. Therefore, this has an impact on future depreciable value. The administered land and buildings valuation changes were deemed too immaterial to process.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.3. Grants and subsidies

Grants and subsidies by program	2020	2019
	\$'000	\$'000
Home and Community Care	21 451	27 330
Child and Family Support Grants	13 717	-
Family and Community Development	12 606	11 732
Adults With Chronic Conditions	5 578	5 490
Targeted Intervention and Family Preservation	4 951	-
Financial Hardship Programs	4 828	5 099
Information, Linkages and Capacity Building	3 234	-
Disability Grants	2 639	132 737
Aboriginal Community Benefit Grants	2 310	2 112
COVID-19 Domestic Violence Support	1 934	-
Youth Portfolio	1 289	1 297
Supported Residential Facilities	416	3 270
Grants to SAHT (Commonwealth and State Contribution)	-	834 169
NDIS Sector Development	-	220
Other	6 259	7 464
Total grants and subsidies	81 212	1 030 920

4.4. NDIS contributions

	2020	2019
	\$'000	\$'000
NDIS payments	612 017	207 949
Total NDIS contributions	612 017	207 949

The department makes payments to the National Disability Insurance Agency (NDIA) for the National Disability Insurance Scheme (NDIS) pursuant to the National Disability Insurance Act 2013 and in accordance with the Bilateral Agreement between the Commonwealth of Australia and the State of South Australia. South Australia's financial contribution is adjusted for transitional provisions including in-kind services that South Australia continue to provide to NDIS participants, cost of delay adjustments and invoice wash-up adjustments. There were also cash ceiling adjustments in 2018-19.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.5. Net loss from disposal of property, plant and equipment

	2020	2019
	\$'000	\$'000
Land and Buildings		
Proceeds from disposal	-	(16 775)
Less carrying amount of assets disposed	2	19 428
Net loss from disposal of land and buildings	<u>2</u>	<u>2 653</u>
Plant and equipment		
Proceeds from disposal	(28)	-
Less carrying amount of assets disposed	276	44
Net loss disposal of plant and equipment	<u>248</u>	<u>44</u>
Total property, plant and equipment		
Total proceeds from disposal	(28)	(16 775)
Less total carrying amount of assets disposed	278	19 472
Net loss disposal of plant and equipment	<u>250</u>	<u>2 697</u>

4.6. Borrowing costs

	2020	2019
	\$'000	\$'000
Interest expense on lease liabilities	38	-
Total borrowing costs	<u>38</u>	<u>-</u>

Borrowing costs are the results of implementation of AASB 16 *Leases* which represent the cost associated with financing the right-of-use asset, refer note 9.1.

4.7. Other expenses

	2020	2019
	\$'000	\$'000
Donated assets	7	5
Assets transferred at nil consideration *	-	1 656
Other	335	367
Total other expenses	<u>342</u>	<u>2 028</u>

* The transfer of \$1.656 million relates to the transfer of Lot 41, Parks that transferred to Department of Education in June 2019.

Other

Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* were \$0.322 million (\$0.328 million). No other services were provided by the Auditor-General's Department.

5. Non-financial assets

DHS assets are primarily made up of land and buildings, including the Adelaide Youth Training Centre – Kurlana Tapa buildings in Cavan. DHS also hold assets for the independent living equipment program (ILEP), which are specifically designed disability equipment managed by Domiciliary Equipment Services (DES).

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.1. Property, plant and equipment by asset class

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

	2020	2019
	\$'000	\$'000
Land and buildings		
Land at fair value	55 550	61 650
Buildings and improvements at fair value	93 426	101 362
Accumulated depreciation at the end of period	(4)	(12 884)
Total land and buildings	<u>148 972</u>	<u>150 128</u>
Accommodation and leasehold improvements		
Accommodation and leasehold improvements at fair value	13 259	14 568
Accumulated depreciation at the end of period	(11 910)	(12 290)
Total accommodation and leasehold improvements	<u>1 349</u>	<u>2 278</u>
Computing equipment		
Computing equipment at fair value	444	422
Accumulated depreciation at the end of period	(375)	(337)
Total computing equipment	<u>69</u>	<u>85</u>
Motor vehicles		
Motor vehicles at fair value	90	130
Accumulated depreciation at the end of period	(77)	(97)
Total motor vehicles	<u>13</u>	<u>33</u>
Independent living equipment program		
Independent living equipment program at fair value	20 031	21 305
Accumulated depreciation at the end of period	(14 106)	(14 570)
Total independent living equipment program	<u>5 925</u>	<u>6 735</u>
Other plant and equipment		
Other plant and equipment at fair value	7 269	6 809
Accumulated depreciation at the end of period	(3 332)	(3 013)
Total other plant and equipment	<u>3 937</u>	<u>3 796</u>
Right-of-use buildings		
Right-of-use buildings at cost	1 136	-
Accumulated depreciation at the end of period	(251)	-
Total right-of-use buildings	<u>885</u>	<u>-</u>
Right-of-use vehicles		
Right-of-use vehicles at cost	2 086	-
Accumulated depreciation at the end of period	(982)	-
Total right-of-use vehicles	<u>1 104</u>	<u>-</u>
Total property, plant and equipment	<u>162 254</u>	<u>163 055</u>

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.2. Property, plant and equipment owned by the department

Property, plant and equipment owned by the department with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed.

Property, plant and equipment owned by the department is recorded at fair value. Detail about the department's approach to fair value is set out in note 11.2.

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 and are subject to regular revaluation.

Reconciliation 2019-20

	Land	Buildings	Accommodation and leasehold improvements	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	61 650	88 478	2 278	152 406
Disposals	-	-	(3)	(3)
Revaluation increment / (decrement)	(6 100)	8 644	-	2 544
Depreciation and amortisation for the year	-	(3 937)	(971)	(4 908)
Transfers (to)/from works in progress	-	237	45	282
Carrying amount at 30 June 2020	55 550	93 422	1 349	150 321

Reconciliation 2018-19

	Land	Buildings	Accommodation and leasehold improvements	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	62 650	91 324	4 386	158 360
Disposals	-	-	(250)	(250)
Donated assets	(1 000)	(656)	-	(1 656)
Depreciation and amortisation for the year	-	(3 994)	(1 162)	(5 156)
Transfers (to)/from works in progress	-	1 804	-	1 804
Transfers (to)/from assets held for sale	-	-	(696)	(696)
Carrying amount at 30 June 2019	61 650	88 478	2 278	152 406

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.2. Property, plant and equipment owned by the department (continued)

Reconciliation 2019-20

	Computing equipment	Motor vehicles	Independent living equipment program	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	85	33	6 735	3 796	10 649
Additions	-	-	44	-	44
Disposals	-	(10)	(241)	(24)	(275)
Depreciation and amortisation for the year	(38)	(10)	(2 579)	(571)	(3 198)
Donated Assets	-	-	-	(7)	(7)
Transfers (to)/from works in progress	22	-	1 966	743	2 731
Carrying amount at 30 June 2020	69	13	5 925	3 937	9 944

Reconciliation 2018-19

	Computing equipment	Motor vehicles	Independent living equipment program	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	6	46	5 695	4 102	9 849
Additions	-	-	632	-	632
Disposals	-	-	(27)	(17)	(44)
Depreciation and amortisation for the year	(15)	(13)	(2 661)	(538)	(3 227)
Donated Assets	-	-	-	(4)	(4)
Transfers (to)/from works in progress	94	-	3 096	253	3 443
Carrying amount at 30 June 2019	85	33	6 735	3 796	10 649

Department of Human Services
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5.3. Property, plant and equipment leased by the department

Property, plant and equipment leased by the department is recorded at cost. There were no additions made to leased property, plant and equipment during 2019-20.

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:

- 333 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 can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.
- One lease is with the Royal Society for the Blind. The lease is for office accommodation, therapy rooms and display areas. DHS may terminate the lease at the completion of the second year of the lease term, with rental payments paid monthly. No contingent rental provisions exist within the lease agreement and no options exist to renew the lease at the end of its term.
- One lease is with the Marla & Districts Progress Association Inc. The lease is for office accommodation. DHS may terminate the lease by giving six weeks notice, with rental paid bi-annually. No contingent rental provisions exist within the lease agreement and there is one year of right of renewal at the end of its lease.
- One lease is with the Department of Planning, Transport and Infrastructure for office accommodation in Ceduna. DHS may terminate the lease by giving at least 28 days written notice, with rental payments paid monthly. No contingent rental provisions exist within the lease agreement and there is no right of renewal at the end of its lease.
- One lease is with Py Ky Aboriginal Corporation for house and land in the Anangu Pitjantjatjara Yankuntjatjara Lands within the Mimili Community. Rental is paid quarterly. No contingent rental provisions exist within the lease agreement and there is one year of right of renewal at the end of its lease.

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 11.3. 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.

5.4. Capital works in progress

	2020	2019
	\$'000	\$'000
Property, plant and equipment in progress at cost	3 223	3 066
Total capital works in progress	3 223	3 066

The following table shows the movement of capital works in progress:

	2020	2019
	\$'000	\$'000
Carrying amount at 1 July 2019	3 066	4 774
Purchases	4 837	6 523
Transfers to completed works	(4 512)	(7 295)
WIP adjustments	(168)	(936)
Carrying amount at 30 June 2020	3 223	3 066

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5.5. Intangible assets

	2020	2019
	\$'000	\$'000
Computer software		
Internally developed computer software	2 015	2 015
Accumulated amortisation	(1 615)	(1 095)
Purchased computer software	11 107	9 981
Accumulated amortisation	(8 646)	(6 878)
Total computer software	2 861	4 023

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 accumulated amortisation and any accumulated impairment losses.

The acquisition of internally developed software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

The internally developed computer software includes the Screening Assessment Management System (SAMS) online system with a remaining useful life of 1 year and a carrying amount of \$0.313 million. The purchased computer software includes the Screening Continuous Monitoring System (CMS) and the Concessions Cost of Living Information System (COLIN), with remaining useful lives of 3 and 2 years and carrying amounts of \$0.843 million and \$1.013 million respectively.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed.

The following table shows the movement of intangible assets.

	2020	2019
	\$'000	\$'000
Carrying amount at 1 July 2019	4 023	4 421
Transfers (to)/from works in progress	1 499	2 048
Amortisation	(2 661)	(2 446)
Carrying amount at 30 June 2020	2 861	4 023

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5.6. Inventories

Total current inventories as at 30 June 2020 is \$0.241 million (\$0.398 million).

Inventories held for distribution at no or nominal consideration are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Cost is assigned to land held for sale and to other high value, low volume inventory items on a specific identification of cost basis.

Cost for all other inventory is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

Cost of inventories

The cost recognised as an expense for raw materials and consumables is \$0.157 million.

6. Financial assets

6.1. Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer (Special deposit accounts)		
Operating Account	143 569	162 484
Other deposits	2 255	1 491
Total deposits with the Treasurer (Special deposit accounts)	<u>145 824</u>	<u>163 975</u>
Advance accounts	95	95
Cash on hand	5	5
Total cash and cash equivalents	<u>145 924</u>	<u>164 075</u>

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.

Deposits with the Treasurer includes an Accrual Appropriation Excess Funds account of \$98,704 million (\$90,111 million). Although the department controls the money in the Accrual Appropriation Excess Funds account, its use must be approved by the Treasurer. The department does not earn interest on its deposits with the Treasurer.

Cash alignment transfer

In 2018-19, DHS returned \$16.614 million to DTF for proceeds relating to the sale of assets classified as held for sale in line with the requirements of Premier and Cabinet Circular PC 114.

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6.2. Receivables

	2020	2019
	\$'000	\$'000
Current		
Trade receivables		
From non-SA government entities	3 304	11 258
From SA government entities	1 568	7 181
Less impairment loss on receivables	(67)	(870)
Total trade receivables	4 805	17 569
Recoveries for NDIS contributions	61 874	-
GST input tax recoverable	1 753	915
Prepayments	1 315	1 278
Accrued revenue	634	3 211
Overpaid salaries	489	582
Other receivables	111	128
Total current receivables	70 981	23 683
Non-current		
Other receivables	827	729
Total non-current receivables	827	729
Total receivables	71 808	24 412

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.

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.

Refer to note 11.3 for further information on risk management.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Allowance for impairment on receivables

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the period	870	1 418
Increase/(decrease) in the allowance recognised in profit or loss	(644)	(392)
Amounts written off	(159)	(156)
Carrying amount at the end of the period	67	870

All of the above impairment losses are from receivables arising from contracts with customers.

Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

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7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2020	2019
	\$'000	\$'000
Current		
Trade payables	8 697	5 907
Employment on-costs	6 121	5 700
Accrued expenses	6 601	16 885
Other	1 032	764
Total current payables	22 451	29 256
Non-current		
Employment on-costs	2 874	3 200
Total non-current payables	2 874	3 200
Total payables	25 325	32 456

Payables and accruals are raised for all amounts owing but unpaid. 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, refer note 6.2.

Employment on-costs

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

The department contributes 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.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2019 rate of 41% to 42% and the average factor for the calculation of employer superannuation on-costs has remained at 9.8%. These rates are used in the employment on-cost calculation. The impact of these changes is immaterial.

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7.2. Financial liabilities

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

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

	2020	2019
	\$'000	\$'000
Lease vehicle	762	-
Lease building and improvement	259	-
Total current lease liability	1 021	-
Lease vehicle	352	-
Lease building and improvement	625	-
Total non-current lease liability	977	-
Total lease liability	1 998	-

The relevant accounting policies can be found in notes 5.3 and 9.1.

7.3. Provisions

	2020	2019
	\$'000	\$'000
Current		
Workers compensation	7 366	5 994
Insurance	40	90
Additional compensation	20	51
Total current provisions	7 426	6 135
Non-current		
Workers compensation	24 397	21 630
Insurance	80	80
Additional compensation	1 483	2 038
Total non-current provisions	25 960	23 748
Total provisions	33 386	29 883

Department of Human Services
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7.3. Provisions (continued)

Reconciliation of insurance

The following table shows the movement of insurance during 2019-20:

	Public liability	Property	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	130	40	170
Increase to provision due to new claims	4	1	5
Reduction due to payments	(23)	-	(23)
Net revision of estimates	(11)	(21)	(32)
Carrying amount at the end of the period	100	20	120

The following table shows the movement of insurance during 2018-19:

	Public liability	Property	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	170	40	210
Increase to provision due to new claims	4	-	4
Reduction due to payments	(50)	-	(50)
Net revision of estimates	6	-	6
Carrying amount at the end of the period	130	40	170

Reconciliation of workers compensation

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the period	27 624	24 329
Increase to provision due to revision of estimates	12 925	12 083
Reduction due to payments	(8 786)	(8 788)
Carrying amount at the end of the period	31 763	27 624

Reconciliation of additional compensation

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the period	2 089	1 790
Increase/(decrease) to provision due to revision of estimates	(529)	351
Reduction due to payments	(57)	(52)
Carrying amount at the end of the period	1 503	2 089

A provision has been reported to reflect unsettled workers compensation and additional workers compensation claims. The workers compensation provision and additional workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2020 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation and enterprise bargaining agreements.

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.

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

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7.4. Other liabilities

	2020	2019
	\$'000	\$'000
Current		
Accommodation incentive	392	710
Unclaimed monies	193	245
Unearned revenue	-	1 895
Other liabilities	309	300
Total current other liabilities	894	3 150
Non-current		
Accommodation incentive	476	868
Total non-current other liabilities	476	868
Total other liabilities	1 370	4 018

8. Other disclosures

8.1. Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property, plant and equipment 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 ATO is classified as part of operating cash flows.

	2020	2019
	\$'000	\$'000
Leases		
Buildings	282	-
Vehicles	1 272	-
Total cash outflow for leases	1 554	-

Department of Human Services
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8.2. Cash flow (continued)

Cash flow reconciliation

	2020	2019
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	145 924	164 075
Balance as per the Statement of Cash Flows	145 924	164 075
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by/(used in) operating activities	(10 413)	(73 512)
Add / (less) non-cash Items		
Depreciation and amortisation expense of non-current assets	(12 301)	(10 829)
Accommodation incentive amortisation	(710)	1 426
Donated assets	(7)	(1 661)
Gain/loss on sale or disposal of non-current assets	(250)	(2 697)
Movement in assets and liabilities		
Increase/(decrease) in receivables	28 185	(34 614)
Increase/(decrease) in inventories	(157)	(23)
(Increase)/decrease in provisions	(3 503)	3 875
(Increase)/decrease in payables	26 522	93 445
(Increase)/decrease in employee benefits	30 517	(17 585)
(Increase)/decrease in financial liabilities	(1 998)	-
(Increase)/decrease in other liabilities	778	2 923
Net result	56 663	(39 252)

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9. Changes in accounting policy

9.1. AASB 16 Leases

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

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

- AASB 117 Leases only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 Leases applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position
- AASB 117 Leases resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 Leases largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

Impact on retained earnings

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

	<u>\$'000</u>
<u>Assets</u>	
Property, Plant and Equipment	2 796
<u>Liabilities</u>	
Financial Liability	<u>(2 796)</u>
Impact on opening retained earnings 1 July 2019 - AASB 16	<u>-</u>

The department disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$15.598 million under AASB 117.

The department has accommodation services provided by the Department of Planning, Transport and Infrastructure (DPTI) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies.

These MoAA do not meet the definition of lease set out either in AASB 16 or in the former standard AASB 117. Accordingly, the 2018-19 undiscounted operating lease commitments should have been disclosed as \$2.022 million under AASB 117. There is no material difference between the revised operating lease commitments when discounted and the financial liabilities recognised as at 1 July 2019. Additional building leases were recognised in 2019-20.

Commitments related to accommodation services provided by DPTI are included in Note 10.1 as expenditure commitments.

The misclassification did not impact on the Statement of Comprehensive Income or the Statement of Financial Position in prior years. This misclassification impacted items within the supplies and services expenses line. Note 4.1 applies the correct classification for both the current and comparative years.

Department of Human Services
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9.1. AASB 16 Leases (continued)

Accounting policies on transition

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

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.
- the initial measurement of lease liability was the present value of the remaining lease payments discounted using the relevant incremental borrowing published by the Department of Treasury and Finance rate as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 1.38%.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 June 2020, except for vehicles leased from SAFA.

Ongoing accounting policies

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

- AASB 16 is not applied to leases of intangible assets.
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less.
- the Department, in the capacity of a lessee, does not include non-lease components in lease amounts.
- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable the public authority to further its objectives.
- right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relate to the application of AASB 16 are disclosed under relevant notes and are referenced at note 5.3.

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9.2. Revenue standards

AASB 15 Revenue from Contracts with Customers

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

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations, and applies to all revenue arising from contracts with customers.

Impact on retained earnings

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

Accounting policies on transition

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

- applied the standard retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application
- has not applied the completed contracts practical expedient.

2019-20 impacts on the financial statements are explained below together with impacts from adoption of AASB 1058 *Income of Not-for-Profit Entities*.

Ongoing accounting policies

The *Treasurer's Instructions (Accounting Policy Statements)* specify the requirements for public authorities in applying AASB 15. The department has adopted the approach of applying AASB 15 to a portfolio contracts with similar characteristics.

Significant accounting policies relating to the application of AASB 15 are disclosed under the relevant notes.

AASB 1058 Income of Not-for-Profit Entities

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

Accounting policies on transition

On transition, there was \$1.870 million equity adjustment to retained earnings due to the implementation of the new AASB 1058 *Income of Not-for-Profit Entities*. Refer to the table below for the changes of the effect.

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9.2. Revenue standards (continued)

Effects on financial statements from AASB 15 and AASB 1058

Statement of Comprehensive Income

for the year ended 30 June 2020

	As reported	Adjustments	Adjustments	Balances without adoption of AASB 15 & 1058
	\$'000	AASB 15 \$'000	AASB 1058 \$'000	\$'000
Income				
Commonwealth-sourced grants and funding	102 477	-	1 870	104 347
Total income	102 477	-	1870	104 347

Statement of Financial Position

There were no impacts on the Statement of Financial Position for the year ended 30 June 2020.

9.3. Presentation of Financial Statements

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the department. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

The following tables show the effect of adopting AASB 15 and AASB 1058 on the department's financial statements for the year ending 30 June 2020. Note that the only change that impacts the financial statements relates to the presentation of the revenue balances, no treatment changes were required following the change in accounting standards.

Income category	2019-20		2018-19	
	Note	Note line	Note	Note line
Screening check fees	2.3 Sales of Goods and Services	Screening check fees	4.2 Fees and Charges	Fees, fines and penalties
Interpreting and translating services		Interpreting and translating services		Other revenue
Domiciliary Equipment Services - Home modifications		Domiciliary Equipment Services - Minor equipment and home modifications	4.7 Other Income	Minor equipment
Domiciliary Equipment Services - Minor equipment				NDIS Revenue
Domiciliary Equipment Services - NDIS Revenue (home modifications and minor equipment)				

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10. Outlook

10.1. Unrecognised contractual commitments

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

Capital commitments

	2020	2019
	\$'000	\$'000
Within one year	75	-
Total capital commitments	75	-

The department's capital commitments are for management of the eLogging system for Youth Justice, by providing resources for business analysis, project management and project assurance.

Expenditure commitments

	2020	2019
	\$'000	\$'000
Within one year	6 585	5 838
Later than one year but not longer than five years	4 828	6 233
Later than five years	1 126	1 505
Total expenditure commitments	12 539	13 576

The department's expenditure commitments are for agreements for memoranda of administrative arrangements with the Department of Planning, Transport and Infrastructure for accommodation.

Operating lease commitments

	2020	2019
	\$'000	\$'000
Within one year	-	1 432
Later than one year but not longer than five years	-	590
Total operating lease commitments	-	2 022

Operating lease commitments is provided for the comparative year only as AASB 16 Leases does not distinguish between operating and finance leases for the lessee. The comparative amount does not include commitments for memoranda of administrative arrangements with the department of Planning, Transport and Infrastructure for accommodation. This has been reclassified and included under expenditure commitments. For more detail about the reclassification see 9.1.

10.2. 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 has investigated and there are no contingent assets or liabilities for 2019-20.

Department of Human Services
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10.3. COVID-19 pandemic outlook for the department

At this stage, with the current levels of COVID-19 in the South Australian community, the department does not expect its financial position to be materially impacted in 2020-21 due to the COVID-19 pandemic.

10.4. Impact of standards not yet effective

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

AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 prescribes the accounting for certain arrangements in which an operator provides public services on behalf of a public sector grantor involving a service concession arrangement. This standard applies to reporting periods beginning on or after 1 January 2020. The department has assessed its arrangements where operators provide services and has concluded that none of these will be within the scope of AASB 1059.

10.5. Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2020 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2020. Note disclosure is made about events between 30 June 2020 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2020 and which may have a material impact on the results of subsequent years.

Effective 1 July 2020, the State Recovery Office is transferring out to the Department of the Premier and Cabinet.

11. Measurement and risk

11.1. 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 wages levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 (1.25%) to 2020 (0.75%).

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

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$3.636 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The long service leave split between current and non-current is based on the department actuarial assessment which uses historical leave history to determine an estimate for amounts to be paid within the next 12 months.

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Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.2. 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 principal or most advantageous market, at the measurement date.

Initial recognition

Non-current tangible assets owned by the department are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

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

Revaluation

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

The revaluation process is reviewed by the department each year.

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 million and estimated useful life is greater than three years.

A full site revaluation is undertaken on a regular cycle every five years. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset class 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 revaluation:

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

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

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 2019, 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.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.2. Fair value (continued)

Fair value measurements at 30 June 2020

		Level 2	Level 3	Total
Recurring fair value measurements	Note	\$'000	\$'000	\$'000
Land	5.1	55 550	-	55 550
Buildings	5.1	27 802	65 620	93 422
Accommodation improvements	5.1	-	1 349	1 349
Other	5.1	-	9 944	9 944
Total recurring fair value measurements		83 352	76 913	160 265
Total fair value measurements		83 352	76 913	160 265

Fair value measurements at 30 June 2019

		Level 2	Level 3	Total
Recurring fair value measurements	Note	\$'000	\$'000	\$'000
Land	5.1	61 650	-	61 650
Buildings	5.1	25 376	63 102	88 478
Accommodation improvements	5.1	-	2 278	2 278
Other	5.1	-	10 649	10 649
Total recurring fair value measurements		87 026	76 029	163 055
Total fair value measurements		87 026	76 029	163 055

Land and buildings

The department's land and buildings were subject to a full site revaluation as at 30 June 2016. The professional valuer engaged to perform the independent valuations was Mrs Brooke Parish, API Certified Practising Valuer (Property). Australian Valuation Solutions Pty Ltd.

An independent desktop valuation of land and buildings was performed in June 2020 by a Certified Practising Valuer from Jones Long LaSalle Public Sector Valuations Pty Ltd (JLL) as at 30 June 2020. The results of the valuation were considered to have an immaterial impact on the department's assets with the exception to controlled land and buildings. All valuations relating to Administered Items were considered immaterial and were not processed.

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, adjustments were applied to reflect the restriction.

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.

Plant and equipment

All items of plant and equipment had a fair value at the time of acquisition less than \$1 million and had an estimated useful life of less than three years. Plant and equipment have not been revalued in accordance with APS 116.D. The carrying values of these items are deemed to approximate fair value.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.2. Fair value (continued)

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

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

2020	Leasehold		
	Buildings	improvements	Other
	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	63 102	2 278	10 649
Acquisitions	-	-	44
Donated Assets	-	-	(7)
Disposals	-	(3)	(275)
Transfers (to)/from work in progress	-	45	2 731
Gains/(losses) for the period recognised in net result:			
Revaluation increment/(decrement)	4 429	-	-
Depreciation	(1 911)	(971)	(3 198)
Total gains/(losses) recognised in net result	2 518	(971)	(3 198)
Carrying amount at the end of the period	65 620	1 349	9 944

2019	Leasehold		
	Buildings	improvements	Other
	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	64 949	4 386	9 849
Acquisitions	-	-	632
Donated Assets	-	-	(4)
Disposals	-	(250)	(44)
Disposal through administrative restructures	-	(696)	-
Transfer between asset classes	65	-	3 443
Gains/(losses) for the period recognised in net result:			
Depreciation	(1 912)	(1 162)	(3 227)
Total gains/(losses) recognised in net result	(1 912)	(1 162)	(3 227)
Carrying amount at the end of the period	63 102	2 278	10 649

11.3. Financial instruments

Financial risk management

Departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

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 1.5 and 2.1 for further information.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.3. Financial instruments (continued)

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 comprises of 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 losses \$'000
Current (not past due)	1 872	-	-
1 - 30 days past due	90	1.41%	1
31 - 60 days past due	98	2.21%	2
61 - 90 days past due	64	3.39%	2
More than 90 days past due	1 179	5.24%	62
Loss allowance			67

Loss rates are based on actual history of credit loss. 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.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.3. Financial instruments (continued)

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the department and a failure to make contractual payments for a period of greater than 180 days past due.

Receivables with a contractual amount of \$0.159 million written off during the year are still subject to enforcement activity.

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

Market risk

The department does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. The department does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in Treasurer's Instruction 23 *Management of Foreign Currency Exposures*.

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

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 carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these balances (refer to note 7.1 and 6.2).

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.3. Financial instruments (continued)

The department measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2020 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	6.1	145 924	145 924	-	-
Receivables	6.2	68 740	67 913	827	-
Total financial assets		214 664	213 837	827	-
Financial liabilities					
Payables	7.1	16 008	16 008	-	-
Financial lease liability	7.2	1 998	1 021	977	-
Total financial liabilities		18 006	17 029	977	-

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2019 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	6.1	164 075	164 075	-	-
Receivables	6.2	22 219	21 490	729	-
Total financial assets		186 294	185 565	729	-
Financial liabilities					
Payables	7.1	23 254	23 254	-	-
Total financial liabilities		23 254	23 254	-	-

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.

**Department of Human Services
(DHS)**

Administered Financial Statements

For the year ended 30 June 2020

Department of Human Services
Statement of Administered Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Administered income			
Appropriation		191 212	184 530
Grants and contributions		14 261	10 639
Fees and charges		438	491
Interest		165	322
Client Trust receipts		11 329	11 606
Donations		6 958	-
Other income		502	379
Total administered income		224 865	207 967
Administered expenses			
Employee benefits expenses		366	372
Supplies and services		1 927	1 707
Depreciation and amortisation		2 695	2 534
Grants, subsidies and client payments	A2.1	207 148	190 215
Client Trust payments		11 508	11 945
Donations and charity		5 810	100
Cash alignment transfers		3 100	-
Total administered expenses		232 554	206 873
Net result		(7 689)	1 094
Other comprehensive income			
Net gain/(loss) on revaluation of property, plant and equipment		-	3 072
Total other comprehensive income		-	3 072
Total comprehensive result		(7 689)	4 166

The accompanying notes form part of these financial statements

Department of Human Services
Statement of Administered Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Administered current assets			
Cash and cash equivalents	A4.1	66 773	74 294
Receivables		110	39
Total current assets		66 883	74 333
Administered non-current assets			
Property, plant and equipment	A3.1	22 715	25 409
Investment property	A3.3	1 400	1 400
Intangible assets	A3.4	-	1
Total non-current assets		24 115	26 810
Total assets		90 998	101 143
Administered current liabilities			
Payables		8 036	10 485
Employee benefits		-	7
Total current liabilities		8 036	10 492
Total liabilities		8 036	10 492
Net assets		82 962	90 651
Administered equity			
Retained earnings		52 407	60 096
Asset revaluation surplus		30 555	30 555
Total equity		82 962	90 651

The accompanying notes form part of these financial statements.

Department of Human Services
Statement of Administered Cash Flows
as at 30 June 2020

		2020	2019
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Appropriation		191 212	184 530
Fees and charges		438	492
Grants and contributions		14 261	10 639
Interest received		165	322
Client Trust receipts		11 329	11 606
Donations		6 958	-
Other income		502	379
Cash generated from operations		<u>224 865</u>	<u>207 968</u>
Cash outflows			
Employee benefits payments		(373)	(366)
Concessions		(177 689)	(156 533)
Grants, subsidies and client payments		(32 967)	(34 403)
Payments for supplies and services		(940)	(948)
Client Trust payments		(11 507)	(11 955)
Donations and charity		(5 810)	(100)
Cash alignment transfers		(3 100)	-
Cash used in operations		<u>(232 386)</u>	<u>(204 305)</u>
Net cash provided by / used in operating activities	A5.1	<u>(7 521)</u>	<u>3 663</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		-	(11)
Cash used in investing activities		<u>-</u>	<u>(11)</u>
Net cash provided by / used in investing activities		<u>-</u>	<u>(11)</u>
Net increase / (decrease) in cash and cash equivalents		<u>(7 521)</u>	<u>3 652</u>
Cash and cash equivalents at the beginning of the period		74 294	70 642
Cash and cash equivalents at the end of the period	A4.1	<u>66 773</u>	<u>74 294</u>

The accompanying notes form part of these financial statements.

Department of Human Services
Disaggregated Administered Statement of Comprehensive Income
for the year ended 30 June 2020

	Gambler's Rehabilitation Fund		Charitable Social Welfare Fund		Home for Incurables Trust		Disability Services Donations and Bequests	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Administered income								
Appropriation	520	444	-	-	-	-	-	-
Grants and contributions	6 373	6 355	4 000	4 000	-	-	-	-
Fees and charges	12	84	61	53	286	332	-	-
Interest	8	17	-	-	27	52	1	3
Client Trust receipts	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Other income	382	378	115	-	-	1	-	-
Total administered income	7 295	7 278	4 176	4 053	313	385	1	3
Administered expenses								
Employee benefits expenses	-	-	-	-	-	-	-	-
Supplies and services	1 556	1 216	150	130	190	223	1	-
Depreciation and amortisation	1	4	-	-	2 694	2 530	-	-
Grants, subsidies and client payments	5 304	6 084	3 943	3 573	-	496	-	-
Client Trust payments	-	-	-	-	-	-	-	-
Donations and charity	-	-	-	-	-	-	4	80
Cash alignment transfers	-	-	-	-	-	-	-	-
Total administered expenses	6 861	7 304	4 093	3 703	2 884	3 249	5	80
Net result	434	(26)	83	350	(2 571)	(2 864)	(4)	(77)

Department of Human Services
Disaggregated Administered Statement of Comprehensive Income
for the year ended 30 June 2020

	Supported Residential Facilities Indemnity Fund		Client Trust Accounts		Minister's Salary		Health and Aged Care Services Donations and Bequests	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Administered income								
Appropriation	-	-	-	-	374	365	-	-
Grants and contributions	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-
Interest	-	1	122	239	-	-	3	8
Client Trust receipts	-	-	11 329	11 606	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
Total administered income	-	1	11 451	11 845	374	365	3	8
Administered expenses								
Employee benefits expenses	-	-	-	-	366	372	-	-
Supplies and services	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-	-	-
Grants, subsidies and client payments	-	-	-	-	-	-	-	-
Client Trust payments	-	-	11 508	11 945	-	-	-	-
Donations and charity	-	-	-	-	-	-	16	20
Cash alignment transfers	-	-	-	-	-	-	-	-
Total administered expenses	-	-	11 508	11 945	366	372	16	20
Net result	-	1	(57)	(100)	8	(7)	(13)	(12)

Department of Human Services
Disaggregated Administered Statement of Comprehensive Income
for the year ended 30 June 2020

	Concessions		Community Service Obligations		State Emergency Relief Fund		Consumer Advocacy & Research Fund	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Administered income								
Appropriation	165 117	161 343	20 333	19 646	2 000	-	-	-
Grants and contributions	3 600	-	-	-	-	-	288	284
Fees and charges	-	-	-	-	-	-	-	3
Interest	-	-	-	-	4	2	-	-
Client Trust receipts	-	-	-	-	-	-	-	-
Donations	-	-	-	-	6 958	-	-	-
Other income	-	-	-	-	5	-	-	-
Total administered income	168 717	161 343	20 333	19 646	8 967	2	288	287
Administered expenses								
Employee benefits expenses	-	-	-	-	-	-	-	-
Supplies and services	2	-	-	-	-	-	28	138
Depreciation and amortisation	-	-	-	-	-	-	-	-
Grants, subsidies and client payments	174 183	155 810	19 660	18 995	-	-	322	339
Client Trust payments	-	-	-	-	-	-	-	-
Donations and charity	-	-	-	-	5 790	-	-	-
Cash alignment transfers	3 100	-	-	-	-	-	-	-
Total administered expenses	177 285	155 810	19 660	18 995	5 790	-	350	477
Net result	(8 568)	5 533	673	651	3 177	2	(62)	(190)

Department of Human Services
Disaggregated Administered Statement of Comprehensive Income
for the year ended 30 June 2020

	Personal Alert Systems Rebate Scheme		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Administered income				
Appropriation	2 868	2 732	191 212	184 530
Grants and contributions	-	-	14 261	10 639
Fees and charges	79	19	438	491
Interest	-	-	165	322
Client Trust receipts	-	-	11 329	11 606
Donations	-	-	6 958	-
Other income	-	-	502	379
Total administered income	2 947	2 751	224 865	207 967
Administered expenses				
Employee benefits expenses	-	-	366	372
Supplies and services	-	-	1 927	1 707
Depreciation and amortisation	-	-	2 695	2 534
Grants, subsidies and client payments	3 736	4 918	207 148	190 215
Client Trust payments	-	-	11 508	11 945
Donations and charity	-	-	5 810	100
Cash alignment transfers	-	-	3 100	-
Total administered expenses	3 736	4 918	232 554	206 873
Net result	(789)	(2 167)	(7 689)	1 094

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

Department of Human Services
Notes to and forming part of the Administered financial statements
for the year ended 30 June 2020

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Department of Human Services
Notes to and forming part of the Administered financial statements
for the year ended 30 June 2020

A1. About the Department of Human Services

A1.1 Basis of preparation

The basis of preparation for the administered financial statements is the same as the basis outlined in note 1.1. The department applies the same accounting policies to the administered financial statements as set out in the notes to the department's financial statements.

A1.2 Impact of COVID-19 pandemic on the department

The COVID-19 pandemic impacted on some activities administered by the department, in particular, the department was required to administer additional payments for Cost of Living concessions and the International Student Support Package to assist individuals affected by COVID-19, refer to note A2.2. These additional payments had a material impact on the financial statements of the department's Administered Items.

A1.3 Objectives/activities of the department's administered items

The department's administered items are structured to contribute to the thirteen main activities, these are:

- Client Trust Accounts
- Charitable and Social Welfare Fund
- Community Service Obligations
- Concessions
- Consumer Advocacy & Research Fund
- Disability Services Donations and Bequests
- Gambler's Rehabilitation Fund
- Health and Aged Care Services Donations and Bequests
- Home for Incurables Trust
- Minister's Salary
- Personal Alert Systems Rebate Scheme
- State Emergency Relief Fund
- Supported Residential Facilities Indemnity Fund

Department of Human Services
Notes to and forming part of the Administered financial statements
for the year ended 30 June 2020

A1.4 Budget performance

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

	Original budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
Statement of Comprehensive Income			
Administered income			
Appropriation	191 207	191 212	5
Grants and contributions	10 665	14 261	3 596
Fees and charges	508	438	(70)
Interest	348	165	(183)
Client Trust receipts	11 737	11 329	(408)
Donations	-	6 958	6 958
Other income	399	502	103
Total administered income	214 864	224 865	10 001
Administered expenses			
Employee benefits expenses	369	366	(3)
Supplies and services	1 250	1 927	677
Depreciation and amortisation	2 497	2 695	198
Grants, subsidies and client payments	201 280	207 148	5 868
Client Trust payments	11 987	11 508	(479)
Donations and charity	-	5 810	5 810
Cash alignment transfers	-	3 100	3 100
Total administered expenses	217 383	232 554	15 171
Net result	(2 519)	(7 689)	(5 170)
Total comprehensive result	(2 519)	(7 689)	(5 170)

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses. There are no variances that exceeds both thresholds.

Department of Human Services
Notes to and forming part of the Administered financial statements
for the year ended 30 June 2020

A2. Expenses

A2.1 Grants, subsidies and client payments

		2020	2019
	Note	\$'000	\$'000
Gamblers Rehabilitation		5 304	6 084
Charitable Social Welfare Fund		3 943	3 573
Home for Incurables Trust		-	496
Concessions	A2.2	174 183	155 810
Community Service Obligations *		19 660	18 995
Personal Alert Systems Rebate Scheme		3 736	4 918
Consumer Advocacy & Research Fund		322	339
Total grants, subsidies and client payments		207 148	190 215

* Community Service Obligations are paid to help South Australian community organisations (for example, charities). Under the Water Industry Act 2012 and Sewerage Act 1929, Community Service Obligations are paid for water and sewerage concessions.

A2.2 Concessions

	2020	2019
	\$'000	\$'000
Water and sewerage rates	52 582	51 357
Cost of Living *	46 191	32 641
Energy	41 815	40 478
Transport	30 132	29 317
International Student Support Package *	1 445	-
Emergency electricity payments	319	367
Other	1 699	1 650
Total concessions	174 183	155 810

* As part of the State Government's response to COVID-19, \$9.588 million was paid as part of the Cost of Living Concession for a \$500 once-off boost to individuals who were unemployed or lost their jobs as a result of COVID-19. In addition, the International Student Support Package was established to provide emergency cash grants to international students currently living in Adelaide who have been impacted by COVID-19.

Department of Human Services
Notes to and forming part of the Administered financial statements
for the year ended 30 June 2020

A3. Non-financial assets

A3.1 Property, plant and equipment by asset class

	2020	2019
	\$'000	\$'000
Land and buildings		
Land at fair value	11 250	11 250
Buildings and improvements at fair value	12 002	12 002
Accumulated depreciation - buildings and improvements	(2 423)	-
Carpark at fair value	12	12
Accumulated depreciation - carpark	(12)	(12)
Total land and buildings	<u>20 829</u>	<u>23 252</u>
Plant and equipment		
Plant and equipment at cost (deemed fair value)	2 873	2 873
Accumulated depreciation	(987)	(716)
Total plant and equipment	<u>1 886</u>	<u>2 157</u>
Total property, plant and equipment	<u><u>22 715</u></u>	<u><u>25 409</u></u>

An independent desktop valuation of land and buildings was performed as at 30 June 2019 and 30 June 2020. The results of the 2018-19 revaluation were processed for Administered buildings as they were deemed to have a material impact. There was no material impact from the 2019-20 revaluation.

A3.2 Property, plant and equipment owned by the department

The following table shows the movement of land, buildings and improvements and plant and equipment during 2019-20:

	Land	Buildings and improvements	Plant and equipment	Total
2020	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of period	11 250	12 002	2 157	25 409
Depreciation	-	(2 423)	(271)	(2 694)
Carrying amount at the end of period	<u>11 250</u>	<u>9 579</u>	<u>1 886</u>	<u>22 715</u>

The following table shows the movement of land, buildings and improvements and plant and equipment during 2018-19:

	Land	Buildings and improvements	Plant and equipment	Total
2019	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of period	11 250	11 189	2 378	24 817
Transfers from capital works in progress	-	-	50	50
Depreciation	-	(2 259)	(271)	(2 530)
Net revaluation increment/(decrement)	-	3 072	-	3 072
Carrying amount at the end of period	<u>11 250</u>	<u>12 002</u>	<u>2 157</u>	<u>25 409</u>

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A3.3 Investment property

	2020	2019
	\$'000	\$'000
Investment building	600	600
Fair value at the end of the period	600	600
	2020	2019
	\$'000	\$'000
Investment land	800	800
Fair value at the end of the period	800	800
Total investment property at the end of the period	1 400	1 400

The investment property is held to earn rental income and/or for capital appreciation. The investment property is initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the department.

Subsequent to initial recognition at cost, the investment property is revalued to fair value with changes in the fair value recognised as income or expense in the period that they arise. An independent desktop valuation of the investment property was performed at 30 June 2020. The results of the valuation were considered to have an immaterial impact and were not processed. The investment property is not depreciated however is tested for impairment.

Rental income from the leasing of the investment property is recognised in the Statement of Comprehensive Income as part of other revenue, on a straight line basis over the lease term.

The following table shows the movement of investment property during 2019-20:

	Investment land	Investment building	Total
	\$'000	\$'000	\$'000
2020			
Carrying amount at the beginning of the period	800	600	1 400
Carrying amount at the end of the period	800	600	1 400

The following table shows the movement of investment property during 2018-19:

	Investment land	Investment building	Total
	\$'000	\$'000	\$'000
2019			
Carrying amount at the beginning of the period	800	600	1 400
Carrying amount at the end of the period	800	600	1 400

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A3.4 Intangible assets

	2020	2019
	\$'000	\$'000
Purchase computer software	40	40
Accumulated amortisation	(40)	(39)
Total intangible assets	-	1

The following table shows the movement in intangible assets:

	Computer software	Total
	\$'000	\$'000
2020		
Carrying amount at the beginning of period	1	1
Amortisation	(1)	(1)
Carrying amount at the end of period	-	-

	Computer software	Total
	\$'000	\$'000
2019		
Carrying amount at the beginning of period	5	5
Amortisation	(4)	(4)
Carrying amount at the end of period	1	1

A.4. Financial assets

A4.1 Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Special deposit account with the Treasurer	50 985	58 473
Deposit account with SAFA	15 220	14 725
Other deposits	568	1 096
Total cash and cash equivalents	66 773	74 294

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A5. Other disclosures

A5.1 Cash flow reconciliation

	2020	2019
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	66 773	74 294
Balance as per the Statement of Cash Flows	66 773	74 294
Reconciliation of net cash provided by / (used in) operating activities to net result		
Net cash provided by/(used in) operating activities	(7 521)	3 663
Add / less non-cash Items		
Depreciation and amortisation	(2 695)	(2 534)
Movement in assets and liabilities		
Increase/(decrease) in receivables	71	9
(Increase)/decrease in payables	2 449	(37)
(Increase)/decrease in employee benefits	7	(7)
Net result	<u>(7 689)</u>	<u>1 094</u>

A5.2 Client Trust accounts

The department acts as trustee of client trust accounts, including clients of the former Intellectual Disability Services Council Incorporated (IDSC) and the former Julia Farr Services (JFS). These amounts cannot be used by the department to achieve its own objectives, and accordingly are not included in the controlled financial statements. Client Trust receipts include interest revenue of \$0.122 million (2019: \$0.239 million).

	2020	2019
	\$'000	\$'000
Opening balance at the beginning of the period	13 751	13 851
Add receipts	11 451	11 845
Less expenses	(11 508)	(11 945)
Closing balance at the end of the period	<u>13 694</u>	<u>13 751</u>

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A5.3 Disability Services donations and bequests

The department receives and administers donations and bequests held by Disability Services. Both donations and bequests must be used to benefit the community and public and cannot be used by the department to achieve its own objectives.

	2020	2019
	\$'000	\$'000
Opening balance at the beginning of the period	180	257
Add receipts	1	3
Less expenses	(5)	(80)
Closing balance at the end of the period	176	180

A5.4 Health and Aged Care Services donations and bequests

Donations and bequests must be used to benefit the community and public and cannot be used by the department to achieve its own objectives.

	2020	2019
	\$'000	\$'000
Opening balance at the beginning of the period	551	563
Add receipts	3	8
Less expenses	(16)	(20)
Closing balance at the end of the period	538	551

A5.5 Consumer Advocacy & Research Fund

The Consumer Advocacy & Research Fund (the Fund) was established under the *Water Industry Act 2012* part 10, section 87. The Fund commenced on 1 July 2012 and supports research or advocacy that promotes the interests of consumers with a disability, on a low income or located in a regional area of the state.

	2020	2019
	\$'000	\$'000
Opening balance at the beginning of the period	235	425
Add receipts	288	287
Less expenses	(350)	(477)
Closing balance at the end of the period	173	235

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A5.6 State Emergency Relief Fund

The State Emergency Relief Fund (the Fund) is established as part of the *Emergency Management Act 2004*. The Fund's main purpose is to provide financial support for the relief of persons who suffer injury, loss or damage as a result of a declared emergency within South Australia. In December 2019, the South Australian Government launched the SA Bushfire Appeal to raise funds for people directly affected by the bushfires in Cuddlee Creek. In January 2020, the South Australian Government Gazette expanded the appeal to include the Kangaroo Island bushfires.

	2020	2019
	\$'000	\$'000
Opening balance at the beginning of the period	70	68
Add receipts	8 967	2
Less expenses	(5 790)	-
Closing balance at the end of the period	3 247	70

Appropriation and public donations were received during 2019-20 for the SA Bushfire Appeal. Funds will continue to be distributed throughout 2020-21 to those affected by the bushfires.

A5.7 Supported Residential Facilities Indemnity Fund

	2020	2019
	\$'000	\$'000
Opening balance at the beginning of the period	50	49
Add receipts	-	1
Closing balance at the end of the period	50	50

This note has been prepared to meet the requirements of section 56 (11) of the *Supported Residential Facilities Act 1992* in reporting upon the operations of the Supported Residential Facilities Indemnity Fund (the Fund).

A6. Measurement and risk

A6.1 Fair value

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

Fair value measurements recognised in the Statement of Financial Position are categorised into three levels.

The department had no valuations categorised into level 1.

There have been no transfers of assets between level 2 and 3 fair value hierarchy levels in 2020 or 2019. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

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A6.1 Fair value (continued)

Fair value measurement as at 30 June 2020

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land	11 250	-	11 250
Buildings	9 579	-	9 579
Plant and equipment	-	1 886	1 886
Investment property	1 400	-	1 400
Total recurring fair value measurements	22 229	1 886	24 115
Total fair value measurements	22 229	1 886	24 115

Fair value measurement as at 30 June 2019

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land	11 250	-	11 250
Buildings	12 002	-	12 002
Plant and equipment	-	2 157	2 157
Investment property	1 400	-	1 400
Total recurring fair value measurements	24 652	2 157	26 809
Total fair value measurements	24 652	2 157	26 809

Valuation techniques and inputs

There were no changes in valuation techniques during 2019-20.

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

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

	Plant and equipment
	\$'000
Opening balance at the beginning of the period	2 157
Gains/(losses) for the period recognised in net result:	
Depreciation	(271)
Total gains/(losses) recognised in net result	(271)
Carrying amount at the end of the period	1 886

Reconciliation of level 3 recurring fair value measurements at 30 June 2019

	Plant and equipment
	\$'000
Carrying amount at the beginning of the period	2 378
Transfers from capital works in progress	50
Gains/(losses) for the period recognised in net result:	
Depreciation	(271)
Total gains/(losses) recognised in net result	(271)
Carrying amount at the end of the period	2 157

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A7. Outlook

A7.1 Contingent assets and liabilities

The department has investigated and there are no contingent assets or liabilities that impact the department's administered items.

A7.2 COVID-19 pandemic outlook for the department

The South Australian Government has announced further financial assistance in response to COVID-19 to be paid during 2020-21. This includes the Residential Relief Grant Scheme for tenants who suffer significant financial hardship as a result of COVID-19 restrictions. In addition, the Paid Pandemic Leave Scheme will provide financial support to eligible workers who are required to self-isolate or quarantine because of a public health direction from SA Health and mandatory COVID-19 testing, and do not have access to paid leave or other income support. As these are relatively new payments and are dependent on the number of applications received from the public, they cannot be reliably quantified at this point in time. However, the department expects a material increase to Concessions in note A.2.2. This increase may be offset by the advanced payment of the 2020-21 Cost of Living payment that was made during 2019-20.

A8. Home for Incurables Trust

As part of wide ranging reforms relating to the delivery of disability services by the department, effective 1 July 2007, JFS was dissolved and all assets and liabilities vested in or held by JFS were transferred or assigned or vested with the Minister for Human Services. Certain assets held by the former JFS are subject to the terms and conditions of the Home for Incurables Trust. The original Trust was established in June 1879 and was varied by the Supreme Court on 7 November 1997.

The former Board of JFS was trustee of the Home for Incurables Trust and on dissolution, the Board of JFS resolved to resign as trustee of the Home for Incurables Trust. The Minister for Human Services is the trustee for the Home for Incurables Trust.

The role of the Trust is " ... to apply property vested in it for the purpose of providing for persons whose ability to live independently is temporarily or permanently impaired or in jeopardy as a consequence of an acquired brain injury or degenerative neurological condition or a physical condition resulting in disability including but not limiting the foregoing in any way whatsoever, the following services and facilities;

(a) by providing for them, in a variety of residential, centre and community based settings

- (i) accommodation
- (ii) nursing, medical, allied health and attendant care service
- (iii) personal and community support services
- (iv) technical and personal support aids
- (v) rehabilitation, respite and recreational services
- (vi) out-patient and day care services
- (vii) measures and services to enhance their quality of life

(b) by providing facilities for education research with respect to such persons

(c) by providing any services and facilities ancillary or in relation to the foregoing or by providing additional services and facilities that may be appropriate from time to time."

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A8 Home for Incurables Trust (continued)

The following income, expenses, assets and liabilities of the Home for Incurables Trust have been included in the administered items financial statements but are separately disclosed in the following schedules in accordance with the governance requirements of the Trust.

Schedule of Expenses and Income - Home for Incurables Trust for the year ended 30 June 2020	2020 \$'000	2019 \$'000
Income		
Rental income	286	332
Interest	27	52
Total income	313	384
Expenses		
Supplies and services	190	223
Depreciation and amortisation	2 694	2 530
Grants, subsidies and client payments	-	496
Total expenses	2 884	3 249
Net result	(2 571)	(2 865)
Total comprehensive result	(2 571)	(2 865)
Schedule of Financial Position - Home for Incurables Trust as at 30 June 2020	2020 \$'000	2019 \$'000
Current assets		
Special deposits with the Treasurer	831	728
Deposits with SAFA	2 094	2 070
Receivables	9	10
Total current assets	2 934	2 808
Non-current assets		
Property, plant and equipment	22 715	25 409
Investment property	1 400	1 400
Total non-current assets	24 115	26 809
Total assets	27 049	29 617
Current liabilities		
Payables	9	6
Total current liabilities	9	6
Total liabilities	9	6
Net assets	27 040	29 611

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A8. Home for Incurables Trust (continued)

	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000
Schedule of Changes in Equity - Home for Incurables Trust for the year ended 30 June 2020			
Balance at 30 June 2018	27 483	1 921	29 404
Net result for 2018-19	-	(2 865)	(2 865)
Net gain/(loss) on revaluation of property, plant and equipment	3 072	-	3 072
Total comprehensive result for 2018-19	3 072	(2 865)	207
Balance at 30 June 2019	30 555	(944)	29 611
Net result for 2019-20	-	(2 571)	(2 571)
Total comprehensive result for 2019-20	-	(2 571)	(2 571)
Balance at 30 June 2020	30 555	(3 515)	27 040

	2020 Inflows (Outflows)	2019 Inflows (Outflows)
	\$'000	\$'000
Schedule of Administered Cash Flows - Home for Incurables Trust for the year ended 30 June 2020		
Cash flows from operating activities		
Cash inflows		
Interest revenue	27	52
Rental revenue	287	323
Cash generated from operations	314	375
Cash outflows		
Supplies and services	(187)	(265)
Grants, subsidies and client payments	-	(496)
Cash used in operations	(187)	(761)
Net cash provided by / (used in) operating activities	127	(386)
Cash flows from investing activities		
Cash outflows		
Payments for plant, equipment and investments	-	(11)
Cash used in investing activities	-	(11)
Net cash provided by / (used in) investing activities	-	(11)
Net increase / (decrease) in cash and cash equivalents	127	(397)
Cash and cash equivalents at the beginning of the reporting period	2 798	3 195
Cash and cash equivalents at the end of the reporting period	2 925	2 798

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A8 Home for Incurables Trust (continued)

Accounting policies

Cash and cash equivalents

Cash and cash equivalents as reported in the Schedule of Assets and Liabilities - Home for Incurables Trust includes cash on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily convertible to cash and which are subject to insignificant risk of changes in value. Cash is measured at nominal value.

Reconciliation of property, plant and equipment - Home for Incurables Trust

Property, plant and equipment	2020	2019
	\$'000	\$'000
Land and buildings		
Land at fair value	11 250	11 250
Buildings and improvements at fair value	12 002	12 002
Accumulated depreciation - buildings and improvements	(2 423)	-
Carpark at fair value	12	12
Accumulated depreciation - carpark	(12)	(12)
Total land and buildings	20 829	23 252
Property, plant and equipment		
Other plant and equipment at cost (deemed fair value)	2 873	2 873
Accumulated depreciation - other plant and equipment at cost	(987)	(716)
Total plant and equipment	1 886	2 157
Total property, plant and equipment	22 715	25 409

Reconciliation of land, buildings, plant and equipment - Home for Incurables Trust

The following table shows the movement of land, buildings and improvements and plant and equipment for the Home for Incurables Trust during 2019-20:

	Land	Buildings and improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	11 250	12 002	2 157	25 409
Depreciation and amortisation for the period	-	(2 423)	(271)	(2 694)
Carrying amount at the end of the period	11 250	9 579	1 886	22 715

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A8 Home for Incurables Trust (continued)

The following table shows the movement of land, buildings and improvements and plant and equipment for the Home for Incurables Trust during 2018-19:

	Land	Buildings and improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	11 250	11 189	2 378	24 817
Depreciation and amortisation for the period	-	(2 259)	(271)	(2 530)
Revaluation increment/(decrement)	-	3 072	-	3 072
Transfers from work in progress	-	-	50	50
Carrying amount at the end of the period	11 250	12 002	2 157	25 409

Reconciliation of capital work in progress - Home for Incurables Trust

The following table shows the movement of capital work in progress for the Home for Incurables Trust during 2019-20:

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the year	-	39
Purchases	-	11
Transfers to completed works	-	(50)
Total capital work in progress	-	-

Investment property - Home for Incurables Trust

	2020	2019
	\$'000	\$'000
Investment building	600	600
Fair value at the end of the period	600	600

	2020	2019
	\$'000	\$'000
Investment land	800	800
Fair value at the end of the period	800	800
Total investment property at the end of the period	1 400	1 400