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To the 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 2022.

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 2022, 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 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2022
- a Statement of Administered Financial Position as at 30 June 2022
- a Statement of Administered Cash Flows for the year ended 30 June 2022
- a Schedule of Income and Expenses attributable to administered items for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Chief Financial Officer.

Basis for opinion

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

my report. I am independent of the Department 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 Chief Executive for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department of Human Services for the financial year ended 30 June 2022.

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

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

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



Andrew Richardson
Auditor-General

21 September 2022

Department of Human Services

**Financial Statements
For the year ended 30 June 2022**

Department of Human Services
Certification of Financial Statements
for the year ended 30 June 2022

We certify that the:

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



Lois Boswell
Chief Executive

16 September 2022



Nick Ashley
Chief Financial Officer

16 September 2022

Department of Human Services
Statement of Comprehensive Income
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<u>Income</u>			
Appropriation	2.1	940 789	908 105
Fees and charges	2.2	7 778	8 238
Commonwealth-sourced grants and funding	2.3	111 220	106 620
SA Government grants, subsidies and transfers	2.4	48 093	28 091
Sales of goods and services	2.5	37 470	23 625
Resources received free of charge	2.6	5 530	5 175
Net gain from disposal of assets	4.5	1 546	-
Other income	2.7	7 007	7 627
Total income		1 159 433	1 087 481
<u>Expenses</u>			
Employee benefits expenses	3.3	284 954	250 466
Supplies and services	4.1	89 808	86 380
Depreciation and amortisation	4.2	7 197	10 626
Grants and subsidies	4.3	75 924	79 713
NDIS expenses	4.4	683 847	656 207
Net loss from disposal of assets	4.5	-	3 358
Other expenses	4.6	674	392
Total expenses		1 142 404	1 087 142
Net result		17 029	339
<u>Other comprehensive income</u>			
Items that will not be reclassified to net result:			
Changes in property, plant and equipment asset revaluation surplus		-	(9 510)
Total other comprehensive income		-	(9 510)
Total comprehensive result		17 029	(9 171)

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 2022

	Note	2022 \$'000	2021 \$'000
<u>Current assets</u>			
Cash and cash equivalents	6.1	166 432	151 310
Receivables	6.2	85 992	72 217
Non-current assets held for sale	5.6	-	2 724
Inventories	5.7	322	266
Total current assets		252 746	226 517
<u>Non-current assets</u>			
Receivables	6.2	1 076	765
Property, plant and equipment	5.1	114 903	118 801
Capital works in progress	5.4	3 424	910
Intangible assets	5.5	1 398	2 892
Total non-current assets		120 801	123 368
Total assets		373 547	349 885
<u>Current liabilities</u>			
Payables	7.1	21 808	21 759
Financial liabilities	7.2	285	537
Employee benefits	3.4	35 985	36 199
Provisions	7.3	9 498	7 781
Other current liabilities	7.4	1 142	1 324
Total current liabilities		68 718	67 600
<u>Non-current liabilities</u>			
Payables	7.1	3 093	3 479
Financial liabilities	7.2	337	303
Employee benefits	3.4	32 153	37 005
Provisions	7.3	39 415	28 086
Other non-current liabilities	7.4	4 905	5 515
Total non-current liabilities		79 903	74 388
Total liabilities		148 621	141 988
Net assets		224 926	207 897
<u>Equity</u>			
Contributed capital		74 325	74 325
Retained earnings		131 895	114 866
Asset revaluation surplus		18 706	18 706
Total equity		224 926	207 897

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 2022

	Contributed capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2020	74 325	28 216	139 814	242 355
Net result for 2020-21	-	-	339	339
Gain/(loss) on revaluation of property, plant and equipment	-	(9 510)	-	(9 510)
Total comprehensive result for 2020-21	-	(9 510)	339	(9 171)
Net liabilities transferred out from an administrative restructure	-	-	713	713
Crown land transferred as distribution by owners	-	-	(26 000)	(26 000)
Balance at 30 June 2021	74 325	18 706	114 866	207 897
Net result for 2021-22	-	-	17 029	17 029
Total comprehensive result for 2021-22	-	-	17 029	17 029
Balance at 30 June 2022	74 325	18 706	131 895	224 926

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 2022

	Note	2022 \$'000	2021 \$'000
<u>Cash flows from operating activities</u>			
<i>Cash inflows</i>			
Appropriation		940 789	908 105
Fees and charges		7 008	3 705
Receipts from Commonwealth-sourced grants		111 220	106 620
SA Government grants subsidies and transfers		48 093	28 091
Sales of goods and services		29 841	23 625
GST recovered from the ATO		16 966	19 376
Other receipts		6 941	6 280
Cash generated from operations		1 160 858	1 095 802
<i>Cash outflows</i>			
Employee benefits payments		(277 355)	(256 311)
Payments for supplies and services		(94 653)	(96 422)
Payments of grants and subsidies		(88 200)	(78 833)
Payments for NDIS contributions		(684 955)	(657 217)
Other payments		(312)	(300)
Interest paid		(5)	(26)
Cash used in operations		(1 145 480)	(1 089 109)
Net cash provided by/(used in) operating activities	8.2	15 378	6 693
<u>Cash flows from investing activities</u>			
<i>Cash inflows</i>			
Proceeds from sale of assets		3 528	1 364
Cash generated from investing activities		3 528	1 364
<i>Cash outflows</i>			
Purchase of property, plant and equipment and intangible assets		(3 194)	(1 562)
Cash used in investing activities		(3 194)	(1 562)
Net cash provided by/(used in) investing activities		334	(198)
<u>Cash flows from financing activities</u>			
<i>Cash outflows</i>			
Repayment of leases		(590)	(1 109)
Cash used in financing activities		(590)	(1 109)
Net cash provided by/(used in) financing activities		(590)	(1 109)
Net increase/(decrease) in cash and cash equivalents		15 122	5 386
Cash and cash equivalents at the beginning of the period		151 310	145 924
Cash and cash equivalents at the end of the period	6.1	166 432	151 310

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 2022

1. About the Department of Human Services

The Department of Human Services (the department) is a government department of South Australia, 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.

The department has administered activities and resources. Transactions and balances relating to administered items are presented in the administered financial statements separately.

1.1. Basis of preparation

These financial statements are general purpose financial statements prepared in accordance with:

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

For the purposes of preparing the financial statements, the department is a not-for-profit entity. The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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.

Significant accounting policies are set out throughout the notes.

The department is liable for fringe benefits tax (FBT) and goods and services tax (GST).

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

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

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

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.

The department has early adopted *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* which clarifies the requirements for disclosure of material accounting policy information and clarifies the distinction between accounting policies and accounting estimates. There has been no impact on the department's financial statements.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.2. Objectives and Programs

Objectives

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

Program 1: Communities

This program commissions, funds and delivers community and family services that improve the lives of individuals and families across South Australia. The program fosters inclusion, participation, safety and resilience across the South Australian community.

The program includes concessions and rebates which increase financial resilience; investing in the community through grants and funding; intensive family services to keep children safe in their families and communities and connected to culture; interpreting and translating services; and employment-related screening services. It also includes grant programs and strategies to support young South Australians 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, executive support to the Premier's Council for Women and funding for key initiatives with a focus on domestic and family violence. This program also provides statewide information and referral services through the Women's Information Service (WIS).

Program 3: Youth Justice

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

Youth Justice aims to promote community safety, address offending behaviours and connect young people in the youth justice system and their families with rehabilitative and therapeutic supports, and programs and services to improve outcomes.

Program 4: Disability

The Disability program includes strategies to advance the inclusion of people with a disability, including working with the National Disability Insurance Agency (NDIA), the National Disability Insurance Scheme (NDIS) Quality and Safeguarding Commission, the Commonwealth Government and the non-government sector. It also includes the provision of state disability services, including supported community accommodation.

The table on the following page presents income and expenses attributable to each program. Assets and liabilities are not disclosed as they cannot be reliably allocated across the programs.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.2. Objectives and Programs (continued)

Income and Expenses by program

	Communities		Status of Women		Youth Justice		Disability		General / Not Attributable		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Income												
Appropriation	-	-	-	-	-	-	-	-	940 789	908 105	940 789	908 105
Fees and charges	693	573	22	14	285	242	6 778	7 409	-	-	7 778	8 238
Commonwealth-sourced grants and funding	1 021	2 228	9 550	7 045	-	51	100 649	97 296	-	-	111 220	106 620
SA Government grants, subsidies and transfers	37 425	21 716	259	832	-	-	2 048	2 100	8 361	3 443	48 093	28 091
Sales of goods and services	21 280	22 033	-	-	-	3	16 190	1 589	-	-	37 470	23 625
Resources received free of charge	1 404	1 231	52	35	637	603	3 437	3 306	-	-	5 530	5 175
Net gain from disposal of assets	412	-	14	-	177	-	943	-	-	-	1 546	-
Other income	3 129	3 428	218	26	431	502	3 229	3 671	-	-	7 007	7 627
Total income	65 364	51 209	10 115	7 952	1 530	1 401	133 274	115 371	949 150	911 548	1 159 433	1 087 481
Expenses												
Employee benefits expenses	69 852	62 611	2 285	2 143	35 003	31 660	177 814	154 052	-	-	284 954	250 466
Supplies and services	31 023	27 384	749	1 184	8 673	8 212	49 363	49 600	-	-	89 808	86 380
Depreciation and amortisation	2 300	3 109	14	12	2 881	3 731	2 002	3 774	-	-	7 197	10 626
Grants and subsidies	67 514	72 654	7 037	6 085	814	606	559	368	-	-	75 924	79 713
NDIS expenses	-	-	-	-	-	-	683 847	656 207	-	-	683 847	656 207
Net loss from disposal of assets	-	-	-	-	-	-	-	3 358	-	-	-	3 358
Other expenses	152	89	5	2	69	42	448	259	-	-	674	392
Total expenses	170 841	165 847	10 090	9 426	47 440	44 251	914 033	867 618	-	-	1 142 404	1 087 142
Net result	(105 477)	(114 638)	25	(1 474)	(45 910)	(42 850)	(780 759)	(752 247)	949 150	911 548	17 029	339

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2021-22 Budget Paper 4). Appropriation reflects appropriation issued to special deposit accounts controlled by the department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
Statement of Comprehensive Income			
<u>Income</u>			
Appropriation	940 430	940 789	359
Fees and charges	8 390	7 778	(612)
Commonwealth-sourced grants and funding	99 172	111 220	12 048
SA Government grants, subsidies and transfers	23 247	48 093	24 846
Sales of goods and services	20 148	37 470	17 322
Resources received free of charge	-	5 530	5 530
Net gain from disposal of assets	-	1 546	1 546
Other income	4 601	7 007	2 406
Total income	1 095 988	1 159 433	63 445
<u>Expenses</u>			
Employee benefits expenses	269 409	284 954	15 545
Supplies and services	59 688	89 808	30 120
Depreciation and amortisation	9 608	7 197	(2 411)
Grants and subsidies	72 792	75 924	3 132
NDIS expenses	683 974	683 847	(127)
Other expenses	1 482	674	(808)
Total expenses	1 096 953	1 142 404	45 451
Net result	(965)	17 029	17 994
Total comprehensive result	(965)	17 029	17 994

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.4. Budget performance (continued)

	Note	Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
Investing expenditure summary				
Total new and existing projects		3 861	2 826	(1 035)
Total annual programs and leases		1 649	826	(823)
Total investing expenditure		5 510	3 652	(1 858)

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 in 2021-22 that exceed both thresholds.

1.5. Significant transactions with government related entities

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

- Note 2.4 SA Government grants, subsidies and transfers
- Note 4.1 Accommodation provided by the Department for Infrastructure and Transport.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

2. Income

2.1. Appropriation

	2022	2021
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	940 430	907 939
Appropriation from Governor's Appropriation Fund	359	166
Total appropriation	940 789	908 105

Appropriation is recognised upon receipt.

Appropriation pursuant to the *Appropriation Act* (the Act) consists of \$940.430 million (\$907.939 million) used for operational funding, inclusive of \$5.510 million (\$8.797 million) for capital projects.

2.2. Fees and charges

	2022	2021
	\$'000	\$'000
Client fees	5 223	6 016
Business services	1 141	1 134
Rent	1 136	886
Other fees and charges	278	202
Total fees and charges	7 778	8 238

Revenue from fees and charges are recognised as income on receipt, except for Business Services. Business services are provided to the SA Housing Authority as per the Memorandum of Administrative Arrangements (MOAA), which revenue is recognised when services are provided.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

2.3. Commonwealth-sourced grants and funding

	2022	2021
	\$'000	\$'000
DisabilityCare Australia Fund	77 883	75 249
Disability Support for Older Australians / Continuity of Support Program	21 064	19 597
Residential Aged Care	1 757	2 390
Commonwealth Home Support Programme	326	1 621
Family, Domestic and Sexual Violence Response	9 562	-
COVID-19 Domestic Violence Support	-	7 042
Other	628	721
Total Commonwealth-sourced grants and funding	111 220	106 620

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

Income from the DisabilityCare Australia Fund, COVID-19 Domestic Violence Support and Family, Domestic and Sexual Violence Response is provided under national partnership agreements between the Commonwealth of Australia and the States and Territories. For accounting purposes, the performance obligations under the funding agreements lie with the State and not the department.

The Continuity of Support Program and Disability Support for Older Australians is funded under an agreement between the Commonwealth and the department. Performance obligations under the agreement are not sufficiently specific.

2.4. SA Government grants, subsidies and transfers

	2022	2021
	\$'000	\$'000
National Education Reform Agreement	29 951	9 857
DTF Contingency Fund - Other	7 083	1 276
Community Development Fund	3 000	3 000
APY Lands Youth Programs and Family Services	2 361	2 327
DTF Contingency Fund - TVSP reimbursement	1 278	2 167
COVID-19 Support Fund	1 136	6 203
Other grants from SA Government agencies	3 284	3 261
Total SA Government grants, subsidies and transfers	48 093	28 091

SA Government grants, subsidies and transfers are recognised as income on receipt. The funding arrangements either have no enforceable agreement or the performance obligations are not sufficiently specific.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

2.5. Sales of goods and services

	2022	2021
	\$'000	\$'000
Provision of disability support services	16 191	654
Screening check fees	14 643	15 331
Interpreter and translator services	6 636	6 694
Domiciliary Equipment Services - minor equipment and home modifications	-	946
Total sales of goods and services	37 470	23 625

The department recognises revenue from the following major sources:

Provision of disability support services

Care is provided in group homes and facilities to provide assistance with daily personal care and community activities. Revenue is recognised at a point in time which is when the support is provided. These services are billed in arrears.

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 80% of requests are paid upon request and approximately 20% 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. Revenue is recognised at a point in time 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. Revenue is recognised when the service is provided.

Domiciliary Equipment Services (DES) - minor equipment and home modifications

DES ceased during 2020-21. DES provided minor equipment, equipment hire services and home modification services in South Australia.

Set fee schedules existed for items of minor equipment and equipment items used in home modification services. This was used as a base to calculate an order. Revenue was recognised when the equipment was delivered or installed.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

2.6. Resources received free of charge

	2022	2021
	\$'000	\$'000
Shared Services SA	4 077	3 756
Department of the Premier and Cabinet	1 453	1 419
Total resources received free of charge	5 530	5 175

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

The department receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA and ICT services from the Department of Premier and Cabinet (DPC) free of charge following Cabinet's approval to cease intra-government charging.

2.7. Other income

	2022	2021
	\$'000	\$'000
Recoveries *	6 712	6 122
DES hire charges	-	591
DES NDIS hire charges	-	44
Other	295	870
Total other income	7 007	7 627

*Recoveries mainly relate to the recovery of funds for grants, salaries and wages and goods and services.

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 2022

3.1. Key management personnel

Key management personnel of the department include the Minister, the Chief Executive Officer and 7 executive positions.

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 under section 6 the *Parliamentary Remuneration Act 1990*. Refer to the administered financial statement for disclosures of the Minister's remuneration paid and recovered from the Consolidated Account.

	2022	2021
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	2 352	2 489
Post-employment benefits	234	239
Total compensation	2 586	2 728

Transactions with key management personnel and other related parties

The department had no material transactions or balances and/or transactions outside normal day-to-day operations to disclose during the reporting period with key management personnel or their close family.

3.2. Board and committee members

Members during the 2021-22 financial year were:

Risk Management and Audit Committee

C Mitchell	Chair	Appointed	5/06/2020		
E Moran	Member	Appointed	20/05/2020		
J King	Member	Appointed	17/12/2018	Reappointed	10/12/2021
A Hayes*	Member	Appointed	7/10/2020	Resigned	30/09/2021
S Charlton*	Member	Appointed	18/05/2021		
A Reid*	Member	Appointed	14/10/2021		

Premier's Council for Women

F Dorman	Chair	Appointed	1/07/2021		
M Hagias	Deputy Chair	Reappointed	1/07/2019		
N Saunders *	Member	Reappointed	1/02/2020		
S Mapuvire	Member	Appointed	1/07/2019		
J Danvers	Member	Appointed	1/07/2019	Resigned	30/09/2021
M Veitch	Member	Appointed	1/07/2020		
K Baker Jamieson	Member	Appointed	1/07/2021		
K Briggs	Member	Appointed	1/07/2021		
I Marshall	Member	Appointed	1/07/2021		
K Mundy	Member	Appointed	1/07/2021		
A Meyer	Member	Appointed	1/10/2021		
M Smith	Member	Appointed	1/07/2021		

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.2. Board and committee members (continued)

State Emergency Relief Fund Committee

V Faggotter	Chair	Reappointed	1/04/2019	Resigned	31/03/2022
B Grear *	Member	Reappointed	8/12/2019		
M Griffiths*	Member	Appointed	15/11/2019		
J Brayley*	Member	Appointed	13/01/2020		
R Green*	Member	Appointed	1/03/2021		
N Ashley*	Member	Appointed	1/03/2021		

Grants SA Assessment Panel

B Nolan	Member	Appointed	1/11/2021
C Duncan	Member	Appointed	1/11/2021
C Bell	Member	Appointed	1/11/2021
E Frankel	Member	Appointed	1/11/2021
H de Anstiss	Member	Appointed	1/11/2021
I Bosio	Member	Appointed	1/11/2021
J Russo	Member	Appointed	1/11/2021
K House	Member	Appointed	1/11/2021
L Albrecht	Member	Appointed	1/11/2021
N Vassos	Member	Appointed	1/11/2021
P Gale	Member	Appointed	1/11/2021
R Cunningham	Member	Appointed	1/11/2021
S Ryan	Member	Appointed	1/11/2021
T Biddlecombe	Member	Appointed	1/11/2021
H Nguyen	Member	Appointed	1/11/2021
J Stone	Member	Appointed	1/11/2021
D Webb	Member	Appointed	1/11/2021

* 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

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax paid.

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

	2022	2021
\$0 - \$19 999	47	53
\$20 000 - \$39 999	-	1
Total number of members	47	54

The total remuneration received or receivable by members was \$0.037 million (\$0.059 million). Where a board or committee member has, during the year, been appointed, resigned, retired or term ceased, this has been disclosed, as illustrated above.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.3. Employee benefits expenses

	2022	2021
	\$'000	\$'000
Salaries and wages	202 708	184 834
Workers compensation	24 120	11 064
Employee on-cost - superannuation	22 633	20 661
Annual leave	20 672	19 213
Employee on-cost - other	12 130	11 352
Targeted voluntary separation packages	1 871	2 382
Long service leave *	(1 051)	(1 010)
Skills and experience retention leave	831	776
Eligible termination payments	180	241
Board and committee fees	23	143
Other employee related expenses	837	810
Total employee benefits expenses	284 954	250 466

*Due to the changes on the discount rate for long service leave liability measurement, this has resulted the decrease in the long service leave revaluation. Refer to note 3.4.

Employment on-costs - superannuation

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.3. Employee benefits expenses (continued)

Remuneration of employees

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

	2022	2021
	No.	No.
\$154 001 to \$157 714*	N/A	2
\$157 715 to \$177 000	12	10
\$177 001 to \$197 000	5	5
\$197 001 to \$217 000	8	6
\$217 001 to \$237 000	4	4
\$237 001 to \$257 000	1	-
\$257 001 to \$277 000	4	3
\$277 001 to \$297 000	-	2
\$297 001 to \$317 000	-	2
\$337 001 to \$357 000	1	1
\$457 001 to \$477 000	1	1
Total	36	36

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Total remuneration received by these employees for the year was \$7.625 million (\$7.862 million). Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and any related fringe benefits tax paid.

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2020-21.

Targeted voluntary separation packages

The number of employees who received a TVSP during the reporting period was 28 (30). This included separation resulting from the Public Sector Workforce Rejuvenation Scheme.

	2022	2021
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted voluntary separation packages	1 702	2 382
Leave paid to separated employees	673	1 085
Recovery from DTF	(1 278)	(2 167)
Net cost to the department	1 097	1 300

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.4. Employee benefits liability

	2022	2021
	\$'000	\$'000
<u>Current</u>		
Annual leave	25 009	23 271
Accrued salaries and wages	7 335	9 010
Long service leave	2 420	2 785
Skills and experience retention leave	1 221	1 133
Total current employee benefits	35 985	36 199
<u>Non-current</u>		
Long service leave	32 153	37 005
Total non-current employee benefits	32 153	37 005
Total employee benefits	68 138	73 204

Salary and wages, annual leave, skills and experience retention leave and sick leave

The liability for salary and wages is measured as the amount unpaid at remuneration rates current at reporting date.

The annual leave liability and the skills and experience retention leave liability 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.

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

The actuarial assessment performed by DTF 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 at the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 1.25% in 2021 to 3.5% in 2022.

The actuarial assessment performed by DTF left the salary inflation rate at 2.5% in 2022 for long service leave liability.

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease 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 and expense of \$5.703 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions, a key assumption being long-term discount rate.

The long service leave split between current and non-current is based on the department's analysis of leave taken which uses historical leave taken to determine an estimate for amounts to be paid within the next 12 months.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

4. Expenses

4.1. Supplies and services

	2022	2021
	\$'000	\$'000
Contractors and agency staff	16 431	17 263
Accommodation	15 333	17 300
Information technology and communication charges	12 501	12 426
Brokerage care services	8 835	5 510
Business services	6 751	6 337
Client related expenses	5 941	5 284
Drugs and medical supplies	3 947	870
Crimtrac history check fees	3 702	4 017
Motor vehicles	2 696	2 387
Minor equipment	2 443	1 780
Printing stationery postage and periodicals	1 229	1 186
Insurance	882	796
Seminars courses and training	748	1 111
Travel and accommodation	558	538
Repairs and maintenance	526	1 198
Short term leases	461	490
Consultants	263	529
Program partnering contributions	224	1 735
Low-value leases	53	24
Other	6 284	5 599
Total supplies and services	89 808	86 380

Accommodation

Most of the department's accommodation is provided by the Department for Infrastructure and Transport (DIT) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly are expensed.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

4.2. Depreciation and amortisation

	2022	2021
	\$'000	\$'000
Buildings	2 998	4 804
Computer software	1 703	2 102
Plant and equipment	1 097	1 892
Accommodation and leasehold improvements	810	781
Right-of-use vehicles	553	753
Right-of-use buildings	36	294
Total depreciation and amortisation	7 197	10 626

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

Useful life

Depreciation and amortisation are calculated on a straight-line basis over the estimated useful life as follows:

<i>Class of asset</i>	<i>Useful life (years)</i>
Buildings	1-50
Accommodation and leasehold improvements	1-10
Plant and equipment	1-15
Right-of-use property, plant and equipment	lease term (1-5 years)
Computer software	1-5

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.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

4.3. Grants and subsidies

Grants and subsidies by program	2022	2021
	\$'000	\$'000
Community Connections	21 652	18 567
Child and Family Support Grants	19 867	17 933
Family and Community Development	14 283	13 201
Financial Hardship Programs	4 908	8 884
COVID-19 Domestic Violence Support	4 062	3 331
Aboriginal Community Benefit Grants	2 650	2 531
Youth Portfolio	1 295	1 533
Disability Grants	1 008	2 713
Adults With Chronic Conditions*	-	5 578
Information, Linkages and Capacity Building	-	59
Other	6 199	5 383
Total grants and subsidies	75 924	79 713

*Adults with Chronic Conditions ceased as an individual grants program from 30 June 2021 and now forms part of Community Connections.

The grants given are usually subject to terms and conditions set out in the contract, correspondence or by legislation.

4.4. NDIS expenses

Total NDIS expenses for the year were \$683.847 million (\$656.207 million). The department makes payments to the NDIA for the 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 and invoice wash-up adjustments

Department of Human Services
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4.5. Net gain / (loss) from disposal of assets

	2022	2021
	\$'000	\$'000
<u>Land and buildings</u>		
Proceeds from disposal	3 500	280
Less carrying amount of assets disposed	(1 950)	(399)
Net loss from disposal of land and buildings	1 550	(119)
<u>Plant and equipment</u>		
Proceeds from disposal	28	4
Less carrying amount of assets disposed	(32)	(4 314)
Net loss from disposal of plant and equipment	(4)	(4 310)
<u>Intangible assets</u>		
Proceeds from disposal	-	1 071
Net gain from disposal of intangible assets	-	1 071
<u>Total disposal of assets</u>		
Total proceeds from disposal	3 528	1 355
Less total carrying amount of assets disposed	(1 982)	(4 713)
Net gain/(loss) from disposal of assets	1 546	(3 358)

Gains or losses from disposal are recognised at the date control is passed from the department and determined after deducting the carrying amount of the asset from the proceeds at that time.

4.6. Other expenses

	2022	2021
	\$'000	\$'000
Impairment of receivables	259	-
Interest expense on lease liabilities	5	26
Other	410	366
Total other expenses	674	392

Other

Audit fees paid/payable to the Auditor-General's Department of \$0.307 million (\$0.300 million) related to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

5. Non-financial assets

5.1. Property, plant and equipment

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

Reconciliation 2021-2022

	Land \$'000	Buildings \$'000	Accommodation and leasehold improvements \$'000	Other plant and equipment \$'000	ROU buildings \$'000	ROU vehicles \$'000	Total \$'000
Carrying amount at 1 July 2021	33 127	72 508	6 643	5 688	67	768	118 801
Additions	-	-	-	25	108	338	471
Disposals	-	-	-	(32)	(67)	(7)	(106)
Transfers (to)/from works in progress	-	-	160	297	-	-	457
Transfers (to)/from assets held for sale	490	210	-	74	-	-	774
Subtotal:	33 617	72 718	6 803	6 052	108	1 099	120 397
Gains/(losses) for the period recognised in net result:							
Depreciation and amortisation for the year	-	(2 998)	(810)	(1 097)	(36)	(553)	(5 494)
Subtotal:	-	(2 998)	(810)	(1 097)	(36)	(553)	(5 494)
Carrying amount at the end of the period	33 617	69 720	5 993	4 955	72	546	114 903
Gross carrying amount							
Gross carrying amount	33 617	72 718	18 358	10 295	108	1 118	136 214
Accumulated depreciation/amortisation	-	(2 998)	(12 365)	(5 340)	(36)	(572)	(21 311)
Carrying amount at the end of the period	33 617	69 720	5 993	4 955	72	546	114 903

All property, plant and equipment owned by the Department are classified in the level 3 fair value hierarchy except for land valued at \$33.617 million, buildings at \$4.644 million and its depreciation for the year of \$0.346 million are classified in level 2. Refer to note 10.1 for more information about the fair value hierarchy and note 7.2 for details about the lease liability for right-of-use assets.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

5.1 Property, plant and equipment (continued)

Reconciliation 2020-21

	Land \$'000	Buildings \$'000	Accommodation and leasehold improvements \$'000	Other plant and equipment \$'000	ROU buildings \$'000	ROU vehicles \$'000	Total \$'000
Carrying amount at 1 July 2020	55 550	93 422	1 349	9 944	885	1 104	162 254
Additions	-	-	6 100	86	-	439	6 625
Disposals	(325)	(48)	(25)	(397)	(534)	(8)	(1 337)
Assets classified as held for sale	(2 290)	(360)	-	(74)	-	-	(2 724)
Donated assets	-	-	-	(3 927)	-	-	(3 927)
Revaluation increment / (decrement)	6 192	(15 702)	-	-	-	-	(9 510)
Transfers (to)/from works in progress	-	-	-	1 969	-	-	1 969
Transfers out through administrative restructures	(26 000)	-	-	-	-	-	(26 000)
Other movements	-	-	-	(21)	10	(14)	(25)
Subtotal:	33 127	77 312	7 424	7 580	361	1 521	127 325
Gains/(losses) for the period recognised in net result:							
Depreciation and amortisation for the year	-	(4 804)	(781)	(1 892)	(294)	(753)	(8 524)
Subtotal:	-	(4 804)	(781)	(1 892)	(294)	(753)	(8 524)
Carrying amount at the end of the period	33 127	72 508	6 643	5 688	67	768	118 801
Gross carrying amount							
Gross carrying amount	33 127	72 508	18 635	11 022	191	1 734	137 217
Accumulated depreciation/amortisation	-	-	(11 992)	(5 334)	(124)	(966)	(18 416)
Carrying amount at the end of the period	33 127	72 508	6 643	5 688	67	768	118 801

All property, plant and equipment owned by the Department were classified in the level 3 fair value hierarchy except for land valued at \$33.127 million and buildings valued at \$4.780 million which were classified in level 2. In 2020-21, \$10.672 million of buildings were transferred from level 2 to level 3. In addition, throughout 2020-21 there was \$2.687 million of depreciation and \$9.254 million of revaluation decrements for level 2 buildings. Refer to note 10.1 for more information about the fair value hierarchy and note 7.2 for details about the lease liability for right-of-use assets.

Department of Human Services
Notes to and forming part of the financial statements
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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. The department's approach to fair value is set out in note 10.1.

Impairment

There was no indication of impairment for property, plant and equipment as at 30 June 2022.

5.3. Property, plant and equipment leased by the department

Right-of-use (ROU) assets for property, plant and equipment leased by the department as lessee are measured at cost.

Short-term leases of 12 months or less and low value leases, where the underlying asset value is less than \$15 000 are not recognised as ROU 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:

- 94 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 was with the Marla & Districts Progress Association Inc and ceased 31 July 2021. The lease was for office accommodation.
- One lease is with the Noarlunga Health Village. This was for office accommodation and counselling services of the Strong Start Program. With rental payments paid six monthly. No contingent rental provisions exist within the lease agreement and there is no right of renewal at the end of its lease.

The lease liabilities related to the ROU assets and the department's maturity analysis of its lease liabilities are disclosed in note 7.2. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4.2 and 4.6. 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.

Department of Human Services
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5.4. Capital works in progress

	2022	2021
	\$'000	\$'000
Property, plant and equipment and intangible assets in progress at cost	3 424	910
Total capital works in progress	3 424	910

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

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	910	3 223
Purchases	3 180	1 649
Transfers to completed works	(666)	(4 102)
WIP adjustments	-	140
Carrying amount at the end of the period	3 424	910

Capital works in progress is not classified in the fair value hierarchy. Refer to note 10.1 for more information.

5.5. Intangible assets

The department has intangible assets relating to both internally developed and externally acquired computer software. 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.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed. There was no indication of impairment for intangible assets as at 30 June 2022.

The following table shows the movement of intangible assets:

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	2 892	2 861
Transfers (to)/from works in progress	209	2 133
Amortisation	(1 703)	(2 102)
Carrying amount at the end of the period	1 398	2 892
Gross carrying amount		
Gross carrying amount	14 974	15 256
Accumulated amortisation	(13 576)	(12 364)
Carrying amount at the end of the period	1 398	2 892

Internally developed computer software has a carrying amount of \$2.015 million which it has been fully depreciated. The above carrying amount at the end of the period relates to intangibles for externally acquired computer software.

Department of Human Services
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5.6. Non-current asset held for sale

	2022	2021
	\$'000	\$'000
Land	-	2 290
Building	-	360
Plant and equipment	-	74
Total non-current assets classified as held for sale	-	2 724

The following table shows the movement of non-current assets:

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	2 724	-
Disposals	(1 950)	-
Transfers (to)/from property, plant and equipment	(774)	2 724
Carrying amount at the end of the period	-	2 724

In 2020-21, the fair value hierarchy for land and building held for sale were valued at \$2.650 million and classified as level 2. Plant and equipment remained in the level 3 classification.

5.7. Inventories

Total current inventories as at 30 June 2022 is \$ 0.322 million (\$0.266 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 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 \$0.904 million.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

6. Financial assets

6.1. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Deposits with the Treasurer (special deposit accounts)		
Operating Account	164 396	149 617
Other deposits	1 936	1 593
Total deposits with the Treasurer (special deposit accounts)	166 332	151 210
Advance accounts	95	95
Cash on hand	5	5
Total cash and cash equivalents	166 432	151 310

Deposits with the Treasurer

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

The department does not earn interest on its deposits with the Treasurer. Some of the department's appropriation is deposited into the Accrual Appropriation Excess Funds account. Although the department controls the money reported below in the Accrual Appropriation Excess Funds account, its use must be approved by the Treasurer. The balance of the Accrual Appropriation Excess Fund account at 30 June is \$133.910 million (\$115.765 million).

Department of Human Services
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6.2. Receivables

	2022	2021
	\$'000	\$'000
<u>Current</u>		
<u>Trade receivables</u>		
From SA government entities	7 534	1 398
From non-SA government entities	3 014	2 183
Less impairment loss on receivables	(252)	(4)
Total trade receivables	10 296	3 577
Recoveries for NDIS contributions	63 992	62 884
Accrued revenue	7 437	2 592
GST input tax recoverable	1 874	897
Prepayments	1 828	1 726
Overpaid salaries	439	458
Other receivables	126	83
Total current receivables	85 992	72 217
<u>Non-current</u>		
Other receivables - workers compensation	1 076	765
Total non-current receivables	1 076	765
Total receivables	87 068	72 982

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.

It is not anticipated that counter-parties will fail to discharge their obligations, other than those recognised in the impairment loss of receivable. 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 10.2 for 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.

Impairment of receivables

The department has adopted the simplified impairment approach under AASB 9 *Financial Instruments* and measured lifetime expected credit losses on all trade receivables using an allowance matrix as a practical expedient to measure the impairment allowance.

Allowance for impairment loss on receivables

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	4	67
Increase/(decrease) in allowance recognised in profit or loss	259	(58)
Amounts written off	(11)	(5)
Carrying amount at the end of the period	252	4

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to note 10.2 for details regarding credit risk and the methodology for determining impairment.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7. Liabilities

7.1. Payables

	2022	2021
	\$'000	\$'000
<u>Current</u>		
Trade payables	11 899	11 948
Employment on-costs	5 470	5 429
Accrued expenses	3 140	3 216
Other	1 299	1 166
Total current payables	21 808	21 759
<u>Non-current</u>		
Employment on-costs	3 093	3 479
Total non-current payables	3 093	3 479
Total payables	24 901	25 238

Payables and accruals are raised for all amounts owed and unpaid. Payables are normally settled within 30 days from the date the invoice is first received. Employee on-costs are settled within the respective employee benefits that they relate to and are discharged. All payables are non-interest bearing. The carrying amount of payables represents approximate net fair value due to their short-term nature.

Employment on-costs

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

The department makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to employee's superannuation funds.

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave has remained at the rate of 42%. The average factor for the calculation of employer superannuation on-costs has changed from the 2021 rate 10.1% to 10.6%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$0.214 million.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7.2. Financial liabilities

The department's financial liabilities are all lease liabilities. Refer to note 5.3 for the types of leases disclosed. The department measures lease liabilities \$0.622 million (\$0.840 million) at discounted future lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTFs incremental borrowing rate. There were no defaults or breaches throughout the year.

The interest expense associated with these lease liabilities was \$5 000 (\$26 000). The department does not capitalise borrowing costs.

A maturity of lease liabilities based on undiscounted gross cash flows is reported in the table below:

	2022	2021
	\$'000	\$'000
Lease liabilities		
Within one year	358	507
Later than one year but not longer than five years	388	369
Total lease liabilities (undiscounted)	746	876

7.3. Provisions

	2022	2021
	\$'000	\$'000
<u>Current</u>		
Workers compensation	9 428	7 751
Insurance	70	30
Total current provisions	9 498	7 781
<u>Non-current</u>		
Workers compensation	39 415	28 006
Insurance	-	80
Total non-current provisions	39 415	28 086
Total provisions	48 913	35 867

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7.3. Provisions (continued)

Reconciliation of workers compensation

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	35 757	33 266
Increase to provision due to revision of estimates	23 993	11 065
Reduction due to payments	(10 907)	(8 574)
Carrying amount at the end of the period	48 843	35 757

The department is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the department is responsible for the management of workers rehabilitation and compensation and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventive programs.

Accordingly, a liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes). The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

The additional compensation scheme provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are nonserious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to the variety of factors involved. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

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

In addition to these uncertainties, the additional compensation scheme is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meeting, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate.

Measurement of the provision for worker's compensation as at 30 June 2022 includes the impacts of the decision of the Full Court of the Supreme Court of South Australia in *Return to Work Corporation of South Australia vs Summerfield* (Summerfield decision). The Summerfield decision increased the liabilities of the *Return to Work Scheme* (the Scheme) and the provision for workers compensation across government, as it allows claimants to combine the Whole Person Impairment (WPI) of injuries with a common cause to reach Seriously Injured Worker (SIW) status.

Legislation to reform the *Return to Work Act 2014* was proclaimed in July 2022, with the reforms expected to reduce the overall liability of the Scheme. The impacts of these reforms on the provision for workers compensation across government will be considered when measuring the provision as at 30 June 2023.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7.3. Provisions (continued)

Reconciliation of insurance provision

The following table shows the movement of insurance during 2021-22:

	Public liability \$'000	Property \$'000	Total \$'000
Carrying amount at the beginning of the period	90	20	110
Net revision of estimates	(40)	-	(40)
Carrying amount at the end of the period	50	20	70

The following table shows the movement of insurance during 2020-21:

	Public liability \$'000	Property \$'000	Total \$'000
Carrying amount at the beginning of the period	100	20	120
Increase to provision due to new claims	1	2	3
Reduction due to payments	-	(10)	(10)
Net revision of estimates	(11)	8	(3)
Carrying amount at the end of the period	90	20	110

7.4. Other liabilities

	2022 \$'000	2021 \$'000
<u>Current</u>		
Accommodation incentive	683	757
Unclaimed monies	119	185
Unearned revenue	-	82
Other liabilities	340	300
Total current other liabilities	1 142	1 324
<u>Non-current</u>		
Accommodation incentive	4 905	5 515
Total non-current other liabilities	4 905	5 515
Total other liabilities	6 047	6 839

Accommodation incentive liabilities relate to arrangements with DIT for office accommodation. These arrangements do not comprise leases and the accommodation incentives do not comprise financial liabilities. DIT has provided incentives for fit out free of charge for the department. The benefit of these incentives are spread over the accommodation term so that each year reported accommodation expenses reflect the economic substance of the office accommodation arrangements and related benefits provided.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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.

8.2. Cash flow

Reconciliation of net result to cash flows from operating activities

	2022	2021
	\$'000	\$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	166 432	151 310
Balance as per the Statement of Cash Flows	166 432	151 310
<u>Reconciliation of net cash provided by operating activities to net result</u>		
Net cash provided by/(used in) operating activities	15 378	6 693
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense of non-current assets	(7 197)	(10 626)
Accommodation incentive amortisation	684	696
Gain/loss on sale or disposal of non-current assets	1 546	(3 358)
Capital accruals	11	-
<u>Movement in assets and liabilities</u>		
Increase/(decrease) in receivables	14 086	8
Increase/(decrease) in inventories	56	25
(Increase)/decrease in provisions	(13 046)	(2 481)
(Increase)/decrease in payables	337	1 124
(Increase)/decrease in employee benefits	5 066	8 323
(Increase)/decrease in other liabilities	108	(65)
Net result	17 029	339

Total cash outflows for leases was \$1.088 million (2021: \$1.634 million)

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

9. Outlook

9.1. Unrecognised contractual commitments

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

Capital commitments

	2022	2021
	\$'000	\$'000
Within one year	17 423	1 432
Later than one year but not longer than five years	-	375
Total capital commitments	17 423	1 807

The department's capital commitments are for the Kurlana Tapa Youth Justice Consolidation project, the Restrictive Practices information system and minor capital works to various properties.

Expenditure commitments

	2022	2021
	\$'000	\$'000
Within one year	7 580	7 230
Later than one year but not longer than five years	23 725	20 659
Later than five years	20 385	22 220
Total expenditure commitments	51 690	50 109

The department's expenditure commitments primarily consist of MOAA with DIT for accommodation.

Grant commitments

	2022	2021
	\$'000	\$'000
Within one year	70 205	82 942
Later than one year but not longer than five years	16 648	86 853
Total grant commitments	86 853	169 795

Grant commitments consists of fixed amounts specified in the grant contract.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

9.2 Contingent assets and liabilities

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

The department has investigated and there are no contingent assets or liabilities that impact the department as at 30 June 2022.

9.3 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 2022-23 due to the COVID-19 pandemic.

9.4 Impact of standards not yet effective

The department continues to assess the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented.

Amending Standard AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020* and Other Amendments will apply from 1 July 2022. Although applicable to the department, these amending standards are not expected to have an impact on the department's general purpose financial statements

Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* will apply from 1 July 2023. The department continues to assess liabilities for long service leave and whether or not the department has a substantive right to defer settlement. Where applicable, these liabilities will be classified as current.

9.5 Events after the reporting period

There are no events between 30 June 2022 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2022 and which may have a material impact on the results of subsequent years.

10 Measurement and risk

10.1 Fair value

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

Initial recognition

Non-current tangible assets 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).

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.1 Fair value (continued)

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 \$1.5 million and estimated useful life is greater than three years.

A full site revaluation is undertaken on a regular cycle every six 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 2022 and 2021, the department had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

Land and buildings

The department's land and buildings were subject to a full site revaluation as at 30 June 2021.

An independent valuation of land and buildings owned by the department was performed in April 2021 by a Certified Practising Valuer, Mr Martin Burns from Liquid Pacific Holdings Pty Ltd.

The results of the valuation were considered to have a material impact on the department's assets and were processed accordingly.

The majority of assets were valued using the direct comparison of sales 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. Where market inputs were not readily observable, the cost approach to valuation was adopted with current replacement cost. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of the assets, their size, condition and location.

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.1 Fair value (continued)

Plant and equipment

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million or 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.

10.2 Financial instruments

Financial risk management

Departmental risk management policies are in accordance with the *Risk Management Guide* 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 DTF 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 note 2.1 and 7.1 for further information.

Credit risk

The department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The department has minimal concentration of credit risk.

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 (ECL) using the simplified approach in AASB 9. The department uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprise a large number of small balances.

To measure the expected credit losses, receivables are grouped based on the days past due. When estimating expected credit loss, the department considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the department's historical experience and informed credit assessment, where practicable 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.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.2. Financial instruments (continued)

The following table provides information about the credit risk exposure and expected credit loss for non-government debtors.

	Debtor gross carrying amount \$'000	Expected credit loss rate %	Expected losses \$'000
Current (not past due)	1 146	0%	-
1 - 30 days past due	237	7.49%	18
31 - 60 days past due	356	10.82%	38
61 - 90 days past due	338	13.85%	47
More than 90 days past due	937	15.93%	149
Total	3 014		252

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.

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 \$0.011 million written off during the year are still subject to enforcement activity.

Cash and debt instruments

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.

All of the department's debt instruments at amortised cost are considered to have low credit risk and the consideration of expected credit loss was limited to 12 months expected losses. The expected credit loss is nil.

Market risk

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 TI 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 material accounting policy information 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).

Classification of financial instruments

The department measures all financial instruments at amortised cost. All financial assets and liabilities carrying amounts equal their fair value as at 30 June 2022 and are expected to be settled within one year excluding lease liabilities. Maturity analysis for lease liabilities is presented in note 7.2.

Department of Human Services

**Administered Financial Statements
For the year ended 30 June 2022**

Department of Human Services
Statement of Administered Comprehensive Income
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<u>Administered income</u>			
Appropriation	A2.1	190 544	183 074
SA Government grants, subsidies and transfers		11 382	12 837
Fees and charges		613	507
Interest		21	28
Client Trust receipts	A6.2	9 189	10 479
Donations		8	122
Other income		735	520
Total administered income		212 492	207 567
<u>Administered expenses</u>			
Employee benefits expenses		371	374
Supplies and services		1 807	1 708
Depreciation and amortisation	A4.1	2 171	2 694
Grants and subsidies	A3.1	212 239	206 562
Client Trust payments	A6.2	8 818	10 117
Donations and charity		13	3 283
Cash alignment transfers to Consolidated Account		-	9 351
Total administered expenses		225 419	234 089
Net result		(12 927)	(26 522)
<u>Other comprehensive income</u>			
Changes in property, plant and equipment asset revaluation surplus		-	6 894
Total other comprehensive income		-	6 894
Total comprehensive result		(12 927)	(19 628)

The accompanying notes form part of these financial statements.

Department of Human Services
Statement of Administered Financial Position
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<u>Administered current assets</u>			
Cash and cash equivalents	A5.1	50 952	63 120
Receivables		95	30
Total current assets		51 047	63 150
<u>Administered non-current assets</u>			
Property, plant and equipment	A4.1	22 994	25 165
Investment property	A4.2	3 150	3 150
Total non-current assets		26 144	28 315
Total assets		77 191	91 465
<u>Administered current liabilities</u>			
Payables		26 784	28 131
Total current liabilities		26 784	28 131
Total liabilities		26 784	28 131
Net assets		50 407	63 334
<u>Administered equity</u>			
Retained earnings		12 958	25 885
Asset revaluation surplus		37 449	37 449
Total equity		50 407	63 334

The accompanying notes form part of these financial statements.

Department of Human Services
Statement of Administered Cash Flows
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<u>Cash flows from operating activities</u>			
<i>Cash inflows</i>			
Appropriation		190 544	183 074
SA Government grants subsidies and transfers		11 382	12 837
Fees and charges		557	520
Interest		12	27
Client Trust receipts		9 189	10 479
Donations		8	122
Other income		735	507
Cash generated from operations		212 427	207 566
<i>Cash outflows</i>			
Employee benefits payments		(359)	(374)
Payments for supplies and services		(1 926)	(1 867)
Concessions		(182 907)	(152 403)
Grants and subsidies		(30 572)	(33 833)
Client Trust payments		(8 818)	(10 108)
Donations and charity		(13)	(3 283)
Cash alignment transfers to Consolidated Account		-	(9 351)
Cash used in operations		(224 595)	(211 219)
Net cash provided by / (used in) operations	A6.1	(12 168)	(3 653)
Net increase / (decrease) in cash and cash equivalents		(12 168)	(3 653)
Cash and cash equivalents at the beginning of the period		63 120	66 773
Cash and cash equivalents at the end of the period	A5.1	50 952	63 120

The accompanying notes form part of these financial statements.

Department of Human Services
Schedule of Income & Expense attributable to Administered Items

Administered income and expense by program	Gambler's Rehabilitation		Charitable Social Welfare		Home for Incurables Trust		Disability Services	
	Fund		Fund		Donations and Bequests		Donations and Bequests	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Administered income</u>								
Appropriation	637	590	50	-	-	-	-	-
SA Government grants subsidies and transfers	7 382	7 375	4 000	4 000	-	-	-	-
Fees and charges	1	19	151	43	242	253	-	-
Interest	-	1	-	-	4	4	-	-
Client Trust receipts	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Other income	420	403	315	115	-	-	-	-
Total administered income	8 440	8 388	4 516	4 158	246	257	-	-
<u>Administered expenses</u>								
Employee benefits expenses	-	-	-	-	-	-	-	-
Supplies and services	1 278	1 085	164	168	363	250	-	-
Depreciation and amortisation	-	-	-	-	2 171	2 694	-	-
Grants and subsidies	6 447	6 399	3 180	3 655	-	-	-	-
Client Trust payments	-	-	-	-	-	-	-	-
Donations and charity	-	-	-	-	-	-	-	4
Cash alignment transfers	-	-	-	-	-	-	-	-
Total administered expenses	7 725	7 484	3 344	3 823	2 534	2 944	-	4
Net result	715	904	1 172	335	(2 288)	(2 687)	-	(4)

Department of Human Services
Schedule of Income & Expense attributable to Administered Items

Administered income and expense by program	Supported Residential Facilities Indemnity Fund		Client Trust Accounts		Minister's salary		Health and Aged Care Services Donations and Bequests	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Administered income</u>								
Appropriation	-	-	-	-	371	374	-	-
SA Government grants subsidies and transfers	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-
Interest	-	-	17	22	-	-	-	-
Client Trust receipts	-	-	9 189	10 479	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Other income	-	2	-	-	-	-	-	-
Total administered income	-	2	9 206	10 501	371	374	-	-
<u>Administered expenses</u>								
Employee benefits expenses	-	-	-	-	371	374	-	-
Supplies and services	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	-
Client Trust payments	-	-	8 818	10 117	-	-	-	-
Donations and charity	-	-	-	-	-	-	9	11
Cash alignment transfers	-	-	-	-	-	-	-	-
Total administered expenses	-	-	8 818	10 117	371	374	9	11
Net result	-	2	388	384	-	-	(9)	(11)

Department of Human Services
Schedule of Income & Expense attributable to Administered Items

Administered income and expense by program	Concessions		Community Service Obligations		State Emergency Relief Fund		Personal Alert SA	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Administered income</u>								
Appropriation	168 073	161 061	18 281	17 674	-	-	3 132	3 375
SA Government grants subsidies and transfers	-	1 315	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	219	189
Interest	-	-	-	-	-	1	-	-
Client Trust receipts	-	-	-	-	-	-	-	-
Donations	-	-	-	-	8	122	-	-
Other income	-	-	-	-	-	-	-	-
Total administered income	168 073	162 376	18 281	17 574	8	123	3 351	3 564
<u>Administered expenses</u>								
Employee benefits expenses	-	-	-	-	-	-	-	-
Supplies and services	2	11	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-	-	-
Grants and subsidies	181 641	172 507	17 673	20 319	-	-	3 298	3 553
Client Trust payments	-	-	-	-	-	-	-	-
Donations and charity	-	-	-	-	4	3 268	-	-
Cash alignment transfers	-	9 351	-	-	-	-	-	-
Total administered expenses	181 643	181 869	17 673	20 319	4	3 268	3 298	3 553
Net result	(13 570)	(19 493)	608	(2 645)	4	(3 145)	53	11

Department of Human Services
Schedule of Income & Expense attributable to Administered Items

Administered income and expense by program	Consumer Advocacy and Research Fund		Total	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Administered income</u>				
Appropriation	-	-	190 544	183 074
SA Government grants subsidies and transfers	-	147	11 382	12 837
Fees and charges	-	3	613	507
Interest	-	-	21	28
Client Trust receipts	-	-	9 189	10 479
Donations	-	-	8	122
Other income	-	-	735	520
Total administered income	-	150	212 492	207 567
<u>Administered expenses</u>				
Employee benefits expenses	-	-	371	374
Supplies and services	-	194	1 807	1 708
Depreciation and amortisation	-	-	2 171	2 694
Grants and subsidies	-	129	212 239	206 562
Client Trust payments	-	-	8 818	10 117
Donations and charity	-	-	13	3 283
Cash alignment transfers to Consolidated Account	-	-	-	9 351
Total administered expenses	-	323	225 419	234 089
Net result	-	(173)	(12 927)	(26 522)

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
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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 of the department's financial statements. 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. 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 and 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 SA
- State Emergency Relief Fund
- Supported Residential Facilities Indemnity Fund

A1.3. Impact of COVID-19 pandemic on the department

The COVID-19 pandemic impacted on some activities administered by the department. In particular in 2021-22, the department was required to administer payments for the COVID Pandemic Payment Scheme. Refer to note A3.2 Concessions for these payments.

Department of Human Services
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A1.4. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2021-22 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.

	Note	Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
Statement of Administered Comprehensive Income				
<u>Administered Income</u>				
Appropriation		189 677	190 544	867
SA Government grants subsidies and transfers		11 437	11 382	(55)
Fees and charges		-	613	613
Interest		295	21	(274)
Client Trust receipts		10 930	9 189	(1 741)
Donations		-	8	8
Other income		422	735	313
Total administered income		212 761	212 492	(269)
<u>Administered Expenses</u>				
Employee benefits expenses		379	371	(8)
Supplies and services		1 748	1 807	59
Depreciation and amortisation		2 695	2 171	(524)
Grants and subsidies expenses		200 103	212 239	12 136
Client Trust payments		11 130	8 818	(2 312)
Donations and charity		-	13	13
Total administered expenses		216 055	225 419	9 364
Net result		(3 294)	(12 927)	(9 633)
Total comprehensive result		(3 294)	(12 927)	(9 633)

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 exceed both thresholds.

A2. Income

A2.1. Appropriation

	2022 \$'000	2021 \$'000
Revenues from appropriation		
Appropriations from Consolidated Account pursuant to the Appropriation Act	189 672	183 074
Appropriation from Governor's Appropriation Fund	872	-
Total revenues from appropriation	190 544	183 074

Appropriation is recognised upon receipt.

Department of Human Services
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A3. Expenses

A3.1. Grants and subsidies

	2022	2021
	\$'000	\$'000
Concessions	181 641	172 507
Community Service Obligations *	17 673	20 319
Gamblers Rehabilitation	6 447	6 399
Charitable Social Welfare Fund	3 180	3 655
Personal Alert SA	3 298	3 553
Consumer Advocacy and Research Fund	-	129
Total grants and subsidies	212 239	206 562

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

** Administrative responsibility for the Consumer Advocacy & Research Fund was transferred to the Department of Environment and Water, effective from 1 January 2021.

A3.2. Concessions

	2022	2021
	\$'000	\$'000
Water and sewerage rates	51 910	55 440
Energy	51 988	44 569
Cost of Living *	37 089	37 737
Transport	24 577	29 200
COVID Pandemic Payment Scheme	14 127	570
International Student Support Package *	-	2 766
Emergency electricity payments	184	216
Other	1 766	2 009
Total concessions	181 641	172 507

* As part of the State Government's response to COVID-19, \$3.715 million was paid in 2020-21 as part of the Cost of Living Concession (COLC) for a one-off boost to individuals who were unemployed or lost their jobs as a result of COVID-19. No payments were made in 2021-22.

Department of Human Services
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A4. Non-financial assets

A4.1. Property, plant and equipment owned by the department

The following tables show the movement of land, buildings and improvements and plant and equipment:

2021-22

	Land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	15 950	7 600	1 615	25 165
Gains/(losses) for the period recognised in net result:				
Depreciation and amortisation	-	(1 900)	(271)	(2 171)
Carrying amount at the end of the period	15 950	5 700	1 344	22 994
Gross carrying amount				
Gross carrying amount	15 950	7 600	2 873	26 423
Accumulated depreciation/amortisation	-	(1 900)	(1 529)	(3 429)
Carrying amount at the end of the period	15 950	5 700	1 344	22 994

2020-21

	Land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	11 250	9 579	1 886	22 715
Revaluation increment / (decrement)	4 700	444	-	5 144
Subtotal:	15 950	10 023	1 886	27 859
Gains/(losses) for the period recognised in net result:				
Depreciation and amortisation	-	(2 423)	(271)	(2 694)
Carrying amount at the end of the period	15 950	7 600	1 615	25 165
Gross carrying amount				
Gross carrying amount	15 950	7 600	2 873	26 423
Accumulated depreciation/amortisation	-	-	(1 258)	(1 258)
Carrying amount at the end of the period	15 950	7 600	1 615	25 165

The department holds Carpark as part of assets for Buildings and improvements, and it has been fully depreciated and there is no movement for this asset in 2021-22.

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$15.950 million (2020-21: \$15.950 million) which was classified as level 2. In 2020-21 buildings valued at \$7.600 million transferred from level 2 to level 3. There were no transfers in 2021-22.

Department of Human Services
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A4.2. Investment property

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 in the revaluation reserve under equity in the period that they arise. An independent full site valuation of the investment property was performed at 30 June 2021. The results of the valuation were processed. The investment property is not depreciated however is tested for impairment. Investment for land is classified as level 2 of the fair value hierarchy.

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

The following table shows the movement of investment property:

Reconciliation 2021-22

	Investment land \$'000	Investment building \$'000	Total \$'000
Carrying amount at the beginning of the period	3 150	-	3 150
Carrying amount at the end of the period	<u>3 150</u>	<u>-</u>	<u>3 150</u>

Reconciliation 2020-21

	Investment land \$'000	Investment building \$'000	Total \$'000
Carrying amount at the beginning of the period	800	600	1 400
Revaluation increment / (decrement)	2 350	(600)	1 750
Carrying amount at the end of the period	<u>3 150</u>	<u>-</u>	<u>3 150</u>

Department of Human Services
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A5. Financial assets

A5.1. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Special deposit account with the Treasurer	33 698	46 148
Deposit account with SAFA	15 953	16 042
Other deposits	1 301	930
Total cash and cash equivalents	50 952	63 120

A6. Other disclosures

A6.1. Cash flow reconciliation

	2022	2021
	\$'000	\$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	50 952	63 120
Balance as per the Statement of Cash Flows	50 952	63 120
<u>Reconciliation of net cash provided by / (used in) operating activities to net result</u>		
Net cash provided by/(used in) operating activities	(12 168)	(3 653)
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation	(2 171)	(2 694)
<u>Movement in assets and liabilities</u>		
Increase/(decrease) in receivables	65	(80)
(Increase)/decrease in payables	1 347	(20 095)
Net result	(12 927)	(26 522)

A6.2. 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 \$0.017 million (2021: \$0.021 million).

	2022	2021
	\$'000	\$'000
Opening balance at the beginning of the period	14 078	13 694
Add receipts	9 206	10 501
Less expenses	(8 818)	(10 117)
Closing balance at the end of the period	14 466	14 078

Department of Human Services
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A6.3. 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.

	2022	2021
	\$'000	\$'000
Opening balance at the beginning of the period	172	176
Less expenses	-	(4)
Closing balance at the end of the period	172	172

A6.4. 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.

	2022	2021
	\$'000	\$'000
Opening balance at the beginning of the period	527	538
Less expenses	(9)	(11)
Closing balance at the end of the period	518	527

A6.5. Consumer Advocacy and Research Fund

The Consumer Advocacy and 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.

Administrative responsibility of the Fund was transferred to the Department of Environment and Water, effective from 1 January 2021. The amount transferred is included in expenses below (2021: \$0.194 million).

	2022	2021
	\$'000	\$'000
Opening balance at the beginning of the period	-	173
Add receipts	-	150
Less expenses	-	(323)
Closing balance at the end of the period	-	-

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A6.6. 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.

	2022	2021
	\$'000	\$'000
Opening balance at the beginning of the period	102	3 247
Add receipts	8	123
Less expenses	(4)	(3 268)
Closing balance at the end of the period	<u>106</u>	<u>102</u>

There were no appeals during 2021-22. As at 30 June 2021, the total disbursed to SA Bushfire Appeal victims was \$9.060 million with the remainder transferred to the fund's general account for future appeals.

A6.7. Supported Residential Facilities Indemnity Fund

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.

	2022	2021
	\$'000	\$'000
Opening balance at the beginning of the period	52	50
Add receipts	-	2
Closing balance at the end of the period	<u>52</u>	<u>52</u>

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 financial assistance provided to individuals impacted by COVID-19 by the South Australian Government ceased in 2021-22. The department does not expect its financial position to be materially impacted in 2022-23 due to the COVID-19 pandemic.

Department of Human Services
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A8. Measurement and risk

A8.1. 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 1 and 2 fair value hierarchy levels in 2022 or 2021. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. All property, plant and equipment are classified in the level 3 fair value except for land classified in level 2. Investment property is classified as level 2. There have been no transfer occurred in 2021-22. Refer to note A4.1 and A4.2 for asset movements.

Valuation techniques and inputs

There were no changes in valuation techniques during 2021-22.

A9. 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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A9. 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 Income and Expenses for the year ended 30 June 2022	2022 \$'000	2021 \$'000
<u>Income</u>		
Fees and charges	242	253
Interest	4	4
Total income	246	257
<u>Expenses</u>		
Supplies and services	363	250
Depreciation and amortisation	2 171	2 694
Total expenses	2 534	2 944
Net result	(2 288)	(2 687)
<u>Other comprehensive income</u>		
Changes in property, plant and equipment asset revaluation surplus	-	6 894
Total other comprehensive income	-	6 894
Total comprehensive result	(2 288)	4 207

Schedule of Financial Position for the year ended 30 June 2022	2022 \$'000	2021 \$'000
<u>Current assets</u>		
Special deposits with the Treasurer	11	38
Deposits with SAFA	2 798	2 894
Receivables	6	-
Total current assets	2 815	2 932
<u>Non-current assets</u>		
Property, plant and equipment	22 994	25 165
Investment property	3 150	3 150
Total non-current assets	26 144	28 315
Total assets	28 959	31 247
Net assets	28 959	31 247

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A9. Home for Incurables Trust (continued)

Schedule of Changes in Equity for the year ended 30 June 2022	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2020	30 555	(3 515)	27 040
Net result for 2020-21	-	(2 687)	(2 687)
Net gain/(loss) on revaluation of property, plant and equipment	6 894	-	6 894
Total comprehensive result for 2020-21	6 894	(2 687)	4 207
Balance at 30 June 2021	37 449	(6 202)	31 247
Net result for 2021-22	-	(2 288)	(2 288)
Total comprehensive result for 2021-22	-	(2 288)	(2 288)
Balance at 30 June 2022	37 449	(8 490)	28 959

Schedule of Administered Cash Flows for the year ended 30 June 2022	2022 \$'000	2021 \$'000
<u>Cash flows from operating activities</u>		
<u>Cash inflows</u>		
Interest	4	4
Rental revenue	236	262
<u>Cash generated from operations</u>	240	266
<u>Cash outflows</u>		
Supplies and services	(363)	(259)
Cash used in operations	(363)	(259)
Net cash provided by / (used in) operating activities	(123)	7
Net increase / (decrease) in cash and cash equivalents	(123)	7
Cash and cash equivalents at the beginning of the reporting period	2 932	2 925
Cash and cash equivalents at the end of the reporting period	2 809	2 932

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A.9 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.

Property, plant and equipment	2022	2021
	\$'000	\$'000
<u>Land and buildings</u>		
Land at fair value	15 950	15 950
Buildings and improvements at fair value	7 600	7 600
Accumulated depreciation - buildings and improvements	(1 900)	-
Carpark at fair value	12	12
Accumulated depreciation - carpark	(12)	(12)
Total land and buildings	21 650	23 550
<u>Property, plant and equipment</u>		
Other plant and equipment at cost (deemed fair value)	2 873	2 873
Accumulated depreciation - other plant and equipment at cost	(1 529)	(1 258)
Total plant and equipment	1 344	1 615
Total property, plant and equipment	22 994	25 165

The following table shows the movement of land, buildings and improvements and plant and equipment:

Reconciliation 2021-22

	Buildings and Land improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	15 950	7 600	1 615
Depreciation and amortisation	-	(1 900)	(271)
Carrying amount at the end of the period	15 950	5 700	1 344

Reconciliation 2020-21

	Buildings and Land improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	11 250	9 579	1 886
Depreciation and amortisation	-	(2 423)	(271)
Revaluation increment / (decrement)	4 700	444	-
Carrying amount at the end of the period	15 950	7 600	1 615

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A.9 Home for Incurables Trust (continued)

The following table shows the movement of investment property during 2021-22:

	2022 \$'000	2021 \$'000
<u>Investment building</u>		
Carrying amount at the beginning of the period	-	600
Revaluation decrement	-	(600)
Fair value at the end of the period	-	-
<u>Investment land</u>		
Carrying amount at the beginning of the period	3 150	800
Revaluation increment	-	2 350
Fair value at the end of the period	3 150	3 150
Total investment property at the end of the period	3 150	3 150