

Department of
Human Services

Financial report
for the year ended
30 June 2019



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To the Acting Chief Executive Department of Human Services

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 2019.

Opinion

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 2019, its financial performance and its cash flows for year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2019
- a Statement of Administered Financial Position as at 30 June 2019
- a Statement of Administered Cash Flows for the year ended 30 June 2019
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Acting Chief Executive and the Acting Chief Financial Officer.

Basis for opinion

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

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

Responsibilities of the Acting Chief Executive for the financial report

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson

Auditor-General

20 September 2019

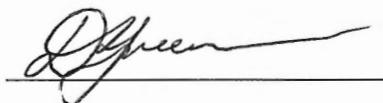
Department of Human Services
Certification of Financial Statements
for the year ended 30 June 2019

We certify that the:

- financial statements of the Department of Human Services:
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority 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 over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Lois Boswell
A/Chief Executive
16 September 2019



Daniel Green
A/Chief Financial Officer
16 September 2019

Department of Human Services
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Expenses			
Employee benefits expenses	2.3	307 762	388 631
Supplies and services	3.1	211 784	304 216
Depreciation and amortisation	3.2	10 829	11 301
Grants and subsidies	3.3	1 030 920	641 940
Net loss from disposal of property, plant and equipment	4.6	2 697	-
Other expenses	3.4	209 605	175 498
Total expenses		1 773 597	1 521 586
Income			
Fees and charges	4.2	51 244	125 401
Commonwealth grants and payments	4.3	101 198	115 882
Interest	4.4	5	3
Resources received free of charge	4.5	4 713	6 776
Net gain from disposal of property, plant and equipment	4.6	-	192
Other income	4.7	28 999	35 854
Total income		186 159	284 108
Net cost of providing services		(1 587 438)	(1 237 478)
Revenues from / (payments to) SA Government			
Revenues from SA Government	4.1	1 564 800	1 272 447
Payments to SA Government	4.1	(16 614)	(14 832)
Total net revenues from SA Government		1 548 186	1 257 615
Net result		(39 252)	20 137
Other comprehensive income			
Items that will not be reclassified to net result:			
Changes in property, plant and equipment asset revaluation surplus		-	209
Total other comprehensive income		-	209
Total comprehensive result		(39 252)	20 346

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 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	6.1	164 075	227 967
Receivables	6.2	23 683	25 586
Inventories	5.4	398	421
Non-current assets classified as held for sale	5.5	-	19 178
Total current assets		188 156	273 152
Non-current assets			
Receivables	6.2	729	15 900
Property, plant and equipment	5.1	163 055	168 209
Capital works in progress	5.2	3 066	4 774
Intangible assets	5.3	4 023	4 421
Total non-current assets		170 873	193 304
Total assets		359 029	466 456
Current liabilities			
Payables	7.1	29 256	92 329
Employee benefits	2.4	72 559	61 325
Provisions	7.2	6 135	6 456
Other current liabilities	7.3	3 150	4 721
Total current liabilities		111 100	164 831
Non-current liabilities			
Payables	7.1	3 200	4 807
Employee benefits	2.4	34 782	52 072
Provisions	7.2	23 748	19 873
Other non-current liabilities	7.3	868	2 220
Total non-current liabilities		62 598	78 972
Total liabilities		173 698	243 803
Net assets		185 331	222 653
Equity			
Contributed capital		74 325	74 325
Retained earnings		85 334	104 227
Asset revaluation surplus		25 672	44 101
Total equity		185 331	222 653

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 2019

Note	Contributed capital	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	74 325	43 005	84 977	202 307
Net result for 2017-18	-	-	20 137	20 137
Gain/(loss) on revaluation of property, plant and equipment	5.1	209	-	209
Total comprehensive result for 2017-18	-	209	20 137	20 346
Transfer to retained earnings of net increment realised on sale of land and buildings	-	887	(887)	-
Balance at 30 June 2018	74 325	44 101	104 227	222 653
Net result for 2018-19	-	-	(39 252)	(39 252)
Total comprehensive result for 2018-19	-	-	(39 252)	(39 252)
Transfer to retained earnings of net increment realised on sale of land and buildings	-	(18 429)	18 429	-
Transaction with SA Government as owner				
Net assets received from an administrative restructure	-	-	1 930	1 930
Balance at 30 June 2019	74 325	25 672	85 334	185 331

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 2019

		2019 (Outflows) Inflows \$'000	2018 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash outflows			
Employee benefits payments		(291 476)	(392 091)
Payments for supplies and services*		(514 245)	(439 118)
Payments of grants and subsidies		(1 031 083)	(644 154)
Cash used in operations		(1 836 805)	(1 475 363)
Cash inflows			
Fees and charges		46 303	127 874
Receipts from Commonwealth		101 198	115 882
Interest received		5	3
GST recovered from the ATO		37 563	2 316
Other receipts		30 038	35 963
Cash generated from operations		215 107	282 038
Cash flows from SA Government			
Receipts from SA Government		1 564 800	1 272 447
Payments to SA Government		(16 614)	(4 750)
Cash generated from SA Government		1 548 186	1 267 697
Net cash provided by operating activities		(73 512)	74 372
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(7 155)	(7 349)
Cash used in investing activities		(7 155)	(7 349)
Cash inflows			
Proceeds from sale of property, plant and equipment		16 775	14 934
Cash generated from investing activities		16 775	14 934
Net cash provided by / (used in) investing activities		9 620	7 585
Net increase/(decrease) in cash and cash equivalents		(63 892)	81 957
Cash and cash equivalents at the beginning of the period		227 967	146 010
Cash and cash equivalents at the end of the period	6.1	164 075	227 967

The accompanying notes form part of these financial statements.

* Includes other expenses.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1. About the Department of Human Services

The Department of Human Services (DHS/the department) is a not-for-profit government department of the state of South Australia. The department is established pursuant to the *Public Sector Act 2009* as an administrative unit acting on behalf of the Crown.

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

Administered financial statements relating to administered resources are presented separately.

1.1. Basis of preparation

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

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

For the 2018-19 financial statements, the department adopted AASB 9 *Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 9.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

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

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

1.2. Objectives and Programs

Objectives

The department delivers and funds quality services that protect and enhance the community's wellbeing and provide support to people when they need it. The department serves the Minister for Human Services.

The department has responsibility for the delivery of specific programs to the public with respect to activities assigned to the department under various Acts, as delegated by the Minister, to the Chief Executive of the department.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.2. Objectives and Programs (continued)

Program 1: Communities

This program designs, commissions and connects community services that improve the lives of individuals and families across South Australia. This is achieved through partnerships, programs, grants and concessions that strengthen families and communities and support participation, safety and resilience. The program includes concessions that ease cost of living pressures; funding to the not-for-profit sector for a range of community services; interpreting and translating services; and the provision of screening services. It also includes grant programs and services to support young South Australians and grant programs designed to build community capacity and increase volunteering.

Program 2: Status of Women

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

Program 3: Youth Justice

Youth Justice provides statutory services (both custodial and community based) to children and young people in the justice system which aim to reduce re-offending and acknowledge the victims of crime. The program supports young people to change and positively participate in the community, thus improving outcomes for young people, families and the broader community.

Program 4: NDIS and Disability Services

This program is responsible for South Australia's transition to the National Disability Insurance Scheme (NDIS), working closely with the National Disability Insurance Agency (NDIA), the Commonwealth Government and the non-government sector. The program provides state disability services, including supported community accommodation. It is also responsible for effective and transparent funding arrangements for individuals and services by non-government organisations to people with disabilities and their carers during the transition to the NDIS.

Program 5: Social Housing

This program facilitates the transfer of funding to the South Australian Housing Trust (SAHT) to enable it to develop, implement and provide housing services for people who are at risk or in high need and to work with government and non-government agencies to improve the standard of, and access to, housing across the state. The role of the SAHT includes the management of grants for housing services to low income households; specialist homelessness and domestic violence services; the management of public housing; Aboriginal housing; community housing; financial support for private rental; and the regulation of housing standards. The SAHT also provides housing strategy, policy development and advice to government.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.2. Objectives and Programs (continued)

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

Expenses and Income by program for the year ended 30 June 2019

	Communities		Status of Women		Youth Justice	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses						
Employee benefits expenses	48 307	68 058	2 224	2 077	37 468	33 595
Supplies and services	19 531	27 744	551	550	8 508	8 767
Depreciation and amortisation	2 626	2 600	12	75	3 311	3 126
Grants and subsidies	59 392	60 952	2 415	1 869	443	764
Net loss from disposal of property, plant and equipment	556	-	14	-	262	-
Other expenses	374	234	9	6	157	117
Total expenses	130 786	159 588	5 225	4 577	50 149	46 369
Income						
Fees and charges	21 103	23 125	199	268	1 886	2 337
Commonwealth grants and payments	2 721	26 271	-	150	-	-
Interest	-	1	-	-	-	-
Resources received free of charge	990	1 423	28	41	514	739
Net gain from disposal of property, plant and equipment	-	62	-	2	-	33
Other income	7 499	5 494	1 159	1 060	221	703
Total income	32 313	56 376	1 386	1 521	2 621	3 812
Net cost of providing services	(98 473)	(103 212)	(3 839)	(3 056)	(47 528)	(42 557)
Revenues from / (payments to) SA Government						
Revenues from SA Government	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	(98 473)	(103 212)	(3 839)	(3 056)	(47 528)	(42 557)

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.2. Objectives and Programs (continued)

Expenses and Income by program for the year ended 30 June 2019

	NDIS and Disability Services		Social Housing		General / Not Attributable	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses						
Employee benefits expenses	219 763	218 323	-	66 578	-	-
Supplies and services	183 194	262 980	-	4 175	-	-
Depreciation and amortisation	4 880	5 500	-	-	-	-
Grants and subsidies	134 582	267 240	834 088	311 115	-	-
Net loss from disposal of property, plant and equipment	1 865	-	-	-	-	-
Other expenses	209 065	175 141	-	-	-	-
Total expenses	753 349	929 184	834 088	381 868	-	-
Income						
Fees and charges	28 056	33 093	-	66 578	-	-
Commonwealth grants and payments	98 477	79 966	-	9 495	-	-
Interest	5	2	-	-	-	-
Resources received free of charge	3 181	4 573	-	-	-	-
Net gain from disposal of property, plant and equipment	-	95	-	-	-	-
Other income	20 006	28 369	114	228	-	-
Total income	149 725	146 098	114	76 301	-	-
Net cost of providing services	(603 624)	(783 086)	(833 974)	(305 567)	-	-
Revenues from / (payments to) SA Government						
Revenues from SA Government	-	-	-	-	1 564 800	1 272 447
Payments to SA Government	-	-	-	-	(16 614)	(14 832)
Total net revenues from SA Government	-	-	-	-	1 548 186	1 257 615
Net result	(603 624)	(783 086)	(833 974)	(305 567)	1 548 186	1 257 615

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.2. Objectives and Programs (continued)

Expenses and Income by program for the year ended 30 June 2019

	Total	
	2019	2018
	\$'000	\$'000
Expenses		
Employee benefits expenses	307 762	388 631
Supplies and services	211 784	304 216
Depreciation and amortisation	10 829	11 301
Grants and subsidies	1 030 920	641 940
Net loss from disposal of property, plant and equipment	2 697	-
Other expenses	209 605	175 498
Total expenses	1 773 597	1 521 586
Income		
Fees and charges	51 244	125 401
Commonwealth grants and payments	101 198	115 882
Interest	5	3
Resources received free of charge	4 713	6 776
Net gain from disposal of property, plant and equipment	-	192
Other income	28 999	35 854
Total income	186 159	284 108
Net cost of providing services	(1 587 438)	(1 237 478)
Revenues from / (payments to) SA Government		
Revenues from SA Government	1 564 800	1 272 447
Payments to SA Government	(16 614)	(14 832)
Total net revenues from SA Government	1 548 186	1 257 615
Net result	(39 252)	20 137

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.3. Changes to the Department of Human Services

Transferred in

As a result of administrative arrangements outlined in a Chief Executive letter of agreement on 24 September 2018, Early Intervention and Research Development (EIRD) became a business unit of DHS. Assets and liabilities relating to this business unit were transferred from the Department of the Premier and Cabinet (DPC) to the department, effective 1 October 2018. This included six positions (5.6 FTE) and budget funding of \$2.455 million.

Total income and expenses attributable to EIRD for 2018-19 were:

	DPC July 2018 to Sept 2018 \$'000	DHS Oct 2018 to June 2019 \$'000	Total \$'000
Employee benefits expenses	189	631	820
Supplies and services	51	976	1 027
Grants, subsidies and client payments	496	136	632
Total expenses	736	1 743	2 479
Net result	(736)	(1 743)	(2 479)

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

	EIRD \$'000	Total \$'000
Payables	11	11
Employee benefits	65	65
Provisions	10	10
Total liabilities	86	86
Total net assets transferred	(86)	(86)

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.3. Changes to the Department of Human Services (continued)

Transferred out

Multicultural Affairs SA

As a result of administrative arrangements outlined as per the *Public Sector (Reorganisation of Public Sector Operations) Notice 2018* dated 14 June 2018, the department relinquished responsibility for Multicultural Affairs SA (MSA), a business unit of the department. Assets and liabilities relating to this business unit were transferred to DPC effective 1 July 2018.

SA Housing Authority tranche 1

As a result of administrative arrangements outlined as per the *Public Sector (Reorganisation of Public Sector Operations-South Australian Housing Trust) Notice 2018* dated 28 June 2018, the department relinquished responsibility for Housing SA (HSA), a nominal business unit of the department. Assets and liabilities relating to this business unit were transferred to the SA Housing Authority effective 1 July 2018.

SA Housing Authority tranche 2

As a result of administrative arrangements outlined as per *Public Sector (Reorganisation of Public Sector Operations-South Australian Housing Trust No. 2) Notice 2018* dated 6 December 2018, further assets and liabilities relating to HSA were transferred to the SA Housing Authority effective 1 December 2018.

	MSA	HSA tranche 1	HSA tranche 2	HSA Total
	\$'000	\$'000	\$'000	\$'000
Payables	50	1 777	122	1 899
Employee benefits	453	22 165	1 088	23 253
Provisions	66	1 189	238	1 427
Total liabilities	569	25 131	1 448	26 579
Total net assets transferred	(569)	(25 131)	(1 448)	(26 579)

In previous years, DHS recovered costs for the provision of employee related services to HSA tranche 1. Due to this arrangement the transition of tranche 1 to HSA has no impact on equity.

Net assets transferred by the department as a result of the administrative restructure were recognised at the carrying amount. The net assets transferred were treated as a distribution to the government as owner.

There were no functions transferred in or out of the department in the 2017-18 financial year.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.3. Changes to the Department of Human Services (continued)

Other changes

The introduction of the National Disability Insurance Scheme (NDIS) and Commonwealth aged care reforms have significantly changed the role of the state as a funder and provider of disability and domiciliary care services. Both reforms are designed to provide funding and choice to people with a disability and older people. The State Government has previously announced that State Government disability services will be transitioned to the non-government sector.

NDIS bilateral agreements

Financial contributions to the NDIS were governed until 30 June 2018 by arrangements outlined in the Bilateral Agreement for the Transition to the NDIS. Contributions were based on the actual numbers of clients that have transitioned to the NDIS, adjusted for state funded NDIS service provision (known as in-kind services) and any excess cash build up in the NDIA (known as cash ceiling adjustments). Given the slower than projected transition of adult clients into the NDIS, the overall NDIS contribution was lower than originally estimated, and expenditure on State disability services was higher.

The Bilateral Agreement for Full Scheme NDIS outlines the roles and responsibilities of the Commonwealth and South Australia in relation to governance, policy, market development, oversight and funding arrangements. Under these new financial arrangements in place from 1 July 2018, the State's fixed annual contribution during 2018-19 was adjusted for in-kind service delivery, cash ceiling adjustments and for the full cost of maintaining the state disability system as a result of the delay in transition of state clients to the NDIS.

Adult Therapy Services (ASSIST)

ASSIST included episodic allied health/therapy services for adults with disability, mostly across metropolitan Adelaide. ASSIST transferred to Minda on 30 November 2018.

Child & Youth Services (CYS)

CYS provided a range of services to children and young people with disabilities. CYS was also the NDIA partner for Early Childhood Early Intervention (ECEI) in South Australia for children 0-6 years.

CYS transitioned to the non-government sector on 1 October 2018 through creation of an Employee-Led Mutual, which delivers services to children and young people with a disability.

Highgate Park

Highgate Park provides high-level support in an institutional setting for residents living with disability, with some in residential aged care.

DHS is continuing to support current residents to transition to appropriate supported community living if they choose and prepare for the NDIS.

Domiciliary Equipment Service (DES)

DES provides equipment and home modifications services across the disability, ageing and health sectors.

The State Government announced that the commercial functions of DES would be transferred to the non-government sector through a market process which commenced in 2018-19.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.4. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2018-19 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

Statement of Comprehensive Income	Note	Original budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
Expenses				
Employee benefits expenses		297 165	307 762	10 597
Supplies and services		255 360	211 784	(43 576)
Depreciation and amortisation		11 412	10 829	(583)
Grants and subsidies	a	548 923	1 030 920	481 997
Net loss from disposal of property, plant and equipment		-	2 697	2 697
Other expenses	b	120 594	209 605	89 011
Total expenses		1 233 454	1 773 597	540 143
Income				
Fees and charges		43 792	51 244	7 452
Commonwealth grants and payments		103 420	101 198	(2 222)
Interest		-	5	5
Resources received free of charge		-	4 713	4 713
Other income		16 327	28 999	12 672
Total income		163 539	186 159	22 620
Net cost of providing services		(1 069 915)	(1 587 438)	(517 523)
Revenues from / (payments to) SA Government				
Revenues from SA Government	c	1 067 165	1 564 800	497 635
Payments to SA Government		(16 955)	(16 614)	341
Total net revenues from SA Government		1 050 210	1 548 186	497 976
Net result		(19 705)	(39 252)	(19 547)

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.

- a) Primarily due to a once-off grant funding increase to SA Housing Authority to enable it to reprioritise operations and support its viability (net of \$503.5 million); this is partially offset by the continued step down of state individualised funding arrangements for clients in receipt of contracted services as they transition to the NDIS.
- b) Primarily due to an increase in NDIS contributions due to the transition of clients and services to the NDIS in 2018-19.
- c) Primarily due to a once-off grant funding increase to SA Housing Authority to enable it to reprioritise operations and support its viability (net of \$503.5 million).

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.4. Budget performance (continued)

		Original budget	Actual	Variance
	Note	2019 \$'000	2019 \$'000	\$'000
Investing expenditure summary				
Total new and existing projects	d	770	3 457	2 687
Total annual programs	e	1 728	2 749	1 021
Total investing expenditure		2 498	6 206	3 708

- d) The total existing projects expenditure was higher than original budget primarily due to the approved carryover of existing capital projects, not originally completed in 2017-18. Cabinet also, approved additional funding for the upgrade of the Screening Unit IT system in 2018-19 as part of the implementation of the *Child Safety (Prohibited Persons) Act 2016*. In addition, there were upgrades to the Adelaide Youth Training Centre, including solar panels.
- e) The total annual program was higher than original budget primarily due to the ongoing demand for disability equipment in Domiciliary Equipment Services.

1.5. Significant transactions with government related entities

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2. 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.

2.1. Key management personnel

Key management personnel of the department include:

- the Minister for Human Services
- Chief Executive
- Deputy Chief Executive
- Chief Financial Officer
- Executive Director, Strategy and Accommodation Services
- Executive Director, Disability and Domiciliary Care Services
- Executive Director, NDIS Reform and Services
- Group Executive Director, Disability and Reform
- Executive Director, People and Culture
- Executive Director, Youth Justice
- Director, Office for Women
- Director, Office of the Chief Executive
- Executive Director, Housing SA
- Executive Director, Corporate Services

Total compensation for key management personnel was \$3.671 million in 2018-19 and \$4.392 million in 2017-18.

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.1. Key management personnel (continued)

	2019	2018
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	2 421	2 822
Post-employment benefits	588	729
Other long-term employment benefits	131	98
Termination benefits	531	743
Total	3 671	4 392

Transactions with key management personnel and other related parties

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

2.2. Board and committee members

Members during the 2019 financial year were:

Risk Management and Audit Committee

M Patetsos	Chair	Appointed	25/07/2006		
P Bull*	Member			Ceased	10/08/2018
Y Sneddon	Member	Appointed	13/03/2012		
L Young*	Member			Ceased	29/03/2019
J King	Member	Appointed	17/12/2018		
N Ashley*	Member	Appointed	3/08/2018		
K Summers*	Member	Appointed	30/04/2019		

Gambling Advisory Committee

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

Premier's Council for Women

M A Silva	Chair	Appointed	1/07/2016		
M Hagias	Deputy Chair	Appointed	1/07/2016		
L Hallahan	Member	Appointed	31/01/2017		
A Lee	Member	Appointed	1/08/2016		
L Marrone*	Member			Ceased	30/06/2019
K Matthias	Member			Ceased	30/06/2019
A Mundkur	Member	Appointed	31/01/2017		
E O'Loughlin	Member	Appointed	1/08/2016		
L Pascale	Member			Ceased	30/06/2019
N Saunders	Member	Appointed	1/02/2016		
V Welgraven*	Member	Appointed	1/08/2016		

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.2. Board and committee members (continued)

State Emergency Relief Fund Committee

V Faggotter*	Chair	Reappointed	1/04/2019		
J Ullianich	Chair			Ceased	31/03/2019
A Chooi *	Member			Ceased	15/05/2019
B Grear *	Member	Appointed	8/12/2016		
G Cornish*	Member	Appointed	1/06/2019		
A Lloyd-Wright *	Member	Appointed	15/02/2018		
L Houston*	Member	Appointed	1/06/2019		

Supported Community Accommodation Services**

J Curran	Chair			Dissolved	30/06/2018
S Blewett	Member			Dissolved	30/06/2018
J Brown	Member			Dissolved	30/06/2018
A Burgess	Member			Dissolved	30/06/2018
S Campbell	Member			Dissolved	30/06/2018
C Locher	Member			Dissolved	30/06/2018
J Ullianich	Member			Dissolved	30/06/2018

Grants SA Assessment Panel***

E Carson	Chair	Appointed	1/07/2018		
J Stone	Member	Appointed	1/09/2017		
V Madan	Member			Ceased	30/06/2019
H Anstiss	Member	Appointed	1/07/2016		
H Nguyen	Member	Appointed	1/07/2016		
A Fantasia	Member			Ceased	24/08/2018

* 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.

** Supported Community Accommodation Services was appointed and dissolved by the Minister during 2017-18, final payments to these members were paid during the 2018-19 financial year.

*** The Grants SA Assessment Panel has been included for the first time this year. The 2017-18 disclosure has also been updated to include the payments to Panel members.

As a result of administrative arrangements, the South Australian Multicultural and Ethnic Affairs Commission transitioned to the Department of the Premier and Cabinet effective 1 July 2018. No board fees were incurred by the Department during 2018-19 financial year.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.2. Board and committee members (continued)

Board and committee remuneration

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

	2019	2018
\$0 - \$19 999	41	52
\$20 000 - \$39 999	-	2
Total number of members	41	54

The total remuneration received or receivable by members was \$0.041 million (\$0.24 million). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

2.3. Employee benefits expense

	2019	2018
	\$'000	\$'000
Salaries and wages	201 875	285 543
Targeted voluntary separation packages	26 800	2 499
Employee on-cost - superannuation	21 881	32 021
Annual leave	20 956	28 944
Workers compensation	12 543	6 032
Employee on-cost - other	12 473	17 395
Long service leave	5 735	6 974
Eligible termination payments *	2 856	4 606
Skills and experience retention leave	1 046	1 515
Board and committee fees	59	202
Additional compensation	407	1 723
Other employee related expenses	1 131	1 177
Total employee benefits expenses	307 762	388 631

* Includes incentive payments for CYS Mutual and ASSIST employees in 2018-19 and Domiciliary Care employees in 2017-18.

Department of Human Services
Notes to and forming part of the financial statements
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2.3. Employee benefits expense (continued)

Remuneration of employees

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

	2019	2018
\$149 000 - 151 000	N/A	4
\$151 001 - 171 000	7	14
\$171 001 - 191 000	13	12
\$191 001 - 211 000	5	4
\$211 001 - 231 000	1	3
\$231 001 - 251 000	5	4
\$251 001 - 271 000	4	3
\$271 001 - 291 000	5	4
\$291 001 - 311 000	9	1
\$311 001 - 331 000	4	-
\$331 001 - 351 000	3	2
\$351 001 - 371 000	4	-
\$411 001 - 431 000	1	-
\$431 001 - 451 000	1	-
\$451 001 - 471 000	1	1
\$551 001 - 571 000	-	1
\$631 001 - 651 000	-	1
Total	63	54

The \$149 000 to \$151 000 band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2017-18.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any tax paid or payable in respect of those benefits.

The total number of executives for 2019 are 27 (36) and non-executive are 36 (18).

Total remuneration received by these employees for the year was \$16 million (\$12 million).

Department of Human Services
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2.3. Employee benefits expense (continued)

Targeted voluntary separation packages (TVSPs)

The number of employees who received a TVSP during the reporting period was 345 (28)

	2019	2018
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted voluntary separation packages	26 800	2 499
Leave paid to those employees	8 805	1 165
Recovery from the Department of Treasury and Finance	(27 470)	-
Net cost to the department	8 135	3 664

2.4. Employee benefits liability

	2019	2018
	\$'000	\$'000
Current		
Accrued salaries and wages	37 171	13 097
Annual leave	20 453	29 508
Long service leave	13 878	16 997
Skills and experience retention leave	1 057	1 723
Total current employee benefits	72 559	61 325
Non-current		
Long service leave	34 782	52 072
Total non-current employee benefits	34 782	52 072
Total employee benefits	107 341	113 397

Paid Days Off and Days In Lieu accruals have been reclassified to accrued salary and wages from note 7.1 payables, the 2017-18 comparatives have been updated to reflect this change in methodology.

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salary and wages, annual leave, skills and experience retention leave (SERL) and sick leave

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

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Department of Human Services
Notes to and forming part of the financial statements
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2.4. Employee benefits liability (continued)

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

3. Expenses

Aside from employee expenses, grants and subsidies are DHS' largest expenditure category. During 2018-19, the major recipients were the South Australian Housing Authority and non-government organisations.

Under Supplies and Services, brokerage care services is the largest expenditure, which has significantly decreased in 2018-19 due to eligible disability clients transitioning to the NDIS.

Employee benefits expenses are disclosed in note 2.3.

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Brokerage care services	115 140	195 115
Accommodation and property related	26 364	26 919
Communication and computing	14 701	15 797
Contractors and agency staff	13 058	10 810
Client related expenses	5 887	6 173
Business services	5 202	6 855
Minor equipment	4 896	8 751
Motor vehicles	3 945	5 851
Repairs and maintenance	3 201	3 641
Consultants	1 730	2 385
Drugs and medical supplies	1 677	1 717
Printing, stationery, postage and periodicals	1 441	2 129
Seminars, courses and training	1 195	1 513
Managed payments	1 167	1 152
Travel and accommodation	1 076	1 143
Insurance	780	761
Advertising and promotions	357	871
Interpreter and translator fees	17	44
Homelessness services*	-	4 175
Other	9 950	8 414
Total supplies and services	211 784	304 216

* The Homelessness program was transferred to the South Australian Housing Authority as at 1 July 2018.

Department of Human Services
Notes to and forming part of the financial statements
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3.1. Supplies and services (continued)

Operating leases payments

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the leased term.

Consultants

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

	No.	2019 \$'000	No.	2018 \$'000
Below \$10 000	-	-	1	2
\$10 000 or above	14	1 730	7	2 383
Total	14	1 730	8	2 385

3.2. Depreciation and amortisation

	2019 \$'000	2018 \$'000
Buildings and improvements	3 994	4 231
Independent living equipment program	2 661	2 506
Computer software	2 446	2 091
Leasehold improvements	1 162	1 952
Other plant and equipment	538	505
Computing equipment	15	7
Motor vehicles	13	9
Total depreciation and amortisation	10 829	11 301

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

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

The department did not revalue its controlled land and buildings during 2018-19. The Administered buildings have been revalued in 2018-19.

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

Department of Human Services
Notes to and forming part of the financial statements
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3.2. Depreciation and amortisation (continued)

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.

Useful life

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

Class of asset	Useful life (years)
Buildings	40-50
Leasehold improvements	Life of lease
Plant and equipment	5-15
Motor vehicles	3-5
Computer equipment	3-5
Computer software	3-5
Independent living equipment program (ILEP)	3-5

The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

Department of Human Services
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for the year ended 30 June 2019

3.3. Grants and subsidies

Grants and subsidies by program	2019	2018
	\$'000	\$'000
Grants to SAHT (Commonwealth and State Contribution)	834 169	245 654
Disability Grants	132 737	262 806
Home and Community Care	27 330	27 363
Family and Community Development	11 732	11 286
Adults With Chronic Conditions	5 490	-
Financial Hardship Programs (formerly Affordable Living Programs)	5 099	4 977
Supported Residential Facilities	3 270	4 413
Aboriginal Community Benefit Grants	2 112	1 994
Youth Portfolio (formerly Office for Youth)	1 297	2 056
NDIS Sector Development	220	1 467
Specialist Homelessness Services	-	65 461
Other	7 464	14 463
Total grants and subsidies	1 030 920	641 940

Grants and subsidies by recipient type

SAHT	834 169	245 654
Non-Government Organisations (NGOs)	175 641	360 071
SA Health Units	9 174	10 405
Local Government	7 513	7 552
Individualised funding	2 663	14 274
Universities	461	625
Glasses SA (formerly Spectacles SA)	444	351
SA Government entities - other	422	2 109
Commonwealth & other State/Territory Governments	403	880
Other	30	19
Total grants and subsidies	1 030 920	641 940

Department of Human Services
Notes to and forming part of the financial statements
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3.3. Grants and subsidies (continued)

Funding to Non-Government Organisations

	2019	2018
	\$'000	\$'000
Minda Incorporated	24 375	50 454
Community Accommodation and Respite Agency Inc (CARA)	20 983	35 720
Royal District Nursing Service of SA Inc.	11 412	5 677
Community Living Australia	7 769	15 732
Anglicare SA	6 315	13 986
Lighthouse Disability	5 944	15 378
Uniting Communities	5 457	12 001
Community Living Options Inc.	5 214	9 825
Orana Inc	4 770	10 386
Life Without Barriers	3 701	6 380
Child and Youth Services Mutual Ltd.	3 534	-
Homecare Plus	3 185	4 030
EBL Disability Services Inc.	2 960	6 726
Hills Community Options Inc.	2 782	5 001
Disability Living Inc.	2 659	5 275
Baptist Care SA Inc.	2 620	6 627
Spastic Centres of South Australia (SCOSA) Inc.	2 483	6 780
UnitingCare Wesley Port Adelaide Inc. (formerly Uniting Care Wesley Port)	2 248	5 471
Autism Association of SA Inc.	2 043	3 759
Centacare Catholic Family Services	2 022	12 271
Royal Society for the Blind of SA Inc.	1 987	2 777
UnitingCare Wesley Bowden Inc.	1 962	2 987
Good Shepherd Microfinance	1 512	1 476
Amandus Lutheran Disability Services Inc. (formerly Shimron House)	1 430	2 354
Incompro Aboriginal Association Inc.	1 419	1 857
Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council	1 329	1 803
UnitingCare Wesley Country SA Inc.	1 275	4 901
Anglican Community Care Inc.	1 211	3 415
Calvary Home Care Services	1 204	2 540
Barkuma Inc.	1 170	2 167
Novita Children's Services Inc.	1 167	3 046
Individual Supported Accommodation Service Inc.	1 122	2 212
Northern Carer's Network Inc.	1 090	1 055
Other	35 287	96 002
Total funding to Non-Government Organisations	175 641	360 071

Payments to non-government organisations greater than \$1.0 million in 2018-19 are individually disclosed above. Payments less than \$1.0 million are included in 'Other'. Payments are also net of grant recoveries during 2018-19.

Department of Human Services
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3.4. Other expenses

	2019	2018
	\$'000	\$'000
NDIS payments	183 147	96 082
Aged Care and Disability Services Reform – payment to the Commonwealth *	24 802	77 800
Allowances for doubtful debts	(372)	1 214
Assets transferred at nil consideration **	1 656	-
Donated assets	5	7
Other	367	395
Total other expenses	209 605	175 498

* From 1 July 2011, as part of the National Health Reform Agreement, funding and program responsibility for basic community care services and packaged community care and residential care delivered through the Commonwealth aged care program, for people under the age of 65 years (under the age of 50 for Indigenous Australians) was assumed by the South Australian Government. The State reflects these changed responsibilities through a payment to the Commonwealth for the services Commonwealth provides to clients that are the responsibility of the State under the terms of the agreement. During 2015–16, these arrangements were incorporated in the 'Transition to a National Disability Insurance Scheme' bilateral agreement. These arrangements ceased in 2018-19 with the expiration of the agreement.

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

Other

Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* were \$0.328 million (\$0.340 million). No other services were provided by the Auditor-General's Department.

4. Income

The existence of the department and the ongoing delivery of current programs and services is dependent on government policy and on continuing appropriations by Parliament. Appropriation received during the year is reported under Net Revenues from SA Government.

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

Department of Human Services
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4.1. Net revenues from SA Government

	2019	2018
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	1 537 330	1 263 685
DTF - Contingency Funds	27 470	8 762
Total revenues from SA Government	1 564 800	1 272 447
Payments to SA Government		
Other payments to the Consolidated Account	(16 614)	(14 832)
Total payments to SA Government	(16 614)	(14 832)
Net revenues from SA Government	1 548 186	1 257 615

Appropriations

Appropriations are recognised on receipt.

Total revenues from Government consist of \$1 537.330 million (\$1 263.685 million), inclusive of \$6.122 million (\$7.349 million) for capital projects. The original amount appropriated to the department under the annual Appropriation Act was not varied however an additional advance of \$470.165 million was received from the Treasurer via the Governor's Appropriation Fund.

Other payments to the Consolidated Account

Other payments to the Consolidated Account include payments made during 2018-19 for proceeds relating to the sale of assets classified as held for sale.

Department of Human Services
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4.2. Fees and charges

	2019	2018
	\$'000	\$'000
Fees, fines and penalties	17 954	18 448
Recoveries	14 702	15 388
Business services *	9 100	16 454
Patient and client fees	7 406	8 389
Rent	1 969	116
Insurance recoveries	113	28
Employee services **	-	66 578
Total fees and charges	51 244	125 401

* Represents services provided to SA Housing Authority as per the Memorandum of Administrative Arrangements (MOAA).

** Represents the recovery of costs for the provision of employee related services to HSA. Due to the administrative restructure, recovery costs were not applicable for 2018-19.

4.3. Commonwealth grants

	2019	2018
	\$'000	\$'000
DisabilityCare Australia Fund	70 560	33 000
Continuity of Support Programme	25 370	6 749
Commonwealth Home Support Programme	2 429	25 881
Residential Aged Care	2 400	2 525
National Partnership Payments - Homelessness	-	9 045
Aged Care and Disability Services Reform – Specialist Disability Services *	-	32 354
NDIS Sector Development	-	1 188
Information, Linkages and Capacity Building	-	4 000
Other	439	1 140
Total Commonwealth grants and payments	101 198	115 882

* As part of the National Health Reform Agreement, funding and policy responsibility for basic community care services and specialist disability services delivered by the States in accordance with their responsibilities under the National Disability Agreement for people aged 65 years and over (50 years and over for Indigenous Australians) was assumed by the Commonwealth Government from 1 July 2011. These changed responsibilities are reflected through a contribution from the Commonwealth for services provided to clients which are the responsibility of the Commonwealth under the terms of the agreement. During 2015–16, these arrangements were incorporated in the 'Transition to a National Disability Insurance Scheme' bilateral agreement. These arrangements ceased in 2018-19 with the expiration of the agreement.

Contributions are recognised as an asset and income when the department obtains control of the contributions or obtains the right to receive the contribution and the income recognition criteria are met.

All funds are used appropriately in line with the agreements.

There was no contributed income in 2017-18 that related to projects that commenced in 2018-19.

4.4. Interest

	2019	2018
	\$'000	\$'000
Cash and cash equivalents	5	3
Total interest revenues	5	3

Department of Human Services
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4.5. Resources received free of charge

	2019	2018
	\$'000	\$'000
Shared Services SA	4 713	6 776
Total resources received free of charge	4 713	6 776

Under AASB 1004 Contributions, the contribution of services provided by SSSA to government agencies are disclosed in the financial statements as income because the fair value of the services can be reliably measured, and the services would have been purchased if they had not been donated.

4.6. Net gain / (loss) from disposal of property, plant and equipment

	2019	2018
	\$'000	\$'000
Land and buildings		
Proceeds from disposal	16 775	14 862
Less carrying amount of assets disposed	(19 428)	(14 579)
Net gain / (loss) from disposal of land and buildings	(2 653)	283
Plant and equipment		
Less carrying amount of assets disposed	(44)	(91)
Net gain / (loss) from disposal of plant and equipment	(44)	(91)
Total assets		
Proceeds from disposal	16 775	14 862
Less total carrying amount of assets disposed	(19 472)	(14 670)
Total net gain / (loss) from disposal of assets	(2 697)	192

4.7. Other income

	2019	2018
	\$'000	\$'000
NDIS revenue	10 765	13 545
Other grants from SA Government agencies	9 542	9 751
Community Development Fund	3 000	3 000
Hire charges	1 872	2 337
Minor equipment	1 671	572
Other*	2 149	6 649
Total other income	28 999	35 854

* The 2018-19 amount includes revenue received from the sale of ASSIST. The 2017-18 amount includes revenue received from the sale of Domiciliary Care.

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5. Non-financial assets

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

5.1. Property, plant and equipment

	2019	2018
	\$'000	\$'000
Land and buildings		
Land at fair value	61 650	62 650
Buildings and improvements at fair value	101 362	100 358
Accumulated depreciation	(12 884)	(9 034)
Total land and buildings	150 128	153 974
Leasehold improvements		
Leasehold improvements at fair value	14 568	16 551
Accumulated amortisation	(12 290)	(12 165)
Total leasehold improvements	2 278	4 386
Computing equipment		
Computing equipment at fair value	422	350
Accumulated depreciation	(337)	(344)
Total computing equipment	85	6
Motor vehicles		
Motor vehicles at fair value	130	184
Accumulated depreciation	(97)	(138)
Total motor vehicles	33	46
Independent living equipment program		
Independent living equipment program at fair value	21 305	18 235
Accumulated depreciation	(14 570)	(12 540)
Total independent living equipment program	6 735	5 695
Other plant and equipment		
Other plant and equipment at fair value	6 809	6 669
Accumulated depreciation	(3 013)	(2 567)
Total other plant and equipment	3 796	4 102
Total property, plant and equipment	163 055	168 209

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

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

Department of Human Services
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5.1. Property, plant and equipment (continued)

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

Reconciliation of land, buildings and leasehold improvements during 2018-19

	Land	Buildings and improvements	Leasehold improvements	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	62 650	91 324	4 386	158 360
Disposals	-	-	(250)	(250)
Donated assets	(1 000)	(656)	-	(1 656)
Depreciation and amortisation for the year	-	(3 994)	(1 162)	(5 156)
Transfers (to)/from works in progress	-	1 804	-	1 804
Transfers out through administrative restructures	-	-	(696)	(696)
Carrying amount at the end of the period	61 650	88 478	2 278	152 406

Reconciliation of land, buildings and leasehold improvements during 2017-18

	Land	Buildings and improvements	Leasehold improvements	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	67 025	96 536	6 298	169 859
Disposals	(3 100)	(974)	(30)	(4 104)
Assets classified as held for sale	(1 275)	(94)	-	(1 369)
Depreciation and amortisation for the year	-	(4 231)	(1 952)	(6 183)
Transfers (to)/from works in progress	-	75	70	145
Transfers (to)/from assets held for sale	-	12	-	12
Carrying amount at the end of the period	62 650	91 324	4 386	158 360

Department of Human Services
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5.1. Property, plant and equipment (continued)

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2018-19.

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

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2017-18.

	Computing equipment	Motor vehicles	Independent living equipment program	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	13	35	6 697	4 118	10 863
Purchases	-	20	692	256	968
Disposals	-	-	(65)	(26)	(91)
Depreciation and amortisation for the year	(7)	(9)	(2 506)	(505)	(3 027)
Transfers between other classes	-	-	-	(12)	(12)
Donated Assets	-	-	-	(7)	(7)
Transfers (to)/from works in progress	-	-	877	278	1 155
Carrying amount at the end of the period	6	46	5 695	4 102	9 849

Department of Human Services
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5.2. Capital works in progress

	2019	2018
	\$'000	\$'000
Property, plant and equipment in progress at cost	3 066	4 774
Total capital works in progress	3 066	4 774

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

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	4 774	3 746
Purchases	6 523	6 381
Transfers to completed works	(7 295)	(5 281)
WIP adjustments	(936)	(72)
Carrying amount of capital work in progress	3 066	4 774

5.3. Intangible assets

	2019	2018
	\$'000	\$'000
Computer software		
Internally developed computer software	2 015	1 624
Accumulated amortisation	(1 095)	(507)
Purchased computer software	9 981	8 323
Accumulated amortisation	(6 878)	(5 019)
Total computer software	4 023	4 421

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

The internally developed computer software includes the Screening Assessment Management System (SAMS) online system with a remaining useful life of 2 years and a carrying amount of \$0.730 million. The purchased computer software includes the Screening Continuous Monitoring System (CMS) and the Concessions Cost of Living Information System (COLIN), with remaining useful lives of 2 and 3 years and carrying amounts of \$1.031 million and \$1.566 million respectively.

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

Reconciliation of intangible assets

The following table shows the movement of intangible assets.

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	4 421	2 531
Transfers to/(from) works in progress	2 048	3 981
Amortisation	(2 446)	(2 091)
Carrying amount at the end of the period	4 023	4 421

Department of Human Services
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5.4. Inventories

	2019	2018
	\$'000	\$'000
Inventories held for distribution at cost - stores	398	421
Total inventories	398	421

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 \$0.023 million.

5.5. Non-current assets classified as held for sale

	2019	2018
	\$'000	\$'000
Land	-	19 095
Building	-	83
Total non-current assets classified as held for sale	-	19 178

All assets held for sale in 2017-18 were sold during 2018-19.

Non-current assets classified as held for sale represents land and buildings which are surplus to the department's requirements.

The department has measured the land and buildings held for sale at fair value less costs to sell because the assets' fair value less costs to sell is lower than it's carrying amount. Detail about the department's approach to fair value is set out in note 11.2.

Department of Human Services
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6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Special deposit accounts with the Treasurer	162 484	226 214
Cash on hand	5	5
Advance accounts	95	95
Other deposits	1 491	1 653
Total cash and cash equivalents	164 075	227 967

Deposits with the Treasurer

The department has two deposit accounts with the Treasurer:

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

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

Department of Human Services
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6.2. Receivables

	2019	2018
	\$'000	\$'000
Current		
Trade receivables		
From non-SA government entities	11 258	4 082
From SA government entities	7 181	7 066
Less impairment of receivables	(870)	(1 418)
Total trade receivables	<u>17 569</u>	<u>9 730</u>
Accrued revenue	3 211	56
Prepayments	1 278	2 464
Goods and Services Tax receivable	915	2 527
Overpaid salaries	582	503
Employee related services recoverable*	-	10 008
Other receivables	128	298
Total current receivables	<u>23 683</u>	<u>25 586</u>
Non-current		
Other receivables	729	697
Employee related services recoverable*	-	15 203
Total non-current receivables	<u>729</u>	<u>15 900</u>
Total receivables	<u>24 412</u>	<u>41 486</u>

*This relates to HSA employees which transferred as of 1 July 2018 to the SA Housing Authority.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. 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.

The net amount of GST payable to the ATO is included as part of receivables.

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

Refer to note 11.3 for further information on risk management.

Impairment of receivables

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	1 418	415
Increase/(decrease) in the allowance	(392)	1 214
Amounts written off	(156)	(211)
Carrying amount at the end of the period	<u>870</u>	<u>1 418</u>

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

Department of Human Services
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7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1. Payables

	2019	2018
	\$'000	\$'000
Current		
Employment on-costs	5 700	8 075
Trade payables	5 907	35 642
Accrued expenses	16 885	47 076
Other	764	1 536
Total current payables	29 256	92 329
Non-current		
Employment on-costs	3 200	4 807
Total non-current payables	3 200	4 807
Total payables	32 456	97 136

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

Employment on-costs

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remain unchanged from the 2018 rate of 41% and the average factor for the calculation of employer superannuation cost on-costs has changed from the 2018 rate 9.9% to 9.8%. These rates are used in the employment on-cost calculation. The impact of these changes is immaterial.

Department of Human Services
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7.2. Provisions

	2019	2018
	\$'000	\$'000
Current		
Insurance	90	130
Workers compensation	5 994	6 206
Additional compensation	51	120
Total current provisions	6 135	6 456
Non-current		
Insurance	80	80
Workers compensation	21 630	18 123
Additional compensation	2 038	1 670
Total non-current provisions	23 748	19 873
Total provisions	29 883	26 329

Reconciliation of insurance

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

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

The following table shows the movement of insurance during 2017-18:

	Public liability	Property	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	140	40	180
Increase to provision due to new claims	11	-	11
Reduction due to payments	(11)	-	(11)
Net revision of estimates	30	-	30
Carrying amount at the end of the period	170	40	210

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7.2. Provisions (continued)

Reconciliation of workers compensation

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	24 329	25 139
Increase to provision due to revision of estimates	12 083	5 850
Reduction due to payments	(8 788)	(6 660)
Carrying amount at the end of the period	27 624	24 329

Reconciliation of additional compensation

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	1 790	-
Increase to provision due to revision of estimates	351	1 790
Reduction due to payments	(52)	-
Carrying amount at the end of the period	2 089	1 790

A provision has been reported to reflect unsettled workers compensation and additional workers compensation claims. The workers compensation provision and additional workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation and enterprise bargaining agreements.

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

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

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7.3. Other liabilities

	2019	2018
	\$'000	\$'000
Current		
Unclaimed monies	245	246
Unearned revenue	1 895	3 361
Lease incentive	710	784
Other liabilities	300	330
Total current other liabilities	3 150	4 721
Non-current		
Lease incentive	868	2 220
Total non-current other liabilities	868	2 220
Total other liabilities	4 018	6 941

8. Other disclosures

8.1. Equity

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

Department of Human Services
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8.2. Cash flow

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

Cash flow reconciliation

	2019	2018
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	164 075	227 967
Balance as per the Statement of Cash Flows	164 075	227 967
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash provided by operating activities	(73 512)	74 372
Revenues from SA Government	(1 564 800)	(1 272 447)
Payments to SA Government	16 614	4 750
Add / (less) non-cash Items		
Depreciation and amortisation	(10 829)	(11 301)
Lease incentive amortisation	1 426	(765)
Donated assets	(1 661)	(7)
Transfer to the Consolidated Account	-	10 082
Gain/(loss) from disposal of non-current assets	(2 697)	192
Movement in assets and liabilities		
Increase/(decrease) in receivables	(34 614)	(1 312)
Increase/(decrease) in inventories	(23)	2
(Increase)/decrease in payables and provisions	97 320	(42 782)
(Increase)/decrease in employee benefits	(17 585)	3 191
(Increase)/decrease in other liabilities	2 923	(1 453)
Net cost of providing services	(1 587 438)	(1 237 478)

Department of Human Services
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9. Changes in accounting policy

9.1. Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019, the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government
- removal of the additional requirement to report a statement of equity for administered items
- increasing the bands from \$10 000 to \$20 000 for employee and board member reporting

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.3.

9.2. AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, and impairment of financial assets. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the department adopted consequential amendments to other accounting standards and the *Treasurer's Instructions (Accounting Policy Statements)* arising from the issue of AASB 9 as follows:

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the Statement of Comprehensive Income. In prior year, this information was presented as part of other expenses. This was deemed immaterial and was not applied.
- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, AASB 9 was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

Department of Human Services
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9.2. AASB 9 Financial Instruments (continued)

The total impact on the department's retained earnings as at 1 July 2018 is as follows:

On 1 July 2018, the department has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale. On assessment the department found no material changes.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' model. The following financial assets of the department are subject to AASB 9's new expected credit loss model:

- trade receivables from provision of services
- debt investments carried at amortised cost i.e. bonds and debentures with the South Australian Government Financing Authority (SAFA).

This model generally results in earlier recognition of credit losses than the previous one.

Trade receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The department has adopted the simplified approach under AASB 9 Financial Instruments and measured lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This resulted in a decrease of the loss allowance on 1 July 2018 of \$0.136 million for trade receivables external to Government. The change was deemed immaterial therefore not adjusted through equity.

There are no additional impairment provisions for State, Territory, or Commonwealth Government receivables due to the Government's high quality credit risk.

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

Investments with SAFA

The only investments with SAFA relate to the Administered Items statements, no investments held with SAFA relate to controlled money.

The department does not hold any bonds or debenture assets with SAFA.

Deposits held with SAFA previously classified as held-to-maturity are now classified at amortised cost. There was no variance between the previous carrying amount (at 30 June 2018) and the revised carrying amount (at 1 July 2018) to be recognised in the retained earnings opening balance.

Deposits with SAFA are considered to be a low credit risk. Applying the expected credit loss model on transition did not result in the recognition of loss allowance, due to Government's high quality credit risk.

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10. Outlook

10.1. Unrecognised contractual commitments

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

Capital commitments

	2019	2018
	\$'000	\$'000
Within one year	-	553
Total capital commitments	-	553

There are no capital commitments for 2018-19.

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	2019	2018
	\$'000	\$'000
Within one year	7 270	13 917
Later than one year but not longer than five years	6 823	18 863
Later than five years	1 505	2 111
Total operating lease commitments	15 598	34 891

The department's operating leases are for office accommodation and fleet vehicles.

For comparability, the 2017-18 figures have been updated to include the fleet vehicles commitments.

Department of Human Services
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10.2. Contingent assets and liabilities

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

Contingent assets

The department has no contingent assets for 2018-19.

Contingent liabilities

DHS is aware of a claim for back payment to staff at Adelaide Youth Training Centre related to Crib Breaks. This matter is the subject of an application to the South Australian Employment Tribunal (SAET) and the amount of any remuneration that may need to be made to current or past staff cannot be quantified at this time.

10.3. Impact of standards and statements not yet effective

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

Treasurer's Instructions (Accounting Policy Statements) 2019 issued by the Treasurer on 22 March 2019 are effective for the 2018-19 reporting period and are addressed below in relation to Standards not yet effective. There are no Accounting Policy Statements that are not yet effective.

The material impacts on the department are outlined below.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not for Profit Entities

The department will adopt AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not for Profit Entities* from 1 July 2019.

The department applies the 5-step approach to recognising revenue:

1. identify the contract with the customer
2. identify the performance obligations in the contract
3. determine the transaction price
4. allocate the transaction price to each performance obligation
5. recognise revenue when (or as) performance obligations are satisfied.

The objective of AASB 15 is that recognition of revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Transactions that fall within the scope of multiple standards are separated into components, so that each component can be accounted for under the relevant standards.

The department will apply the new standards, except where recognition is required under a different standard (refer to AASB 15.5). Where revenue does not meet the recognition criteria under AASB 15, classification is made under AASB 1058.

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10.3 Impact of standards and statements not yet effective (continued)

Impact on 2019-20 financial statements

Three of the department's fee-for-service functions meet the requirements of AASB 15, including:

- Interpreting and Translating Services (ITC)
- Screening Unit
- Domiciliary Equipment Services (excluding rental services).

ITC and Screening Unit fees revenue are disclosed under *Fees and Charges – Fees, fines and penalties*. Domiciliary Equipment Services equipment revenue is classified under *Other revenue*:

- *Minor equipment*
- *NDIS revenue*.

Under AASB 15, recognition of these fee-for-service agreements occur at the point where a good/service is provided. Minor timing differences exist between the recognition of revenue and the posting of the transaction to the general ledger. There is no change required in the treatment for these functions as the difference has no material impact on the department's year end reporting. As such, there is no expected material impact for 2019-20.

DHS identified instances where agreements fall within the scope of AASB 15 and AASB 1058, including: elements of a contract may meet the recognition criteria under AASB 15 however the performance obligations could not be reliably measured and/or separated from the contract overall, or the element was considered immaterial. Due to this, the accounting treatment remains unchanged.

All other revenue (including grants) are classified under AASB 1058. While agreements exist, DHS has assessed that there are no specific performance obligations, at this point in time. As such, these revenues are recognised upon receipt.

Overall, based on the information currently available, adopting AASB 15 and AASB 1058 is not expected to have a material impact on the timing of recognition of revenue by the department. The department will continue to regularly review revenue streams to ensure classification is appropriately treated and disclosed.

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10.3. Impact of standards and statements not yet effective (continued)

Related accounting policies

The Treasurer's Instructions (*Accounting Policy Statements*) 2019 sets out key requirements that the department must adopt for the transition to AASB 15 and AASB 1058. These requirements include that the department will:

- apply AASB 15 and AASB 1058 retrospectively. The cumulative effect of initially applying the Standards will be recognised at 1 July 2019. Comparatives will not be restated
- not apply the AASB 15 and the AASB 1058 completed contracts practical expedient
- apply the AASB 15 practical expedient for all contract modifications that occur before the date of initial application.

The Treasurer's Instructions (*Accounting Policy Statements*) 2019 also sets out requirements for on-going application. These requirements include that the department will:

- apply, where permitted, the short-term licences recognition exemption
- adopt \$15 000 as the threshold to determine whether a licence is a licence for which the transaction price is of low value and will apply the low value licence recognition exemption for all low value licences
- not recognise volunteer services when the services would not have been purchased if they had not been donated.

AASB 16 Leases

The department will adopt AASB 16 *Leases* from 1 July 2019.

Objective

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. AASB 16 replaces AASB 117 *Leases* and Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives and Interpretation*, and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

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Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.3. Impact of standards and statements not yet effective (continued)

Impact on 2019-20 financial statements

The department has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the Treasurer's Instructions (*Accounting Policy Statements*).

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of AASB 16. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. Lease incentive liabilities previously recognised will be written off against the right-of-use assets or retained earnings depending on the nature of the incentive.

The majority of lease arrangements for the department are for properties through the Department of Planning, Transport and Infrastructure (DPTI) and vehicles through the SAFA. DPTI and SAFA provided lease information to the department for financial statement disclosures.

Other lease arrangements were analysed by the respective divisional representatives and no impact has been noted. This is mainly due to the exemptions and expedients allowed under the standard.

Based on the analysis to date, DHS does not have any peppercorn leases as a lessee or any external leases.

The estimated impact is set out below.

	As at 1 July 2019 \$'000
-	<u> </u>
<u>Assets</u>	
Right-of-use assets	34 006
<u>Liabilities</u>	
Lease liabilities	<u>(35 114)</u>
Net impact on equity	<u>(1 108)</u>

AASB 16 will also impact on the Statement of Comprehensive Income. The operating lease expense previously included in supplies and services will mostly be replaced with:

- a depreciation expense that represents the use of the right-of-use asset; and
- borrowing costs that represent the cost associated with financing the right-of-use assets.

The estimated impact on the 2019-20 Statement of Comprehensive Income is set out below.

	2020 \$'000
Depreciation and amortisation	<u>6 584</u>
Supplies and services	(6 862)
Borrowing costs	<u>573</u>
Net impact on net cost of providing services	<u>295</u>

The amounts disclosed are current estimates only. The department is continuing to refine its calculations of lease assets and liabilities for 2019-20 financial reporting purposes and expects that these figures will change. This includes accounting for non-lease components and clarifying lease terms and treatment of contractual rent increases.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.3. Impact of standards and statements not yet effective (continued)

Related accounting policies

The Treasurer's Instructions (*Accounting Policy Statements*) 2019 sets out key requirements that the department must adopt for the transition from AASB 117 to AASB 16. These requirements include that the department will:

- apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard will be recognised at 1 July 2019. Comparatives will not be restated
- only apply AASB 16 to contracts that were previously identified as containing a lease applying AASB 117 and related interpretations
- not transition operating leases for which the lease term ends before 30 June 2020.

The Treasurer's Instructions (*Accounting Policy Statements*) 2019 also sets out requirements for on-going application. These requirements include that the department will:

- not apply AASB 16 to leases of intangible assets
- adopt \$15 000 as the threshold to determine whether an underlying asset is a low value asset and must apply the low value asset recognition exemption to all low value assets
- apply the short-term leases recognition exemption for all classes of underlying asset
- separate non-lease components from lease components
- adopt the revaluation model, where permitted
- where required, apply the relevant lessee's incremental borrowing rate published by the Department of Treasury and Finance
- on initial recognition not record at fair-value leases that have significantly below-market terms and conditions principally to enable the department to further its objectives, unless they have already been recorded at fair-value prior to 1 July 2019.

10.4. Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2019 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2019. Note disclosure is made about events between 30 June 2019 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2019 and which may have a material impact on the results of subsequent years.

As per the Public Sector (Reorganisation of Public Sector Operations – Child and Family Intensive Support System) Notice 2019 dated 27 June 2019, responsibility for Child and Family Support Services (CFSS) transitioned from the Department of Education and the Department of Child Protection to DHS. This was effective from 1 July 2019 and included the management of staff (231.3 FTE), assets, liabilities and outcomes.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11. Measurement and risk

11.1. Long service leave liability – measurement

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

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wages levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2018 (2.5%) to 2019 (1.25%).

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

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$4.458 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The unconditional portion of the long service leave provision is classified as current as the department does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

11.2. Fair value

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

Initial recognition

Non-current tangible assets 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 2019

11.2. Fair value (continued)

Revaluation

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

The revaluation process is reviewed by the department each year.

Non-current tangible assets are valued at fair value and revaluation of non-current assets, or a group of assets, is only performed when the fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Revaluation is undertaken on a regular cycle every five years. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset 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 2019 and 2018, 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.

Fair value measurements at 30 June 2019

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2. Fair value (continued)

Fair value measurements at 30 June 2018

		Level 2	Level 3	Total
	Note	\$'000	\$'000	\$'000
Recurring fair value measurements				
Land	5.1	62 650	-	62 650
Buildings	5.1	26 375	64 949	91 324
Leasehold improvements	5.1	-	4 386	4 386
Other	5.1	-	9 849	9 849
Total recurring fair value measurements		89 025	79 184	168 209
Non-recurring fair value measurements				
Land held for sale	5.5	19 178	-	19 178
Total non-recurring fair value measurements		19 178	-	19 178
Total fair value measurements		108 203	79 184	187 387

Land and buildings

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

An independent desktop valuation of land and buildings was performed in June 2019 by a Certified Practising Valuer from Jones Long LaSalle Public Sector Valuations Pty Ltd (JLL) as at 30 June 2019. The results of the valuation were considered to have an immaterial impact on the department's assets and the Administered land and were not processed. However, the revaluation was processed for Administered buildings as this was considered to have a material impact.

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

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

Plant and equipment

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2. Fair value measurements (continued)

Reconciliation of level 3 recurring fair value measurement as at 30 June 2019

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

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

2018	Leasehold		
	Buildings	improvements	Other
	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	66 860	6 298	10 863
Acquisitions	-	-	968
Donated Assets	-	-	(7)
Disposals	-	(30)	(91)
Transfer between asset classes	-	-	(12)
Transfers (to)/from work in progress	-	70	1 155
Gains/(losses) for the period recognised in net result:			
Depreciation	(1 911)	(1 952)	(3 027)
Total gains/(losses) recognised in net result	(1 911)	(1 952)	(3 027)
Carrying amount at the end of the period	64 949	4 386	9 849

11.3. Financial instruments

Financial risk management

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

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

Liquidity risk

The department is funded principally from appropriation by the SA Government. The department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to notes 1.4 and 4.1 for further information.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments (continued)

Credit risk

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

No collateral is held as security and no credit enhancements relate to financial assets held by the department.

Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. The department uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprises of a large number of small balances.

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

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the department is exposed to credit risk.

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

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

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

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	1 176	-	-
1 - 30 days past due	1 298	2.43	32
31 - 60 days past due	5 320	7.00	373
61 - 90 days past due	2 652	15.23	403
More than 90 days past due	812	7.63	62
Loss allowance	11 258		870

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

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments (continued)

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

Receivables with a contractual amount of \$0.156 million written off during the year are still subject to enforcement activity.

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

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

In the comparative period, the impairment of receivables was assessed based on the incurred loss model. The allowance was recognised when there was objective evidence that a receivable was impaired. The allowance for impairment was recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence existed.

Market risk

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

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

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement

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

- Held-to-maturity investments
- Loan and receivables
- Financial liabilities measured at cost.

The department does not recognise any financial assets or financial liabilities at fair value but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments (continued)

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The department measures all financial instruments at amortised cost.

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

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	6.1	227 967	227 967	-	-
Receivables	6.2	36 495	20 595	7 538	8 362
Total financial assets		264 462	248 562	7 538	8 362
Financial liabilities					
Payables	7.1	83 915	83 915	-	-
Total financial liabilities		83 915	83 915	-	-

Receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

The receivables amount disclosed here excludes prepayments as they are not financial assets.

**Department of Human Services
(DHS)**

Administered Financial Statements

For the year ended 30 June 2019

Department of Human Services
Statement of Administered Comprehensive Income
for the year ended 30 June 2019

	2019	2018
Note	\$'000	\$'000
Administered expenses		
Employee benefits expenses	372	605
Supplies and services	1 807	1 970
Depreciation and amortisation	2 534	2 531
Grants, subsidies and client payments	A4.1 190 215	201 702
Client Trust payments	A7.2 11 945	12 833
Total administered expenses	206 873	219 641
Administered income		
Revenues from SA Government	184 530	196 450
Grants and contributions	10 639	10 660
Fees and charges	491	1 211
Interest	322	342
Client Trust receipts	A7.2 11 606	12 512
Other revenues	379	385
Total administered income	207 967	221 560
Net result	1 094	1 919
Other comprehensive income		
Net gain/(loss) on revaluation of property, plant and equipment	3 072	-
Total other comprehensive income	3 072	-
Total comprehensive result	4 166	1 919

The accompanying notes form part of these financial statements.

Department of Human Services
Statement of Administered Financial Position
as at 30 June 2019

	2019	2018
Note	\$'000	\$'000
Administered current assets		
Cash and cash equivalents	A6.1 74 294	70 642
Receivables	39	30
Total current assets	<u>74 333</u>	<u>70 672</u>
Administered non-current assets		
Property, plant and equipment	A5.1 25 409	24 817
Investment property	A5.2 1 400	1 400
Capital works in progress	A5.3 -	39
Intangible assets	A5.4 1	5
Total non-current assets	<u>26 810</u>	<u>26 261</u>
Total assets	<u>101 143</u>	<u>96 933</u>
Administered current liabilities		
Payables	10 485	10 448
Employee benefits	7	-
Total current liabilities	<u>10 492</u>	<u>10 448</u>
Total liabilities	<u>10 492</u>	<u>10 448</u>
Net assets	<u>90 651</u>	<u>86 485</u>
Administered equity		
Retained earnings	60 096	59 002
Asset revaluation surplus	30 555	27 483
Total equity	<u>90 651</u>	<u>86 485</u>

The accompanying notes form part of these financial statements.

Department of Human Services
Statement of Administered Cash Flows
as at 30 June 2019

		2019	2018
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(366)	(633)
Concessions		(156 533)	(161 421)
Grants, subsidies and client payments		(34 403)	(41 494)
Payments for supplies and services		(1 048)	(3 267)
Client Trust payments		(11 955)	(12 707)
Cash used in operations		<u>(204 305)</u>	<u>(219 522)</u>
Cash inflows			
Receipts from SA Government		184 530	196 450
Fees and charges		492	1 239
Grants and contributions		10 639	10 660
Interest received		322	341
Client Trust receipts		11 606	12 512
Other receipts		379	385
Cash generated from operations		<u>207 968</u>	<u>221 587</u>
Net cash provided by / used in operating activities	A7.1	<u>3 663</u>	<u>2 065</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(11)	-
Cash used in investing activities		<u>(11)</u>	<u>-</u>
Net cash provided by / used in investing activities		<u>(11)</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		<u>3 652</u>	<u>2 065</u>
Cash and cash equivalents at the beginning of the period		70 642	68 577
Cash and cash equivalents at the end of the period	A6.1	<u>74 294</u>	<u>70 642</u>

The accompanying notes form part of these financial statements.

Department of Human Services
Disaggregated Administered Statement of Comprehensive Income
for the year ended 30 June 2019

	Gambler's Rehabilitation Fund		Charitable Social Welfare Fund		Home for Incurables Trust		Disability Services Donations and Bequests	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Administered expenses								
Employee benefits expenses	-	-	-	-	-	-	-	-
Supplies and services	1 216	1 257	130	160	223	293	80	143
Depreciation and amortisation	4	5	-	-	2 530	2 526	-	-
Grants, subsidies and client payments	6 084	5 835	3 573	4 269	496	482	-	-
Client Trust payments	-	-	-	-	-	-	-	-
Total administered expenses	7 304	7 097	3 703	4 429	3 249	3 301	80	143
Administered income								
Revenues from SA Government	444	374	-	-	-	-	-	-
Grants and contributions	6 355	6 361	4 000	4 000	-	-	-	-
Fees and charges	84	42	53	338	332	354	-	-
Interest	17	18	-	-	52	59	3	5
Client Trust receipts	-	-	-	-	-	-	-	-
Other revenues	378	371	-	-	1	-	-	2
Total administered income	7 278	7 166	4 053	4 338	385	413	3	7
Net result	(26)	69	350	(91)	(2 864)	(2 888)	(77)	(136)

Department of Human Services
Disaggregated Administered Statement of Comprehensive Income
for the year ended 30 June 2019

	Supported Residential Facilities Indemnity Fund		Client Trust Accounts		Minister's Salary		Health and Aged Care Services Donations and Bequests	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Administered expenses								
Employee benefits expenses	-	-	-	-	372	605	-	-
Supplies and services	-	-	-	-	-	-	20	47
Depreciation and amortisation expenses	-	-	-	-	-	-	-	-
Grants, subsidies and client payments	-	-	-	-	-	-	-	-
Client Trust payments	-	-	11 945	12 833	-	-	-	-
Total administered expenses	-	-	11 945	12 833	372	605	20	47
Administered income								
Revenues from SA Government	-	-	-	-	365	605	-	-
Grants and contributions	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-
Interest	1	1	239	249	-	-	8	8
Client Trust receipts	-	-	11 606	12 512	-	-	-	-
Other revenues	-	-	-	-	-	-	-	11
Total administered income	1	1	11 845	12 761	365	605	8	19
Net result	1	1	(100)	(72)	(7)	-	(12)	(28)

Department of Human Services
Disaggregated Administered Statement of Comprehensive Income
for the year ended 30 June 2019

	Concessions		Community Service Obligations		State Emergency Relief Fund		Duke of Edinburgh Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Administered expenses								
Employee benefits expenses	-	-	-	-	-	-	-	-
Supplies and services	-	4	-	-	-	-	-	-
Depreciation and amortisation expenses	-	-	-	-	-	-	-	-
Grants, subsidies and client payments	155 810	160 602	18 995	24 952	-	-	-	23
Client Trust payments	-	-	-	-	-	-	-	-
Total administered expenses	155 810	160 606	18 995	24 952	-	-	-	23
Administered income								
Revenues from SA Government Grants and contributions	161 343	166 010	19 646	25 571	-	-	-	-
Fees and charges	-	22	-	-	-	-	-	-
Interest	-	444	-	-	-	-	-	-
Client Trust receipts	-	-	-	-	2	2	-	-
Other revenues	-	-	-	-	-	1	-	-
Total administered income	161 343	166 476	19 646	25 571	2	3	-	-
Net result	5 533	5 870	651	619	2	3	-	(23)

Department of Human Services
Disaggregated Administered Statement of Comprehensive Income
for the year ended 30 June 2019

	Personal Alert Systems Rebate Scheme		Consumer Advocacy & Research Fund		Homelessness Social Impact Bond		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Administered expenses								
Employee benefits expenses	-	-	-	-	-	-	372	605
Supplies and services	-	-	138	66	-	-	1 807	1 970
Depreciation and amortisation	-	-	-	-	-	-	2 534	2 531
Grants, subsidies and client payments	4 918	4 083	339	256	-	1 200	190 215	201 702
Client Trust payments	-	-	-	-	-	-	11 945	12 833
Total administered expenses	4 918	4 083	477	322	-	1 200	206 873	219 641
Administered income								
Revenues from SA Government Grants and contributions	2 732	2 690	-	-	-	1 200	184 530	196 450
Fees and charges	19	33	3	-	-	-	491	1 211
Interest	-	-	-	-	-	-	322	342
Client Trust receipts	-	-	-	-	-	-	11 606	12 512
Other revenues	-	-	-	-	-	-	379	385
Total administered income	2 751	2 723	287	277	-	1 200	207 967	221 560
Net result	(2 167)	(1 360)	(190)	(45)	-	-	1 094	1 919

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. Basis of preparation

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

A2. Objectives/activities of the department's administered items

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

- Client Trust Accounts
- Charitable and Social Welfare Fund (Previously referred to as Community Benefit SA Program)
- Community Service Obligations*
- Concessions
- Consumer Advocacy & Research Fund
- Disability Services Donations and Bequests
- Duke of Edinburgh Trust**
- Gambler's Rehabilitation Fund
- Health and Aged Care Services Donations and Bequests
- Home for Incurables Trust***
- Homelessness Social Impact Bond****
- Minister's Salary
- Personal Alert Systems Rebate Scheme
- State Emergency Relief Fund
- Supported Residential Facilities Indemnity Fund

* A portion of Community Service Obligations relating to HomeStart, transferred to the SA Housing Authority (SAHA) during 2018-19. The department continues to administer Community Service Obligations for water and sewerage concessions.

** The Duke of Edinburgh Trust transitioned to the Friends of the Duke of Edinburgh Award in Australia Incorporated on 30 June 2018. This administered item has been disclosed for comparative purposes only.

*** Effective 1 July 2007, the Minister for Human Services became the trustee of the Home for Incurables Trust by virtue of the vesting of assets and liabilities of the former Julia Farr Services (JFS). Separate financial information pertaining to the Home for Incurables Trust is in note A10.

**** The Homelessness Social Impact Bond transferred to the SAHA during 2018-19.

Department of Human Services
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A3. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2018-19 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Original budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
Statement of Comprehensive Income			
Administered expenses			
Employee benefits expenses	364	372	8
Supplies and services	1 289	1 807	518
Depreciation and amortisation	2 530	2 534	4
Grants, subsidies and client payments	202 698	190 215	(12 483)
Client Trust payments	15 842	11 945	(3 897)
Total administered expenses	222 723	206 873	(15 850)
Administered income			
Revenues from SA Government	192 650	184 530	(8 120)
Grants and contributions	10 639	10 639	-
Fees and charges	496	491	(5)
Interest	443	322	(121)
Client Trust receipts	15 497	11 606	(3 891)
Other revenues	395	379	(16)
Total administered income	220 120	207 967	(12 153)
Net result	(2 603)	1 094	3 697
Other comprehensive income			
Net gain/(loss) on revaluation of property, plant and equipment	-	3 072	3 072
Total other comprehensive income	-	3 072	3 072
Total comprehensive result	(2 603)	4 166	6 769

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.

	Original budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
Investing expenditure summary			
Total existing programs	-	11	11
Total investing expenditure	-	11	11

- a) The total existing project expenditure was higher than original budget primarily due to works undertaken as part of the upgrade of Highgate Park. A budget carryover transferred funds from 2017-18 to fund these works.

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A4. Expenses

A4.1 Grants, subsidies and client payments

	Note	2019 \$'000	2018 \$'000
Gamblers Rehabilitation		6 084	5 835
Charitable Social Welfare Fund		3 573	4 269
Home for Incurables Trust		496	482
Duke of Edinburgh Trust		-	23
Concessions	A4.2	155 810	160 602
Community Service Obligations		18 995	24 952
Personal Alert Systems Rebate Scheme		4 918	4 083
Consumer Advocacy & Research Fund		339	256
Homelessness Social Impact Bond		-	1 200
Total grants, subsidies and client payments		190 215	201 702

A4.2 Concessions

	2019 \$'000	2018 \$'000
Water and sewerage rates	51 357	50 621
Energy	40 478	38 729
Transport	29 317	31 526
Emergency Services Levy*	-	6 479
Cost of Living	32 641	31 239
Emergency electricity payments	367	403
Other	1 650	1 605
Total concessions	155 810	160 602

* Expenditure for the Emergency Services Levy remission transferred to the Department of Treasury and Finance in 2018-19.

Department of Human Services
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for the year ended 30 June 2019

A5. Non-financial assets

A5.1 Property, plant and equipment

	2019	2018
	\$'000	\$'000
Land and buildings		
Land at fair value	11 250	11 250
Buildings and improvements at fair value	12 002	15 731
Accumulated depreciation - buildings and improvements	-	(4 542)
Carpark at fair value	12	-
Accumulated depreciation - carpark	(12)	-
Total land and buildings	23 252	22 439
Plant and equipment		
Plant and equipment at cost (deemed fair value)	2 873	2 824
Accumulated depreciation	(716)	(446)
Total plant and equipment	2 157	2 378
Total property, plant and equipment	25 409	24 817

An independent desktop valuation of land and buildings was performed as at 30 June 2019. The results of the revaluation were processed for Administered buildings as the results were deemed to have a material impact. The results for Administered land were deemed immaterial and was not processed.

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

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

The following table shows the movement of land, buildings and improvements and plant and equipment during 2017-18:

	Land	Buildings and improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
2018				
Carrying amount at the beginning of period	11 250	13 449	2 644	27 343
Depreciation	-	(2 260)	(266)	(2 526)
Carrying amount at the end of period	11 250	11 189	2 378	24 817

Department of Human Services
Notes to and forming part of the Administered financial statements
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A5.2 Investment property

	2019	2018
	\$'000	\$'000
Investment building	600	600
Fair value at the end of the period	600	600
	2019	2018
	\$'000	\$'000
Investment land	800	800
Fair value at the end of the period	800	800
Total investment property at the end of the period	1 400	1 400

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

Subsequent to initial recognition at cost, the investment property is revalued to fair value with changes in the fair value recognised as income or expense in the period that they arise. An independent desktop valuation of the investment property was performed at 30 June 2019. The results of the valuation were considered to have an immaterial impact and were not processed. The investment property is not depreciated however is tested for impairment.

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

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

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

The following table shows the movement of investment property during 2017-18:

	Investment land	Investment building	Total
	\$'000	\$'000	\$'000
2018			
Carrying amount at the beginning of the period	800	600	1 400
Carrying amount at the end of the period	800	600	1 400

Department of Human Services
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A5.3 Capital works in progress

	2019	2018
	\$'000	\$'000
Capital works in progress	-	39
Total capital works in progress	-	39

The following table shows the movement of capital works in progress during 2018-19:

	Capital works in progress	Total
	\$'000	\$'000
2019		
Carrying amount at the beginning of the period	39	39
Purchases	11	11
Transfers to completed works	(50)	(50)
Carrying amount at the end of the period	-	-

The following table shows the movement of capital works in progress during 2017-18:

	Capital works in progress	Total
	\$'000	\$'000
2018		
Carrying amount at the beginning of the period	-	-
Purchases	39	39
Carrying amount at the end of the period	39	39

Department of Human Services
Notes to and forming part of the Administered financial statements
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A5.4 Intangible assets

	2019	2018
	\$'000	\$'000
Purchase computer software	40	40
Accumulated amortisation	(39)	(35)
Total intangible assets	1	5

The following table shows the movement in intangible assets:

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

	Computer software	Total
	\$'000	\$'000
2018		
Carrying amount at the beginning of period	10	10
Amortisation	(5)	(5)
Carrying amount at the end of period	5	5

A.6. Financial assets

A6.1 Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Special deposit account with the Treasurer	58 473	54 756
Deposit account with SAFA	14 725	14 850
Other deposits	1 096	1 036
Total cash and cash equivalents	74 294	70 642

Department of Human Services
Notes to and forming part of the Administered financial statements
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A7. Other disclosures

A7.1 Cash flow reconciliation

	2019 \$'000	2018 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	74 294	70 642
Balance as per the Statement of Cash Flows	74 294	70 642
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash provided by/(used in) operating activities	3 663	2 065
Less revenues from SA Government	(184 530)	(196 450)
Add / less non-cash items		
Depreciation and amortisation	(2 534)	(2 531)
Movement in assets and liabilities		
Increase/(decrease) in receivables	9	(159)
Increase/ (decrease) in other assets	-	39
(Increase)/decrease in payables	(37)	2 505
(Increase)/decrease in employee benefits	(7)	-
Net cost of providing services	(183 436)	(194 531)

A7.2 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 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 \$0.239 million (2018: \$0.249 million).

	2019 \$'000	2018 \$'000
Opening balance at the beginning of the period	13 851	13 923
Add receipts	11 845	12 761
Less expenses	(11 945)	(12 833)
Closing balance at the end of the period	13 751	13 851

Department of Human Services
Notes to and forming part of the Administered financial statements
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A7.3 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.

	2019	2018
	\$'000	\$'000
Opening balance at the beginning of the period	257	393
Add receipts	3	7
Less expenses	(80)	(143)
Closing balance at the end of the period	180	257

A7.4 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.

	2019	2018
	\$'000	\$'000
Opening balance at the beginning of the period	563	591
Add receipts	8	19
Less expenses	(20)	(47)
Closing balance at the end of the period	551	563

A7.5 Duke of Edinburgh Trust

This account was established to support the delivery of the Duke of Edinburgh Award. The department no longer manages the delivery of the Award and transferred the remaining administration of funds to a non-government organisation to support disadvantaged South Australians to participate in the Duke of Edinburgh's Award program.

	2019	2018
	\$'000	\$'000
Opening balance at the beginning of the period	-	23
Less expenses	-	(23)
Closing balance at the end of the period	-	-

The Duke of Edinburgh Trust was transitioned to the Friends of the Duke of Edinburgh Award in Australia Incorporated on 30 June 2018. This administered item has been disclosed for comparative purposes only.

Department of Human Services
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A7.6 Consumer Advocacy & Research Fund

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

	2019	2018
	\$'000	\$'000
Opening balance at the beginning of the period	425	470
Add receipts	287	277
Less expenses	(477)	(322)
Closing balance at the end of the period	235	425

A7.7 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.

	2019	2018
	\$'000	\$'000
Opening balance at the beginning of the period	68	65
Add receipts	2	3
Closing balance at the end of the period	70	68

A7.8 Supported Residential Facilities Indemnity Fund

	2019	2018
	\$'000	\$'000
Opening balance at the beginning of the period	49	48
Add receipts	1	1
Closing balance at the end of the period	50	49

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

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 2 and 3 fair value hierarchy levels in 2019 or 2018. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Fair value measurement as at 30 June 2019

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

Fair value measurement as at 30 June 2018

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land	11 250	-	11 250
Buildings	11 189	-	11 189
Plant and equipment	-	2 378	2 378
Investment property	1 400	-	1 400
Total recurring fair value measurements	23 839	2 378	26 217
Total fair value measurements	23 839	2 378	26 217

Department of Human Services
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A8. Measurement and risk (continued)

Valuation techniques and inputs

There were no changes in valuation techniques during 2018-19.

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

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

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

Reconciliation of level 3 recurring fair value measurements at 30 June 2018

	Plant and equipment
	\$'000
Carrying amount at the beginning of the period	2 644
Gains/(losses) for the period recognised in net result:	
Depreciation	<u>(266)</u>
Total gains/(losses) recognised in net result	<u>(266)</u>
Carrying amount at the end of the period	<u>2 378</u>

A9. Outlook

A9.1 Contingent assets and liabilities

The department is not aware of any contingent assets or liabilities.

Department of Human Services
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A10. 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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A10. Home for Incurables Trust (continued)

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

Schedule of Expenses and Income - Home for Incurables Trust for the year ended 30 June 2019	2019 \$'000	2018 \$'000
Expenses		
Supplies and services	223	293
Depreciation and amortisation	2 530	2 526
Grants, subsidies and client payments	496	482
Total expenses	3 249	3 301
Income		
Rental income	332	354
Interest	52	59
Total income	384	413
Net result	(2 865)	(2 888)
Total comprehensive result	(2 865)	(2 888)

Schedule of Financial Position - Home for Incurables Trust as at 30 June 2019	2019 \$'000	2018 \$'000
Current assets		
Special deposits with the Treasurer	728	1 160
Deposits with SAFA	2 070	2 035
Receivables	10	-
Total current assets	2 808	3 195
Non-current assets		
Property, plant and equipment	25 409	24 817
Investment property	1 400	1 400
Capital works in progress	-	39
Total non-current assets	26 809	26 256
Total assets	29 617	29 451
Current liabilities		
Payables	6	47
Total current liabilities	6	47
Total liabilities	6	47
Net assets	29 611	29 404

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A10. Home for Incurables Trust (continued)

Schedule of Changes in Equity - Home for Incurables Trust for the year ended 30 June 2019	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2017	27 483	4 809	32 292
Net result for 2017-18	-	(2 888)	(2 888)
Total comprehensive result for 2017-18	-	(2 888)	(2 888)
Balance at 30 June 2018	27 483	1 921	29 404
Net result for 2018-19	-	(2 865)	(2 865)
Net gain/(loss) on revaluation of property, plant and equipment	3 072	-	3 072
Total comprehensive result for 2018-19	3 072	(2 865)	207
Balance at 30 June 2019	30 555	(944)	29 611

Schedule of Administered Cash Flows - Home for Incurables Trust for the year ended 30 June 2019	2019 Inflows (Outflows) \$'000	2018 Inflows (Outflows) \$'000
Cash flows from operating activities		
Cash outflows		
Supplies and services	(265)	(285)
Grants, subsidies and client payments	(496)	(482)
Cash used in operations	(761)	(767)
Cash inflows		
Interest revenue	52	58
Rental revenue	320	480
Other receipts	3	-
Cash generated from operations	375	538
Net cash provided by / (used in) operating activities	(386)	(229)
Cash flows from investing activities		
Cash outflows		
Payments for plant, equipment and investments	(11)	-
Cash used in investing activities	(11)	-
Net cash provided by / (used in) investing activities	(11)	-
Net increase / (decrease) in cash and cash equivalents	(397)	(229)
Cash and cash equivalents at the beginning of the reporting period	3 195	3 424
Cash and cash equivalents at the end of the reporting period	2 798	3 195

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A10. Home for Incurables Trust (continued)

Accounting policies

Cash and cash equivalents

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

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

Property, plant and equipment	2019	2018
	\$'000	\$'000
Land and buildings		
Land at fair value	11 250	11 250
Buildings and improvements at fair value	12 002	15 731
Accumulated depreciation - buildings and improvements	-	(4 542)
Carpark at fair value	12	-
Accumulated depreciation - carpark	(12)	-
Total land and buildings	23 252	22 439
Property, plant and equipment		
Other plant and equipment at cost (deemed fair value)	2 873	2 824
Accumulated depreciation - other plant and equipment at cost	(716)	(446)
Total plant and equipment	2 157	2 378
Total property, plant and equipment	25 409	24 817

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A10. Home for Incurables Trust (continued)

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

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

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

The following table shows the movement of land, buildings and improvements and plant and equipment for the Home for Incurables Trust during 2017-18:

	Land	Buildings and improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	11 250	13 449	2 644	27 343
Depreciation and amortisation for the period	-	(2 260)	(266)	(2 526)
Carrying amount at the end of the period	11 250	11 189	2 378	24 817

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A10. Home for Incurables Trust (continued)

Reconciliation of capital work in progress - Home for Incurables Trust

The following table shows the movement of capital work in progress for the Home for Incurables Trust during 2018-19:

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the year	39	-
Purchases	11	39
Transfers to completed works	(50)	-
Total capital work in progress	-	39

Investment property - Home for Incurables Trust

	2019	2018
	\$'000	\$'000
Investment building	600	600
Fair value at the end of the period	600	600

	2019	2018
	\$'000	\$'000
Investment land	800	800
Fair value at the end of the period	800	800
Total investment property at the end of the period	1 400	1 400