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To the Chief Executive Department of Human Services

Opinion

I have audited the financial report of the Department of Human Services for the financial year ended 30 June 2023.

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 2023, its financial performance and its cash flows for year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2023
- a Statement of Administered Financial Position as at 30 June 2023
- a Statement of Administered Cash Flows for the year ended 30 June 2023
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2023
- notes, comprising material accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Chief Financial Officer.

Basis for opinion

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

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

Responsibilities of the Chief Executive for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department of Human Services for the financial year ended 30 June 2023.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of Human Services' internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson
Auditor-General

22 September 2023

Department of Human Services

**Financial Statements
For the year ended 30 June 2023**

Department of Human Services
Certification of Financial Statements
for the year ended 30 June 2023

We certify that the:

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



Sandra Pitcher
Chief Executive

15 September 2023



Nick Ashley
Chief Financial Officer

18 September 2023

Department of Human Services
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<u>Income</u>			
Appropriation	2.1	989 151	940 789
Fees and charges	2.2	7 131	7 778
Commonwealth-sourced grants and funding	2.3	116 073	111 220
SA Government grants, subsidies and transfers	2.4	37 910	48 093
Sales of goods and services	2.5	33 868	37 470
Resources received free of charge	2.6	5 700	5 530
Net gain from disposal of assets	4.5	-	1 546
Other income	2.7	5 115	7 007
Total income		1 194 948	1 159 433
<u>Expenses</u>			
Employee benefits expenses	3.3	301 656	284 954
Supplies and services	4.1	86 291	89 808
Depreciation and amortisation	4.2	6 441	7 197
Grants and subsidies	4.3	82 272	75 924
NDIS expenses	4.4	708 228	683 847
Net loss from disposal of assets	4.5	11	-
Other expenses	4.6	599	674
Total expenses		1 185 498	1 142 404
Net result		9 450	17 029
Total comprehensive result		9 450	17 029

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 2023

	Note	2023 \$'000	2022 \$'000
<u>Current assets</u>			
Cash and cash equivalents	6.1	173 653	166 432
Receivables	6.2	92 869	85 992
Non-current assets held for sale	5.6	1 653	-
Inventories	5.7	196	322
Total current assets		268 371	252 746
<u>Non-current assets</u>			
Receivables	6.2	1 272	1 076
Property, plant and equipment	5.1	110 057	114 903
Capital works in progress	5.4	16 311	3 424
Intangible assets	5.5	1 024	1 398
Total non-current assets		128 664	120 801
Total assets		397 035	373 547
<u>Current liabilities</u>			
Payables	7.1	24 872	21 808
Financial liabilities	7.2	617	285
Employee benefits	3.4	37 570	35 985
Provisions	7.3	11 765	9 498
Other current liabilities	7.4	1 144	1 142
Total current liabilities		75 968	68 718
<u>Non-current liabilities</u>			
Payables	7.1	2 978	3 093
Financial liabilities	7.2	713	337
Employee benefits	3.4	29 901	32 153
Provisions	7.3	48 877	39 415
Other non-current liabilities	7.4	4 222	4 905
Total non-current liabilities		86 691	79 903
Total liabilities		162 659	148 621
Net assets		234 376	224 926
<u>Equity</u>			
Contributed capital		74 325	74 325
Retained earnings		141 345	131 895
Asset revaluation surplus		18 706	18 706
Total equity		234 376	224 926

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 2023

	Contributed capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2021	74 325	18 706	114 866	207 897
Net result for 2021-22	-	-	17 029	17 029
Total comprehensive result for 2021-22	-	-	17 029	17 029
Balance at 30 June 2022	74 325	18 706	131 895	224 926
Net result for 2022-23	-	-	9 450	9 450
Total comprehensive result for 2022-23	-	-	9 450	9 450
Balance at 30 June 2023	74 325	18 706	141 345	234 376

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 2023

	Note	2023 \$'000	2022 \$'000
<u>Cash flows from operating activities</u>			
<i>Cash inflows</i>			
Appropriation		989 151	940 789
Fees and charges		8 091	7 008
Commonwealth-sourced grants and funding		119 196	111 220
SA Government grants, subsidies and transfers		37 910	48 093
Sales of goods and services		33 782	29 841
GST recovered from the ATO		17 780	16 966
Other receipts		5 107	6 941
Cash generated from operations		1 211 017	1 160 858
<i>Cash outflows</i>			
Employee benefits		(290 114)	(277 355)
Supplies and services		(107 488)	(94 653)
Grants and subsidies		(82 153)	(88 200)
NDIS contributions		(712 027)	(684 955)
Other		(729)	(317)
Cash used in operations		(1 192 511)	(1 145 480)
Net cash provided by/(used in) operating activities	8.2	18 506	15 378
<u>Cash flows from investing activities</u>			
<i>Cash inflows</i>			
Proceeds from sale of assets		-	3 528
Cash generated from investing activities		-	3 528
<i>Cash outflows</i>			
Purchase of property, plant and equipment and intangible assets		(10 800)	(3 194)
Cash used in investing activities		(10 800)	(3 194)
Net cash provided by/(used in) investing activities		(10 800)	334
<u>Cash flows from financing activities</u>			
<i>Cash outflows</i>			
Repayment of leases		(485)	(590)
Cash used in financing activities		(485)	(590)
Net cash provided by/(used in) financing activities		(485)	(590)
Net increase/(decrease) in cash and cash equivalents		7 221	15 122
Cash and cash equivalents at the beginning of the period		166 432	151 310
Cash and cash equivalents at the end of the period	6.1	173 653	166 432

The accompanying notes form part of these financial statements.

Department of Human Services

Notes to and forming part of the financial statements

for the year ended 30 June 2023

1. About the Department of Human Services

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

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

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

1.1. Basis of preparation

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

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

Significant accounting policies are set out throughout the notes.

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

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

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

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

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

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

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.2. Objectives and Programs

Objectives

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

Program 1: Status of Women

The Status of Women program supports the full and equal participation of women in the social and economic life of the state. Priorities include addressing and implementing strategies to prevent domestic, family and sexual violence; equality for women in every aspect of life; and women's economic participation, employment and leadership. The program provides policy advice and cross-government leadership, executive support to the Premier's Council for Women and funding for key initiatives including those with a focus on domestic and family violence prevention. This program also provides statewide information and referral services through the Women's Information Service (WIS).

Program 2: Communities

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

The program includes concessions and rebates, which increase financial resilience; investing in the community through grants and funding; intensive family services to keep children safe in their families and communities and connected to culture; interpreting and translating services; and employment related screening services. It also includes grant programs and strategies to support young South Australians and increase volunteering.

Program 3: Youth Justice

The Youth Justice program is responsible for supervising children and young people in contact with the tertiary element of the youth justice system.

Youth Justice supervision promotes community safety by addressing behaviours and building the capacity of children and young people, and their families.

Program 4: Disability

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

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.2. Objectives and Programs (continued)

Expenses and Income by program

	Status of Women		Communities		Youth Justice		Disability		General / Not Attributable		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Income</u>												
Appropriation		-	-	-	-	-	-	-	989 151	940 789	989 151	940 789
Fees and charges	19	22	607	693	245	285	6 260	6 778	-	-	7 131	7 778
Commonwealth-sourced grants and funding	10 908	9 550	2 150	1 021	-	-	103 015	100 649	-	-	116 073	111 220
SA Government grants, subsidies and transfers	477	259	27 888	37 425	11	-	760	2 048	8 774	8 361	37 910	48 093
Sales of goods and services	1	-	16 919	21 280	-	-	16 948	16 190	-	-	33 868	37 470
Resources received free of charge	47	52	1 425	1 404	638	637	3 590	3 437	-	-	5 700	5 530
Net gain from disposal of assets	-	14	-	412	-	177	-	943	-	-	-	1 546
Other income	17	218	2 585	3 129	299	431	2 214	3 229	-	-	5 115	7 007
Total income	11 469	10 115	51 574	65 364	1 193	1 530	132 787	133 274	997 925	949 150	1 194 948	1 159 433
<u>Expenses</u>												
Employee benefits expenses	2 906	2 285	71 726	69 852	35 936	35 003	191 088	177 814	-	-	301 656	284 954
Supplies and services	1 100	749	30 782	31 023	8 671	8 673	45 738	49 363	-	-	86 291	89 808
Depreciation and amortisation	13	14	1 484	2 300	2 805	2 881	2 139	2 002	-	-	6 441	7 197
Grants and subsidies	10 159	7 037	70 425	67 514	975	814	713	559	-	-	82 272	75 924
NDIS expenses	-	-	-	-	-	-	708 228	683 847	-	-	708 228	683 847
Net loss from disposal of assets	-	-	1	-	1	-	9	-	-	-	11	-
Other expenses	2	5	73	152	29	69	495	448	-	-	599	674
Total expenses	14 180	10 090	174 491	170 841	48 417	47 440	948 410	914 033	-	-	1 185 498	1 142 404
Net result	(2 711)	25	(122 917)	(105 477)	(47 224)	(45 910)	(815 623)	(780 759)	997 925	949 150	9 450	17 029

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.3. Impact of COVID-19 pandemic on the department

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

1.4. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2022-23 Budget Paper 4). Appropriation reflects appropriation issued to special deposit accounts controlled by the department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Statement of Comprehensive Income			
<u>Income</u>			
Appropriation	982 620	989 151	6 531
Fees and charges	11 750	7 131	(4 619)
Commonwealth-sourced grants and funding	111 779	116 073	4 294
SA Government grants, subsidies and transfers	23 246	37 910	14 664
Sales of goods and services	19 640	33 868	14 228
Resources received free of charge	-	5 700	5 700
Other income	456	5 115	4 659
Total income	1 149 491	1 194 948	45 457
<u>Expenses</u>			
Employee benefits expenses	267 626	301 656	34 030
Supplies and services	54 075	86 291	32 216
Depreciation and amortisation	9 258	6 441	(2 817)
Grants and subsidies	87 714	82 272	(5 442)
NDIS expenses	722 084	708 228	(13 856)
Net loss from disposal of assets	-	11	11
Borrowing costs	50	-	(50)
Other expenses	-	599	599
Total expenses	1 140 807	1 185 498	44 691
Net result	8 684	9 450	766
Total comprehensive result	8 684	9 450	766

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.4 Budget performance (continued)

	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Investing expenditure summary			
Total new and existing projects	15 600	14 538	(1 062)
Total annual programs and leases	1 811	1 528	(283)
Total investing expenditure	17 411	16 066	(1 345)

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses. There are no variances in 2022-23 that exceed both thresholds.

1.5. Significant transactions with government related entities

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

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2. Income

2.1. Appropriation

	2023	2022
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	982 620	940 430
Appropriation from Governor's Appropriation Fund	6 531	359
Total appropriation	989 151	940 789
Net revenues from SA Government	989 151	940 789

Appropriation is recognised upon receipt.

Appropriation pursuant to the *Appropriation Act* (the Act) consists of \$982.620 million (\$940.430 million) used for operational funding, inclusive of \$17.411 million (\$5.510 million) for capital projects.

2.2. Fees and charges

	2023	2022
	\$'000	\$'000
Client fees	4 801	5 223
Business services	1 139	1 141
Rent	767	1 136
Other fees and charges	424	278
Total fees and charges	7 131	7 778

Client fees relates to supported accommodation provided to DHS managed clients to help offset the cost of supporting the daily living needs, including provision of utilities, groceries, household consumables etc. Revenue is recognised at a point in time when the support is provided.

Business services are provided to the SA Housing Authority as per the Memorandum of Administrative Arrangements (MOAA), where revenue is recognised when services are provided.

All other fees and charges are recognised upon receipt.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.3. Commonwealth-sourced grants and funding

	2023	2022
	\$'000	\$'000
DisabilityCare Australia Fund	80 608	77 883
Disability Support for Older Australians	19 806	21 064
Family, Domestic and Sexual Violence Response	10 908	9 562
Residential Aged Care	2 682	1 757
Living Safe Together Intervention Program Expansion	748	-
Countering Violent Extremism High Risk Program	400	-
Commonwealth Home Support Programme	518	326
Other	403	628
Total Commonwealth-sourced grants and funding	116 073	111 220

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

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

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

2.4. SA Government grants, subsidies and transfers

	2023	2022
	\$'000	\$'000
National Education Reform Agreement	20 640	29 951
DTF Contingency Fund - TVSP reimbursement	8 672	1 278
Community Development Fund	3 000	3 000
APY Lands Youth Programs and Family Services	2 532	2 361
DTF Contingency Fund - Other	102	7 083
COVID-19 Support Fund	-	1 136
Other grants from SA Government agencies	2 964	3 284
Total SA Government grants, subsidies and transfers	37 910	48 093

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.5. Sales of goods and services

	2023	2022
	\$'000	\$'000
Provision of disability support services	16 951	16 191
Screening check fees	10 333	14 643
Interpreter and translator services	6 584	6 636
Total sales of goods and services	33 868	37 470

The department recognises revenue from the following major sources:

Provision of disability support services

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

Screening check fees

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

Approximately 80% of requests are paid upon request and approximately 20% paid by account. Refunds may occasionally occur within a few days of the initial request, often due to a request relating to a current existing screening check.

After a request, the screening check is usually provided within three weeks, with the exception of a small number of checks that may require further investigation or are complex in nature. Revenue is recognised at a point in time that the screening check is requested.

Interpreter and translator services

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

Base fee schedules are used to calculate each service request. In some instances, a service may change upon delivery. For example, an extension in translating is required at the time of providing the service and the quoted price may be adjusted. Revenue is recognised when the service is provided.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.6. Resources received free of charge

	2023	2022
	\$'000	\$'000
Shared Services SA	4 166	4 077
Department of the Premier and Cabinet	1 534	1 453
Total resources received free of charge	5 700	5 530

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

Following Cabinet's approval to cease intra-government charging, the department receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA valued at \$4.166 million (\$4.077 million). In addition, the Department of Premier and Cabinet (DPC) provides ICT services valued at \$1.489 million (\$1.453 million) and from 2022-23, media monitoring services valued at \$0.045 million.

2.7. Other income

	2023	2022
	\$'000	\$'000
Recoveries	4 816	6 712
Other	299	295
Total other income	5 115	7 007

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

3. Board, committees and employees

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

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

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.1. Key management personnel

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

The compensation disclosed in this note excludes salaries and other benefits the Minister for Human Services receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 the *Parliamentary Remuneration Act 1990*. Refer to the administered financial statement for disclosures of the Minister's remuneration paid and recovered from the Consolidated Account.

	2023	2022
Compensation	\$'000	\$'000
Salaries and other short term employee benefits	2 305	2 352
Post-employment benefits	239	234
Total compensation	2 544	2 586

Transactions with key management personnel and other related parties

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

3.2. Board and committee members

Members during the 2022-23 financial year were:

Risk Management and Audit Committee

C Mitchell	Chair	Appointed	5/06/2020		
E Moran	Member	Appointed	20/05/2020		
J King	Member	Reappointed	10/12/2021	Resigned	6/03/2023
S Charlton*	Member	Appointed	18/05/2021		
A Reid*	Member	Appointed	14/10/2021		

Premier's Council for Women

F Dorman	Chair	Appointed	1/07/2021		
M Hagias	Deputy Chair	Reappointed	1/07/2019	Resigned	30/06/2023
N Saunders*	Member	Reappointed	1/02/2020		
S Mapuvire	Member	Appointed	1/07/2019		
M Veitch	Member	Appointed	1/07/2020	Resigned	1/07/2022
K Baker Jamieson	Member	Appointed	1/07/2021		
K Briggs	Member	Appointed	1/07/2021		
I Marshall	Member	Appointed	1/07/2021		
K Mundy	Member	Appointed	1/07/2021		
A Meyer	Member	Appointed	1/10/2021	Resigned	1/07/2022
M Smith	Member	Appointed	1/07/2021		
N Wade	Member	Appointed	1/07/2022		

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.2. Board and committee members (continued)

Grants SA Assessment Panel

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

Disability Minister's Advisory Council

K Hawkins*	Chair (Ex Officio)	Appointed	15/12/2022
K Annear	Member	Appointed	15/12/2022
K Chia	Member	Appointed	15/12/2022
N Cook*	Member (Ex Officio)	Appointed	15/12/2022
S Crowley	Member	Appointed	15/12/2022
E Fraser-Barbour	Member	Appointed	15/12/2022
B Lambert	Member	Appointed	15/12/2022
K Langton	Member	Appointed	15/12/2022
S Maso	Member	Appointed	15/12/2022
J Mcloughlin	Member	Appointed	15/12/2022
B Owen	Member	Appointed	15/12/2022
S Philavong	Member	Appointed	15/12/2022
A Shiell	Member	Appointed	15/12/2022
M Taggart	Member	Appointed	15/12/2022

State Emergency Relief Fund Committee

R Ambler*	Chair	Appointed	27/02/2023		
B Grear *	Member	Reappointed	8/12/2019	Expired	7/12/2022
M Griffiths*	Member	Reappointed	27/02/2023		
J Brayley*	Member	Appointed	13/01/2020	Expired	12/01/2023
R Green*	Member	Appointed	1/03/2021	Expired	27/02/2023
N Ashley*	Member	Appointed	1/03/2021		
S Paul*	Member	Appointed	27/02/2023		
K Barr*	Member	Appointed	27/02/2023		
N Keller*	Member	Appointed	27/02/2023		
L Connell*	Member	Appointed	27/02/2023		
T Forde*	Member	Appointed	27/02/2023		

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.2. Board and committee members (continued)

LGBTIQA+ Minister's Advisory Council

K Hawkins*	Chair (Ex Officio)	Appointed	15/12/2022
J Anderson	Member	Appointed	15/12/2022
M Barnes	Member	Appointed	15/12/2022
O Balopitos	Member	Appointed	15/12/2022
N Cook*	Member (Ex Officio)	Appointed	15/12/2022
D Ford	Member	Appointed	15/12/2022
L Hackworth*	Member	Appointed	15/12/2022
A Hawkins-Nicholls	Member	Appointed	15/12/2022
S Henschke	Member	Appointed	15/12/2022
M Hok*	Member	Appointed	15/12/2022
B Mcaloney	Member	Appointed	15/12/2022
A Moffat	Member	Appointed	15/12/2022
S Moran	Member	Appointed	15/12/2022
L Solonsch	Member	Appointed	15/12/2022
Varo*	Member	Appointed	15/12/2022

Youth Minister's Advisory Council

K Hawkins*	Chair (Ex Officio)	Appointed	15/12/2022
J Bingham	Member	Appointed	15/12/2022
L Boundey	Member	Appointed	15/12/2022
A Burgos-Garabelli	Member	Appointed	15/12/2022
A Cook	Member	Appointed	15/12/2022
N Cook*	Member (Ex Officio)	Appointed	15/12/2022
W Day	Member	Appointed	15/12/2022
S Green	Member	Appointed	15/12/2022
S Greenwood	Member	Appointed	15/12/2022
Z Leblond	Member	Appointed	15/12/2022
J Munyonge	Member	Appointed	15/12/2022
A Musarra	Member	Appointed	15/12/2022
M Price	Member	Appointed	15/12/2022
K Smith	Member	Appointed	15/12/2022

South Australian Gender Pay Gap Taskforce

I Pnevmatikos*	Chair	Appointed	1/10/2022
N Brown	Member	Appointed	1/10/2022
J Carney*	Member	Appointed	1/10/2022
A Kay	Member	Appointed	1/10/2022
A Kendall	Member	Appointed	1/10/2022
C Kulik	Member	Appointed	1/10/2022
M O'Callaghan	Member	Appointed	1/10/2022
J Pickering	Member	Appointed	1/10/2022
J Purdie	Member	Appointed	1/10/2022
E Ranieri*	Member	Appointed	1/10/2022
S Vas Dev*	Member (Ex Officio)	Appointed	1/10/2022
R Womersley	Member	Appointed	1/10/2022
O Bennell	Member	Appointed	20/06/2023

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.2. Board and committee members (continued)

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

Board and committee remuneration

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

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

	2023	2022
\$0 - \$19 999	98	47
Total number of members	98	47

The total remuneration received or receivable by members was \$0.057 million (\$0.037 million). Where a board or committee member has been appointed, resigned, retired or ceased their term during the year, this has been disclosed above.

3.3. Employee benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	207 115	202 708
Employee on-cost - superannuation	24 109	22 633
Workers compensation	21 730	24 120
Annual leave	21 668	20 672
Employee on-cost - other	12 749	12 130
Targeted voluntary separation packages	8 768	1 871
Long service leave	3 974	(1 051)
Skills and experience retention leave	897	831
Eligible termination payments	105	180
Board and committee fees	54	23
Other employee related expenses	487	837
Total employee benefits expenses	301 656	284 954

Departmental employees are employed under Part 7 of the *Public Sector Act*.

Superannuation employment on-cost charges represent the department's contributions to superannuation plans in respect of current services of current employees.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.3. Employee benefits expenses (continued)

Remuneration of employees

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

	2023	2022
	No.	No.
\$157 715 to \$160 607*	N/A	2
\$160 608 to \$180 000	17	10
\$180,001 to \$200,000	4	7
\$200,001 to \$220,000	8	6
\$220,001 to \$240,000	6	4
\$240,001 to \$260,000	1	1
\$260,001 to \$280,000	1	4
\$280,001 to \$300,000	2	-
\$300,001 to \$320,000	2	-
\$320,001 to \$340,000	2	-
\$340,001 to \$360,000	-	1
\$460,001 to \$480,000	1	1
Total	44	36

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

Total remuneration received by these employees for the year was \$9.486 million (\$7.625 million). Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and any related fringe benefits tax paid.

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2021-22.

Targeted voluntary separation packages (TVSPs)

The number of employees who received a TVSP during the reporting period was 114 (28).

	2023	2022
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted voluntary separation packages	8 768	1 871
Leave paid to separated employees	3 424	673
Recovery from the Department of Treasury and Finance (DTF)	(8 672)	(1 278)
Net cost to the department	3 520	1 266

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.4. Employee benefits liability

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Annual leave	25 550	25 009
Accrued salaries and wages	8 224	7 335
Long service leave	2 600	2 420
Skills and experience retention leave	1 196	1 221
Total current employee benefits	37 570	35 985
<u>Non-current</u>		
Long service leave	29 901	32 153
Total non-current employee benefits	29 901	32 153
Total employee benefits	67 471	68 138

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

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Long service leave

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

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

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

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds at the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 3.5% in 2022 to 4.0% in 2023.

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

The actuarial assessment performed by DTF increased the salary inflation rate from 2.5% in 2022 to 3.5% in 2023 for long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and expense of \$1.041 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions, a key assumption being long-term discount rate.

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

4. Expenses

4.1. Supplies and services

	2023	2022
	\$'000	\$'000
Contractors and agency staff	16 111	16 431
Accommodation	13 532	14 267
Information technology and communication charges	12 875	12 501
Brokerage care services	7 997	8 835
Client related expenses	6 813	5 941
Business services	6 741	6 751
Motor vehicles	2 912	2 696
Crimtrac history check fees	2 703	3 702
Minor equipment	2 687	2 443
Printing, stationery, postage and periodicals	1 376	1 229
Repairs and maintenance	1 209	1 592
Seminars courses and training	991	748
Travel and accommodation	951	558
Insurance	880	882
Drugs and medical supplies	424	3 947
Consultants	237	263
Short term leases	193	461
Low-value leases	74	53
Other	7 585	6 508
Total supplies and services	86 291	89 808

Accommodation

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

4.2. Depreciation and amortisation

	2023	2022
	\$'000	\$'000
Buildings	2 984	2 998
Computer software	1 104	1 703
Plant and equipment	1 021	1 097
Accommodation and leasehold improvements	810	810
Right-of-use vehicles	439	553
Right-of-use buildings	83	36
Total depreciation and amortisation	6 441	7 197

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

Useful life

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

<i>Class of asset</i>	<i>Useful life (years)</i>
Buildings	4-35
Accommodation and leasehold improvements	2-50
Plant and equipment	3-15
Right-of-use vehicles	lease term (1-5 years)
Right-of-use buildings	lease term (3-5 years)
Computer software	3

Review of accounting estimates

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

4.3. Grants and subsidies

Grants and subsidies by program	2023	2022
	\$'000	\$'000
Community Connections	22 023	21 388
Child and Family Support Grants	21 311	20 441
Family and Community Development	15 483	14 283
Family, Domestic and Sexual Violence Response	7 481	4 062
Financial Hardship Programs	5 449	4 908
Aboriginal Community Benefit Grants	3 594	2 650
Youth Portfolio	844	1 295
Other	6 087	6 897
Total grants and subsidies	82 272	75 924

Grants paid are usually subject to terms and conditions set out in the contract, correspondence or by legislation.

4.4. NDIS expenses

Total NDIS expenses for the year were \$708.228 million (\$683.847 million). The department makes payments to the NDIA for the NDIS pursuant to the *National Disability Insurance Act 2013* and in accordance with the Bilateral Agreement between the Commonwealth of Australia and the State of South Australia. South Australia's financial contribution is adjusted for transitional provisions including in-kind services that South Australia continue to provide to NDIS participants and invoice wash-up adjustments.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

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

	2023	2022
	\$'000	\$'000
<u>Land and buildings</u>		
Proceeds from disposal	-	3 500
Less carrying amount of assets disposed	-	(1 950)
Net gain/(loss) from disposal of land and buildings	-	1 550
<u>Plant and equipment</u>		
Proceeds from disposal	-	28
Less carrying amount of assets disposed	(7)	(33)
Net gain/(loss) from disposal of plant and equipment	(7)	(5)
<u>Total disposal of assets</u>		
Total proceeds from disposal	-	3 528
Less total carrying amount of assets disposed	(7)	(1 983)
Net gain/(loss) from disposal of owned assets	(7)	1 545
Gain/(loss) on modification of right-of-use assets	(4)	1
Net gain/(loss) from disposal of assets	(11)	1 546

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

4.6. Other expenses

	2023	2022
	\$'000	\$'000
Impairment of receivables	36	259
Interest expense on lease liabilities	26	5
Other	537	410
Total other expenses	599	674

Other

Audit fees paid/payable to the Auditor-General's Department of \$0.315 million (\$0.307 million) related to work performed under the *Public Finance and Audit Act 1987*.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

5. Non-financial assets

5.1. Property, plant and equipment

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

Reconciliation 2022-2023

	Land \$'000	Buildings \$'000	Accommodation and leasehold improvements \$'000	Plant and equipment \$'000	ROU buildings \$'000	ROU vehicles \$'000	Total \$'000
Carrying amount at 1 July 2022	33 617	69 720	5 993	4 955	72	546	114 903
Additions	-	-	-	509	330	863	1 702
Disposals	-	-	-	(7)	-	(4)	(11)
Transfers (to)/from works in progress	-	38	-	415	-	-	453
Transfers (to)/from assets held for sale	(1 185)	(167)	(108)	(193)	-	-	(1 653)
Subtotal:	32 432	69 591	5 885	5 679	402	1 405	115 394
Gains/(losses) for the period recognised in net result:							
Depreciation and amortisation for the year	-	(2 984)	(810)	(1 021)	(83)	(439)	(5 337)
Subtotal:	-	(2 984)	(810)	(1 021)	(83)	(439)	(5 337)
Carrying amount at the end of the period	32 432	66 607	5 075	4 658	319	966	110 057
Gross carrying amount							
Gross carrying amount	32 432	72 515	8 920	9 858	438	1 615	125 778
Accumulated depreciation/amortisation	-	(5 908)	(3 845)	(5 200)	(119)	(649)	(15 721)
Carrying amount at the end of the period	32 432	66 607	5 075	4 658	319	966	110 057

All property, plant and equipment owned by the department are classified in the level 3 fair value hierarchy except for land valued at \$32.432 million, buildings at \$4.715 million and its depreciation for the year of \$0.025 million are classified in level 2. Refer to note 10.1 for more information about the fair value hierarchy and note 7.2 for details about the lease liability for right-of-use assets.

Department of Human Services
Notes to and forming part of the financial statements
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5.1 Property, plant and equipment (continued)

Reconciliation 2021-22

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

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

Department of Human Services
Notes to and forming part of the financial statements
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5.2. Property, plant and equipment owned by the department

Property, plant and equipment owned by the department with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the department is recorded at fair value. The department's approach to fair value is set out in note 10.1.

Impairment

Property, plant and equipment owned by the department is assessed for impairment on an annual basis. During 2022-23, a building in Woodville was determined to have structural damage caused by a combination of termites and wood rot. Structural engineers and builders have been engaged to assess the damages and cost of repairs. At 30 June 2023, the impairment loss from the damage could not be reliably measured, therefore the fair value of this building has remained unchanged.

5.3. Property, plant and equipment leased by the department

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

Short-term leases of 12 months or less and low value leases, where the underlying asset value is less than \$15 000 are not recognised as ROU assets. The associated lease payments are recognised as an expense and are disclosed in note 4.1.

The department has a limited number of leases:

- 119 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.
- One lease with DIT for a residential property in Ceduna, with rent paid monthly. No contingent rental provisions exist within the lease agreement and there is no right of renewal at the end of the lease.
- One lease with the Noarlunga Health Village for office accommodation as part of the Strong Start Program. Rent is paid six monthly. No contingent rental provisions exist within the lease agreement and there is no right of renewal at the end of its lease.
- One lease with TAFE SA for office accommodation at Whyalla campus with rent paid monthly. No contingent rental provisions exist within the lease agreement and there is an option to renew the lease at the end of its term.

The lease liabilities related to the ROU assets and the department's maturity analysis of its lease liabilities are disclosed in note 7.2. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4.2 and 4.6. Cash outflows related to leases are disclosed in note 8.2.

Impairment

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

Department of Human Services
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5.4. Capital works in progress

	2023	2022
	\$'000	\$'000
Property, plant and equipment and intangible assets in progress at cost	16 311	3 424
Total capital works in progress	16 311	3 424

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

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	3 424	910
Purchases	14 070	3 180
Transfers to completed works	(1 183)	(666)
Carrying amount at the end of the period	16 311	3 424

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

5.5. Intangible assets

The department has intangible assets relating to both internally developed and externally acquired computer software. Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

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

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed. There was no indication of impairment for intangible assets as at 30 June 2023.

The following table shows the movement of intangible assets:

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	1 398	2 892
Transfers (to)/from works in progress	730	209
Subtotal:	2 128	3 101
Gains/(losses) for the period recognised in net result:		
Amortisation	(1 104)	(1 703)
Carrying amount at the end of the period	1 024	1 398
Gross carrying amount		
Gross carrying amount	15 704	14 974
Accumulated amortisation	(14 680)	(13 576)
Carrying amount at the end of the period	1 024	1 398

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

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

	2023	2022
	\$'000	\$'000
Land	1 185	-
Building	275	-
Plant and equipment	193	-
Total non-current assets classified as held for sale	1 653	-

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

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	-	2 724
Disposals	-	(1 950)
Transfers (to)/from property, plant and equipment	1 653	(774)
Carrying amount at the end of the period	1 653	-

The fair value hierarchy for non-current assets classified as held for sale is land classified at level 2 with buildings and plant and equipment in the level 3 classification.

5.7. Inventories

Total current inventories as at 30 June 2023 is \$0.196 million (\$0.322 million).

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

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

Cost of inventories

The cost recognised as an expense for raw materials and consumables is \$1.086 million.

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Notes to and forming part of the financial statements
for the year ended 30 June 2023

6. Financial assets

6.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer (special deposit accounts)		
Operating Account	172 324	164 396
Other deposits	1 229	1 936
Total deposits with the Treasurer (special deposit accounts)	173 553	166 332
Advance accounts	95	95
Cash on hand	5	5
Total cash and cash equivalents	173 653	166 432

Deposits with the Treasurer

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

The department does not earn interest on its deposits with the Treasurer. Some of the department's appropriation is deposited into the Accrual Appropriation Excess Funds account. Although the department controls the money in the Accrual Appropriation Excess Funds account, its use must be approved by the Treasurer. The balance of the Accrual Appropriation Excess Fund account at 30 June is \$135.511 million (\$133.910 million).

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

6.2. Receivables

	2023	2022
	\$'000	\$'000
<u>Current</u>		
<u>Trade receivables</u>		
From SA government entities	1 905	7 534
From non-SA government entities	1 469	3 014
Less impairment loss on receivables	(27)	(252)
Total trade receivables	3 347	10 296
Recoveries for NDIS contributions	67 791	63 992
Accrued revenue	15 909	7 437
GST input tax recoverable	3 379	1 874
Prepayments	1 664	1 828
Overpaid salaries	619	439
Other receivables	160	126
Total current receivables	92 869	85 992
<u>Non-current</u>		
Other receivables - workers compensation	1 272	1 076
Total non-current receivables	1 272	1 076
Total receivables	94 141	87 068

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

It is not anticipated that counter-parties will fail to discharge their obligations, other than those recognised in the impairment loss of receivable. The carrying amount of receivables approximates net fair value due to being receivable on demand.

There is no concentration of credit risk. Refer to note 10.2 for information on risk management.

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

Impairment of receivables

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

Allowance for impairment loss on receivables

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	252	4
Increase/(decrease) in allowance recognised in profit or loss	37	259
Amounts written off	(262)	(11)
Carrying amount at the end of the period	27	252

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

7. Liabilities

7.1. Payables

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Trade payables	12 572	11 899
Employment on-costs	5 868	5 470
Accrued expenses	4 576	3 140
Other	1 856	1 299
Total current payables	24 872	21 808
<u>Non-current</u>		
Employment on-costs	2 978	3 093
Total non-current payables	2 978	3 093
Total payables	27 850	24 901

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

Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions. These are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

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

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave has increased from 42% in 2022 to 43% in 2023. The average factor for the calculation of employer superannuation on-costs has changed from the 2022 rate 10.6% to 11.1% in 2023. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$0.250 million.

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

7.2. Financial liabilities

The department's financial liabilities are all lease liabilities of \$1.330 million (\$0.622 million), refer to note 5.3. The department measures these at discounted future lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTFs incremental borrowing rate. There were no defaults or breaches throughout the year.

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

	2023	2022
	\$'000	\$'000
Lease liabilities		
Within one year	627	358
Later than one year but not longer than five years	727	388
Total lease liabilities (undiscounted)	1 354	746

7.3. Provisions

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Workers compensation	11 652	9 428
Insurance	113	70
Total current provisions	11 765	9 498
<u>Non-current</u>		
Workers compensation	48 877	39 415
Total non-current provisions	48 877	39 415
Total provisions	60 642	48 913

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

7.3. Provisions (continued)

Reconciliation of workers compensation

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	48 843	35 757
Increase to provision due to revision of estimates	21 716	23 993
Reduction due to payments	(10 030)	(10 907)
Carrying amount at the end of the period	60 529	48 843

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

Accordingly, a liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes). The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

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

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

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

The workers compensation provision has increased mainly due to a rise in the number of open claims and higher average claim sizes for Seriously Injured Workers (SIW) and a projected increase in section 56 & 58 payments for non-SIW.

Reconciliation of insurance provision

The following table shows the movement of insurance during 2022-23:

	Public liability	Property	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	50	20	70
Net revision of estimates	21	22	43
Carrying amount at the end of the period	71	42	113

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

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

7.4. Other liabilities

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Accommodation incentive	683	683
Unclaimed monies	111	119
Other liabilities	350	340
Total current other liabilities	1 144	1 142
<u>Non-current</u>		
Accommodation incentive	4 222	4 905
Total non-current other liabilities	4 222	4 905
Total other liabilities	5 366	6 047

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

8. Other disclosures

8.1. Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset one another.

8.2. Cash flow

Reconciliation of net result to cash flows from operating activities

	2023	2022
	\$'000	\$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	173 653	166 432
Balance as per the Statement of Cash Flows	173 653	166 432
<u>Reconciliation of net cash provided by operating activities to net result</u>		
Net cash provided by/(used in) operating activities	18 506	15 378
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense of non-current assets	(6 441)	(7 197)
Accommodation incentive amortisation	683	684
Gain/loss on sale or disposal of non-current assets	(11)	1 546
Capital accruals	3 779	11
<u>Movement in assets and liabilities</u>		
Increase/(decrease) in receivables	7 073	14 086
Increase/(decrease) in inventories	(126)	56
(Increase)/decrease in provisions	(11 729)	(13 046)
(Increase)/decrease in payables	(2 949)	337
(Increase)/decrease in employee benefits	667	5 066
(Increase)/decrease in other liabilities	(2)	108
Net result	9 450	17 029

Total cash outflows for leases were \$0.824 million (2022: \$1.088 million)

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

9. Outlook

9.1. Unrecognised contractual commitments

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

Contractual commitments to acquire property, plant and equipment

	2023	2022
	\$'000	\$'000
Within one year	3 884	17 423
Total capital commitments	3 884	17 423

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

Other contractual commitments

	2023	2022
	\$'000	\$'000
Within one year	7 381	7 580
Later than one year but not longer than five years	24 814	23 725
Later than five years	14 938	20 385
Total expenditure commitments	47 133	51 690

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

Grant commitments

	2023	2022
	\$'000	\$'000
Within one year	64 475	70 205
Later than one year but not longer than five years	52 735	16 648
Total grant commitments	117 210	86 853

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

9.2 Contingent assets and liabilities

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

The department has investigated and there are no contingent assets or liabilities that impact the department as at 30 June 2023.

9.3 COVID-19 pandemic outlook for the department

At this stage, with the current levels of COVID-19 in the South Australian community, the department does not expect its financial position to be materially impacted in 2023-24 due to the COVID-19 pandemic.

9.4 Impact of standards not yet effective

The department has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet effective and does not expect these to have a material impact on the department's statements.

9.5 Events after the reporting period

DHS Disability Services is transitioning out of in-kind services to operate as a registered NDIS provider. The bilateral agreement, which facilitated the in-kind arrangement ended on 30 June 2023. However, the in-kind arrangement was extended into 2023-24. The department has completed external audits required to be registered to provide all services under the NDIS. At the end of the in-kind arrangement, there will be an increase in NDIS revenue which will be equally offset by NDIS expenses.

10 Measurement and risk

10.1 Fair value

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

Initial recognition

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

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.1 Fair value (continued)

Revaluation

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

The revaluation process is reviewed by the department each year.

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

A full site revaluation is undertaken on a regular cycle every six years. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset class will be revalued regardless of when the last valuation took place.

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

Fair value hierarchy

The department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

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

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

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

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

During 2023 and 2022, the department had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

Land and buildings

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

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

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

The majority of assets were valued using the direct comparison of sales approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land such as size and location. For land classified as restricted in use, adjustments were applied to reflect the restriction. Where market inputs were not readily observable, the cost approach to valuation was adopted with current replacement cost. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of the assets, their size, condition and location.

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.1 Fair value (continued)

Plant and equipment

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life of less than three years. Plant and equipment have not been revalued in accordance with *APS 116.D*. The carrying values of these items are deemed to approximate fair value.

10.2 Financial instruments

Financial risk management

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

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

Liquidity risk

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

Refer to note 7.1 and 7.2 for further information.

Credit risk

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

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

Impairment of financial assets

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

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

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

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

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

Department of Human Services
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.2. Financial instruments (continued)

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

	Debtor gross carrying amount \$'000	Expected credit loss rate %	Expected losses \$'000
2023			
Current (not past due)	778	-	-
1 - 30 days past due	24	1.39%	-
31 - 60 days past due	33	2.17%	1
61 - 90 days past due	39	2.82%	1
More than 90 days past due	595	4.13%	25
Total	1 469		27

Loss rates are based on actual history of credit loss. Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

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

Receivables with a contractual amount of \$0.262 million written off during the year are still subject to enforcement activity.

Cash and debt instruments

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

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

Market risk

The department does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in TI 23 *Management of Foreign Currency Exposures*.

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

Categorisation of financial instruments

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

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

Classification of financial instruments

The department measures all financial instruments at amortised cost. All financial assets and liabilities carrying amounts equal their fair value as at 30 June 2023 and are expected to be settled within one year excluding lease liabilities. Maturity analysis for lease liabilities is presented in note 7.2.

Department of Human Services

**Administered Financial Statements
for the year ended 30 June 2023**

Department of Human Services
Statement of Administered Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<u>Administered income</u>			
Appropriation	A2.1	233 251	190 544
SA Government grants, subsidies and transfers		11 390	11 382
Fees and charges		486	613
Interest		612	21
Client Trust receipts	A6.2	8 315	9 189
Other income		698	743
Total administered income		254 752	212 492
<u>Administered expenses</u>			
Employee benefits expenses		381	371
Supplies and services		3 794	2 680
Depreciation and amortisation	A4.1	1 447	2 171
Grants and subsidies	A3.1	242 695	211 366
Client Trust payments	A6.2	7 596	8 818
Donations		22	13
Total administered expenses		255 935	225 419
Net result		(1 183)	(12 927)
Total comprehensive result		(1 183)	(12 927)

The accompanying notes form part of these financial statements.

Department of Human Services
Statement of Administered Financial Position
as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
<u>Administered current assets</u>			
Cash and cash equivalents	A5.1	63 661	50 952
Receivables		99	95
Non-current assets held for sale	A4.2	24 697	-
Total current assets		88 457	51 047
<u>Administered non-current assets</u>			
Property, plant and equipment	A4.1	-	22 994
Investment property	A4.3	-	3 150
Total non-current assets		-	26 144
Total assets		88 457	77 191
<u>Administered current liabilities</u>			
Payables		39 233	26 784
Total current liabilities		39 233	26 784
Total liabilities		39 233	26 784
Net assets		49 224	50 407
<u>Administered equity</u>			
Retained earnings		11 775	12 958
Asset revaluation surplus		37 449	37 449
Total equity		49 224	50 407

The accompanying notes form part of these financial statements.

Department of Human Services
Statement of Administered Cash Flows
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<u>Cash flows from operating activities</u>			
<i>Cash inflows</i>			
Appropriation		233 251	190 544
SA Government grants subsidies and transfers		11 390	11 382
Fees and charges		527	557
Interest		567	12
Client Trust receipts		8 315	9 189
Other income		698	743
Cash generated from operations		254 748	212 427
<i>Cash outflows</i>			
Employee benefits payments		(378)	(359)
Supplies and services		(1 555)	(2 799)
Concessions		(199 327)	(182 907)
Grants and subsidies		(33 013)	(29 699)
Client Trust payments		(7 596)	(8 818)
Donations paid		(22)	(13)
Other payments		(148)	-
Cash used in operations		(242 039)	(224 595)
Net cash provided by / (used in) operations	A6.1	12 709	(12 168)
Net increase / (decrease) in cash and cash equivalents		12 709	(12 168)
Cash and cash equivalents at the beginning of the period		50 952	63 120
Cash and cash equivalents at the end of the period	A5.1	63 661	50 952

The accompanying notes form part of these financial statements.

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

Administered income and expense by program	Client Trust Accounts		Charitable Social Welfare Fund		Community Service Obligations		Concessions	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Administered income</u>								
Appropriation	-	-	29	50	18 900	18 281	209 466	168 073
SA Government grants subsidies and transfers	-	-	4 000	4 000	-	-	-	-
Fees and charges	-	-	2	151	-	-	1	-
Interest	401	17	-	-	-	-	-	-
Client Trust receipts	8 315	9 189	-	-	-	-	-	-
Other income	-	-	115	315	-	-	-	-
Total administered income	8 716	9 206	4 146	4 516	18 900	18 281	209 467	168 073
<u>Administered expenses</u>								
Supplies and services	-	-	176	164	-	-	-	2
Grants and subsidies	-	-	5 191	3 180	18 281	17 673	209 610	181 641
Client Trust payments	7 596	8 818	-	-	-	-	-	-
Total administered expenses	7 596	8 818	5 367	3 344	18 281	17 673	209 610	181 643
Net result	1 120	388	(1 221)	1 172	619	608	(143)	(13 570)

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

Administered income and expense by program	Disability Services Donations and Bequests		Gambler's Rehabilitation Fund*		Health and Aged Care Services Donations and Bequests		Home for Incurables Trust	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Administered income								
Appropriation	-	-	740	637	-	-	-	-
SA Government grants subsidies and transfers	-	-	7 390	7 382	-	-	-	-
Fees and charges	-	-	62	1	-	-	292	242
Interest	4	-	109	-	13	-	81	4
Client Trust receipts	-	-	-	-	-	-	-	-
Other income	-	-	576	420	-	-	-	-
Total administered income	4	-	8 877	8 440	13	-	373	246
Administered expenses								
Employee benefits expenses	-	-	-	-	-	-	-	-
Supplies and services	-	-	3 027	2 151	-	-	591	363
Depreciation and amortisation	-	-	-	-	-	-	1 447	2 171
Grants and subsidies	-	-	5 934	5 574	-	-	-	-
Donations	8	-	-	-	14	9	-	-
Cash alignment transfers	-	-	-	-	-	-	-	-
Total administered expenses	8	-	8 961	7 725	14	9	2 038	2 534
Net result	(4)	-	(84)	715	(1)	(9)	(1 665)	(2 288)

*Supplies and services for the Gambler's Rehabilitation Fund includes audit fees paid/payable to the Auditor-General's Department of \$0.148 million related to work performed under the *Public Finance and Audit Act 1987*.

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

Administered income and expense by program	Minister's salary		Personal Alert SA		State Emergency Relief Fund		Supported Residential Facilities Indemnity Fund		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Administered income										
Appropriation	381	371	3 735	3 132	-	-	-	-	233 251	190 544
SA Government grants subsidies and transfers	-	-	-	-	-	-	-	-	11 390	11 382
Fees and charges	-	-	129	219	-	-	-	-	486	613
Interest	-	-	-	-	3	-	1	-	612	21
Client Trust receipts	-	-	-	-	-	-	-	-	8 315	9 189
Other income	-	-	-	-	7	8	-	-	698	743
Total administered income	381	371	3 864	3 351	10	8	1	-	254 752	212 492
Administered expenses										
Employee benefits expenses	381	371	-	-	-	-	-	-	381	371
Supplies and services	-	-	-	-	-	-	-	-	3 794	2 680
Depreciation and amortisation	-	-	-	-	-	-	-	-	1 447	2 171
Grants and subsidies	-	-	3 679	3 298	-	-	-	-	242 695	211 366
Client Trust payments	-	-	-	-	-	-	-	-	7 596	8 818
Donations	-	-	-	-	-	4	-	-	22	13
Total administered expenses	381	371	3 679	3 298	-	4	-	-	255 935	225 419
Net result	-	-	185	53	10	4	1	-	(1 183)	(12 927)

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

Department of Human Services
Notes to and forming part of the Administered financial statements
for the year ended 30 June 2023

A1. About the Department of Human Services

A1.1. Basis of preparation

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

A1.2. Objectives/activities of the department's administered items

The department's administered items are structured to contribute to the twelve main activities. These are:

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

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

The COVID-19 pandemic did not have a material impact on activities administered by the department for 2022-23. However, refer to note A3.2 Concessions for COVID-19 payments made.

Department of Human Services
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A1.4. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2022-23 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 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Statement of Administered Comprehensive Income			
<u>Administered Income</u>			
Appropriation	231 537	233 251	1 714
SA Government grants subsidies and transfers	11 447	11 390	(57)
Fees and charges	-	486	486
Interest	295	612	317
Client Trust receipts	11 206	8 315	(2 891)
Other income	399	698	299
Total administered income	254 884	254 752	(132)
<u>Administered Expenses</u>			
Employee benefits expenses	375	381	6
Supplies and services	2 614	3 794	1 180
Depreciation and amortisation	2 171	1 447	(724)
Grants and subsidies expenses	240 970	242 695	1 725
Client Trust payments	11 402	7 596	(3 806)
Donations	-	22	22
Total administered expenses	257 532	255 935	(1 597)
Net result	(2 648)	(1 183)	1 465
Total comprehensive result	(2 648)	(1 183)	1 465

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

Department of Human Services
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A2. Income

A2.1. Appropriation

	2023	2022
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the Appropriation Act	231 543	189 672
Appropriation from Governor's Appropriation Fund	1 708	872
Total appropriation	233 251	190 544

Appropriation is recognised upon receipt.

A3. Expenses

A3.1. Grants and subsidies

	2023	2022
	\$'000	\$'000
Concessions (refer to note A3.2)	209 610	181 641
Community Service Obligations	18 281	17 673
Gamblers Rehabilitation	5 934	5 574
Charitable Social Welfare Fund	5 191	3 180
Personal Alert SA	3 679	3 298
Total grants and subsidies	242 695	211 366

A3.2. Concessions

	2023	2022
	\$'000	\$'000
Cost of Living *	79 383	37 089
Water and sewerage rates	54 536	51 910
Energy	48 196	51 988
Transport	25 333	24 577
Emergency electricity payments	171	184
COVID Pandemic Payment Scheme	37	14 127
Other	1 954	1 766
Total concessions	209 610	181 641

* In response to the rising cost of living, the government delivered an election commitment to double the Cost-of-Living Concession (COLC) payment for 2022-23.

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A4. Non-financial assets

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

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

2022-23

	Land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	15 950	5 700	1 344	22 994
Transfers (to)/from assets held for sale	(15 950)	(4 433)	(1 164)	(21 547)
Subtotal:	-	1 267	180	1 447
Gains/(losses) for the period recognised in net result:				
Depreciation and amortisation	-	(1 267)	(180)	(1 447)
Subtotal:	-	(1 267)	(180)	(1 447)
Carrying amount at the end of the period	-	-	-	-
Gross carrying amount				
Gross carrying amount	-	-	-	-
Accumulated depreciation/amortisation	-	-	-	-
Carrying amount at the end of the period	-	-	-	-

2021-22

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

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$15.950 million (2021-22: \$15.950 million) which was classified as level 2. There were no transfers between the levels in 2022-23.

Department of Human Services
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for the year ended 30 June 2023

A4.2. Non-current assets classified as held for sale

	2023	2022
	\$'000	\$'000
Land (including Investment land)	19 100	-
Building	4 433	-
Plant and equipment	1 164	-
Total non-current assets classified as held for sale	24 697	-

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

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	-	-
Transfers (to)/from property, plant and equipment	24 697	-
Carrying amount at the end of the period	24 697	-

Non-current assets classified as held for sale are all classified as level 3 except for land that is classified at level 2.

A4.3. Investment property

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

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

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

The following table shows the movement of investment land:

Reconciliation 2022-23

	Investment land	Total
	\$'000	\$'000
Carrying amount at the beginning of the period	3 150	3 150
Transfers (to)/from assets held for sale	(3 150)	(3 150)
Carrying amount at the end of the period	-	-

Reconciliation 2021-22

	Investment land	Total
	\$'000	\$'000
Carrying amount at the beginning of the period	3 150	3 150
Carrying amount at the end of the period	3 150	3 150

Department of Human Services
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A5. Financial assets

A5.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Special deposit account with the Treasurer	45 599	33 698
Deposit account with SAFA	16 542	15 953
Other deposits	1 520	1 301
Total cash and cash equivalents	63 661	50 952

A6. Other disclosures

A6.1. Cash flow reconciliation

	2023	2022
	\$'000	\$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	63 661	50 952
Balance as per the Statement of Cash Flows	63 661	50 952

Reconciliation of net cash provided by / (used in) operating activities to net result

Net cash provided by/(used in) operating activities	12 709	(12 168)
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Add / (less) non-cash items

Depreciation and amortisation	(1 447)	(2 171)
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Movement in assets and liabilities

Increase/(decrease) in receivables	4	65
(Increase)/decrease in payables	(12 449)	1 347
Net result	(1 183)	(12 927)

A6.2. Client Trust accounts

The department acts as trustee of client trust accounts, including clients of the former Intellectual Disability Services Council Incorporated (IDSC) and the former Julia Farr Services (JFS). These amounts cannot be used by the department to achieve its own objectives, and accordingly are not included in the controlled financial statements. Client trust receipts include interest revenue of \$0.401 million (2022: \$0.017 million).

	2023	2022
	\$'000	\$'000
Opening balance at the beginning of the period	14 466	14 078
Add receipts	8 716	9 206
Less expenses	(7 596)	(8 818)
Closing balance at the end of the period	15 586	14 466

Department of Human Services
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A6.3. Disability Services donations and bequests

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

	2023	2022
	\$'000	\$'000
Opening balance at the beginning of the period	172	172
Add receipts	4	-
Less expenses	(8)	-
Closing balance at the end of the period	168	172

A6.4. Health and Aged Care Services donations and bequests

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

	2023	2022
	\$'000	\$'000
Opening balance at the beginning of the period	518	527
Add receipts	13	-
Less expenses	(14)	(9)
Closing balance at the end of the period	517	518

A6.5. 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.

	2023	2022
	\$'000	\$'000
Opening balance at the beginning of the period	106	102
Add receipts	10	8
Less expenses	-	(4)
Closing balance at the end of the period	116	106

In February 2023, the Fund was activated to administer the receipt and distribution of monies donated by the community to assist people affected by the SA River Murray Floods. Funds will be distributed throughout 2023-24 to those affected by the floods.

Department of Human Services
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A6.6. Supported Residential Facilities Indemnity Fund

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

	2023	2022
	\$'000	\$'000
Opening balance at the beginning of the period	52	52
Add receipts	1	-
Closing balance at the end of the period	<u>53</u>	<u>52</u>

A7. Outlook

A7.1. Contingent assets and liabilities

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

A7.2. COVID-19 pandemic outlook for the department

At this stage, with the current levels of COVID-19 in the South Australian community, the department does not expect its financial position to be materially impacted in 2023-24 due to the COVID-19 pandemic.

Department of Human Services
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A8. Measurement and risk

A8.1. Fair value

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

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

The department had no valuations categorised into level 1.

There have been no transfers of assets between level 1 and 2 fair value hierarchy levels in 2023 or 2022. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. All property, plant and equipment, including non-current assets classified as held for sale, are classified at the level 3 except for land classified in level 2. Investment property is classified as level 2. There were no transfers between hierarchy levels in 2022-23. Refer to note A4.1, A4.2 and A4.3 for asset movements between classifications.

Valuation techniques and inputs

There were no changes in valuation techniques during 2022-23.

A9. Home for Incurables Trust

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

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

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

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

(i) accommodation

(ii) nursing, medical, allied health and attendant care service

(iii) personal and community support services

(iv) technical and personal support aids

(v) rehabilitation, respite and recreational services

(vi) out-patient and day care services

(vii) measures and services to enhance their quality of life

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

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

Department of Human Services
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A9. Home for Incurables Trust (continued)

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

Schedule of Income and Expenses for the year ended 30 June 2023	2023 \$'000	2022 \$'000
<u>Income</u>		
Fees and charges	292	242
Interest	81	4
Total income	373	246
<u>Expenses</u>		
Supplies and services	591	363
Depreciation and amortisation	1 447	2 171
Total expenses	2 038	2 534
Net result	(1 665)	(2 288)
Total comprehensive result	(1 665)	(2 288)

Schedule of Financial Position for the year ended 30 June 2023	2023 \$'000	2022 \$'000
<u>Current assets</u>		
Special deposits with the Treasurer	85	11
Deposits with SAFA	2 523	2 798
Receivables	9	6
Non-current assets held for sale	24 697	-
Total current assets	27 314	2 815
<u>Non-current assets</u>		
Property, plant and equipment	-	22 994
Investment property	-	3 150
Total non-current assets	-	26 144
Total assets	27 314	28 959
<u>Current liabilities</u>		
Payables	20	-
Total current liabilities	20	-
Total liabilities	20	-
Net assets	27 294	28 959

Department of Human Services
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A9. Home for Incurables Trust (continued)

Schedule of Changes in Equity for the year ended 30 June 2023	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2021	37 449	(6 202)	31 247
Net result for 2021-22	-	(2 288)	(2 288)
Total comprehensive result for 2021-22	-	(2 288)	(2 288)
Balance at 30 June 2022	37 449	(8 490)	28 959
Net result for 2022-23	-	(1 665)	(1 665)
Total comprehensive result for 2022-23	-	(1 665)	(1 665)
Balance at 30 June 2023	37 449	(10 155)	27 294

Schedule of Administered Cash Flows for the year ended 30 June 2023	2023 \$'000	2022 \$'000
<u>Cash flows from operating activities</u>		
<u>Cash inflows</u>		
Interest	78	4
Fees and charges	292	236
<u>Cash generated from operations</u>	370	240
<u>Cash outflows</u>		
Supplies and services	(571)	(363)
Cash used in operations	(571)	(363)
Net cash provided by / (used in) operating activities	(201)	(123)
Net increase / (decrease) in cash and cash equivalents	(201)	(123)
Cash and cash equivalents at the beginning of the reporting period	2 809	2 932
Cash and cash equivalents at the end of the reporting period	2 608	2 809

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A.9 Home for Incurables Trust (continued)

Accounting policies

Cash and cash equivalents

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

Property, plant and equipment	2023	2022
	\$'000	\$'000
<u>Land and buildings</u>		
Land at fair value	-	15 950
Buildings and improvements at fair value	-	7 600
Accumulated depreciation - buildings and improvements	-	(1 900)
Carpark at fair value	-	12
Accumulated depreciation - carpark	-	(12)
Total land and buildings	-	21 650
<u>Property, plant and equipment</u>		
Other plant and equipment at cost (deemed fair value)	-	2 873
Accumulated depreciation - other plant and equipment at cost	-	(1 529)
Total plant and equipment	-	1 344
Total property, plant and equipment	-	22 994

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

Reconciliation 2022-23

	Buildings and Land improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	15 950	5 700	1 344
Depreciation and amortisation	-	(1 267)	(180)
Transfers (to)/from assets held for sale	(15 950)	(4 433)	(1 164)
Carrying amount at the end of the period	-	-	-

Reconciliation 2021-22

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

Department of Human Services
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A.9 Home for Incurables Trust (continued)

The following table shows the movement of investment property during 2022-23:

	2023	2022
	\$'000	\$'000
<u>Investment land</u>		
Carrying amount at the beginning of the period	3 150	3150
Transfers (to)/from assets held for sale	(3 150)	-
Fair value at the end of the period	<u>-</u>	<u>3 150</u>
Total investment property at the end of the period	<u><u>-</u></u>	<u><u>3 150</u></u>