



**Government
of South Australia**

Department for Child Protection

2018-19 Annual Report

Department for Child Protection
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To:

The Hon Rachel Sanderson MP

Minister for Child Protection

This annual report is to be presented to Parliament to meet the statutory reporting requirements of the *Public Sector Act 2009*, *Children's Protection Act 1993* and *Children and Young People (Safety) Act 2017* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Department for Child Protection by:

Fiona Ward

A/Chief Executive

Date: 30/09/2019

Signature

A handwritten signature in black ink, appearing to read 'Fiona Ward', written in a cursive style.



A message from the Chief Executive

In 2018-19, the Department for Child Protection made considerable progress in consolidating the reform efforts it commenced in 2016 following the release of the Child Protection Systems Royal Commission.

This annual report provides an overview of the department's structure, functions and performance in its third year as a stand-alone department. The report identifies a range of significant improvements in performance across both its service delivery and corporate operations, all of which are

the product of deliberate and active work to streamline our efforts, drive quality and increase efficiencies without compromising our capacity to keep children and young people in South Australia safe from harm.

This financial year has seen the department further mature as an agency. We have continued organisational change that will ensure we have the optimal structure to deliver quality services. We have increased the exposure of the agency and raised its national profile through leading and partnering within and across jurisdictions. We have collaborated with both government and community partners to consolidate the foundations of a child-centred system that will support positive and sustained change. In particular, this year DCP has focussed on strengthening the way we work with Aboriginal children and young people, families and their communities, and have actively implemented the Aboriginal and Torres Strait Islander Child Placement Principle. I am also pleased that for the first time, through careful planning we have achieved a favourable end of year budget position despite the continued growth of children and young people requiring our protection.

Child protection is an inherently challenging area in which to work but I believe we are starting to see the return on our investment in carefully considered reform and strategic planning. In 2018-19, the department has worked incredibly hard to support the South Australian Government to develop a clear and connected whole of government plan for supporting vulnerable children and their families, and to establish its own strategic agenda within this broader system. Through this plan, we will ensure the department is best placed to protect children and young people and provide them with quality care if they can no longer remain safely with their families.

In presenting this report, I acknowledge the leadership of the Minister for Child Protection, the significant contribution of the department's many valued partners across government and the community, and the tremendous passion and commitment of my colleagues, particularly those working directly to support our children and young people. I am proud of our achievements in 2018-19 and look forward to working with each of you in the next financial year.

A handwritten signature in black ink, appearing to read 'Cathy Taylor', written in a cursive style.

Cathy Taylor
Chief Executive
Department for Child Protection

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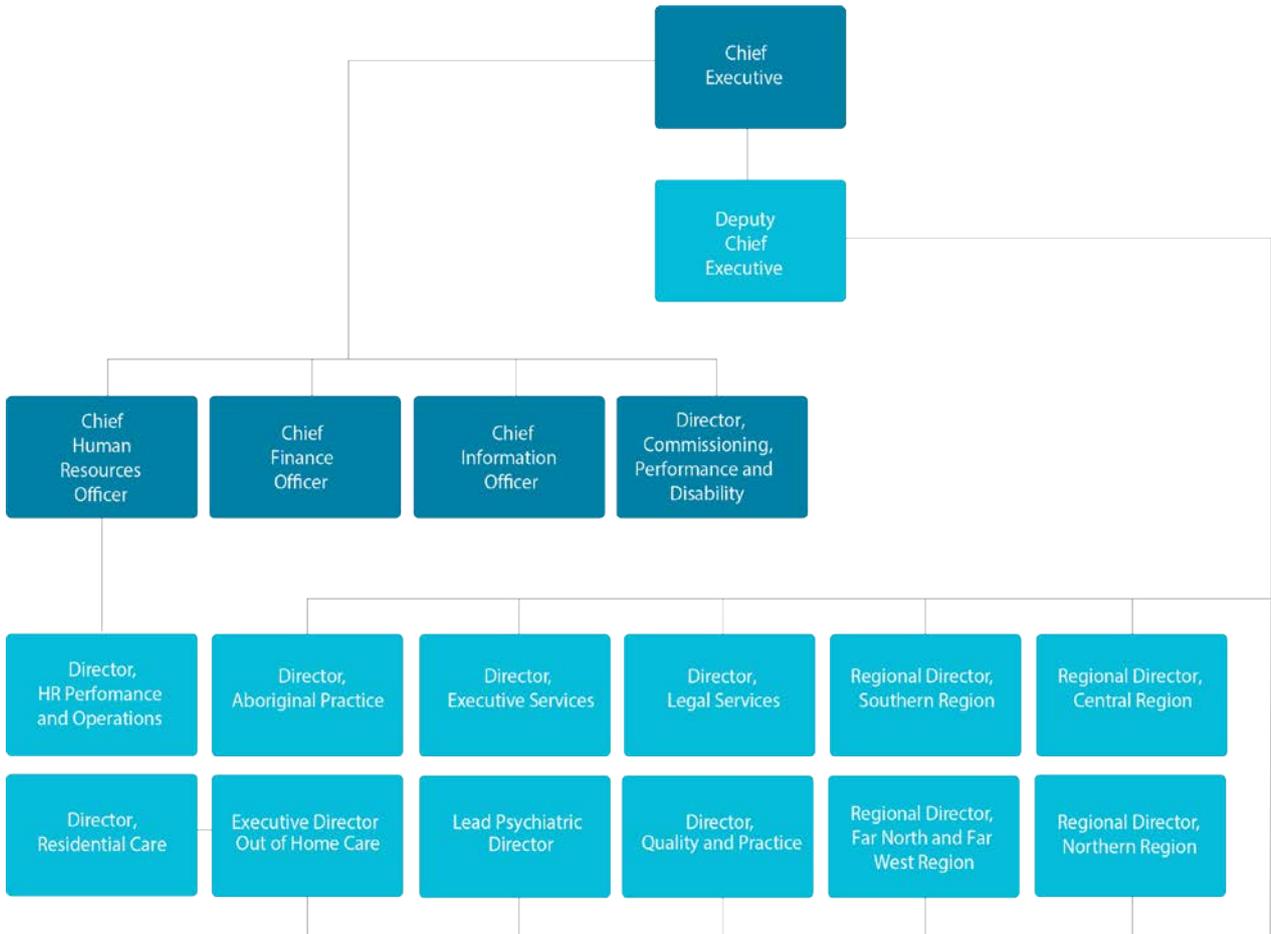
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Overview: about the agency

Our strategic focus

Our Purpose	The Department for Child Protection's (DCP) purpose is to keep children and young people in South Australia safe through the administration of the state's child protection services.
Our Vision	DCP's vision is for all children and young people to grow up well cared for, connected and empowered to reach their full potential.
Our Values	<p>DCP's values:</p> <ul style="list-style-type: none"> • Child centred practice that includes the voice of the child • Strengthening families • Supporting our carers • Cultural safety and governance • Quality and performance • Partnership and collaboration • Workforce learning culture
Our functions, objectives and deliverables	<ul style="list-style-type: none"> • Provide a state-wide central point of entry to receive, assess and respond to reports of abuse and risk of harm to children and young people. • Apply for care and protection orders and place children and young people in care when it is necessary to ensure their safety. • Work with families to address the safety concerns that led to the child or young person entering care, so reunification can take place when it is safe and in their best interests. • Plan for permanence and stability to support children and young people in care to ensure they have attachment relationships, which are critical to their health and wellbeing. • Provide assistance and support to young people to transition from care seamlessly to independent adult life. • Implement the Aboriginal and Torres Strait Islander Child Placement Principle.

Our organisational structure



Changes to the agency

During 2018-19, the following changes to the agency's structure and objectives were implemented as a result of internal reviews and machinery of government changes:

- Realignment of roles and functions of Statewide Services Directorate to other areas of the agency.
- Realignment of roles and functions of Strategy and Performance Directorate to other areas of the agency.
- Cessation of the Financial Wellbeing Program.

Our Minister



The Honourable Rachel Sanderson MP is the Minister for Child Protection. The Minister is responsible for the care and protection of children and young people in South Australia. The Minister is also responsible for promoting the wellbeing of children and young people, and supporting early intervention where they may be at risk of harm.

Our Executive team

- Chief Executive
- Deputy Chief Executive
- Director, Executive Services
- Regional Director, Northern Region
- Regional Director, Far North Far West Region
- Regional Director, Central Region
- Regional Director, Southern Region
- Executive Director, Out of Home Care
- Director, Residential Care
- Director, Aboriginal Practice
- Director, Quality and Practice
- Director, Commissioning, Performance and Disability
- Director, Legal Services
- Chief Financial Officer
- Chief Human Resources Officer
- Chief Information Officer

Legislation administered by the agency

- *Adoption Act 1988*
- *Adoptions Regulations 2004*
- *Adoption (General) Regulations 2018*
- *Adoptions (Fees) Regulations 2018 (revoked 1 July 2019)*
- *Child Protection Review (Powers and Immunities) Act 2002*
- *Children and Young People (Safety) Act 2017*
- *Children and Young People (Safety) Regulations 2017*
- *Children's Protection Act 1993 (repealed 1 July 2019)*
- *Children's Protection Law Reform (Transitional Arrangements and Related Amendments) Act 2017 (administered by Department of Human Services as of 17 January 2019)*
- *Commission of Inquiry (Children in State Care and Children on APY Lands) Act 2004*
- *Family and Community Services Act 1972*
- *Family and Community Services Regulations 2009*

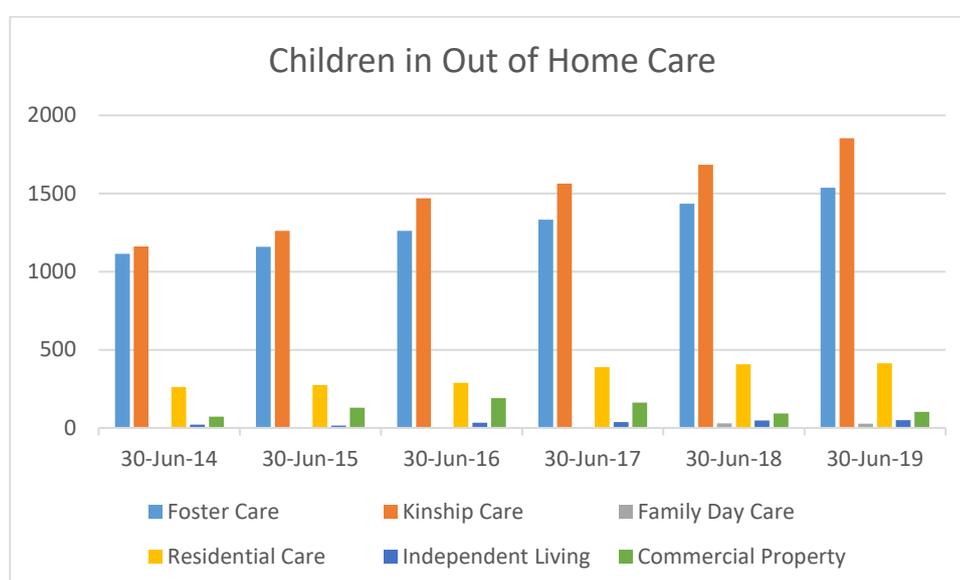
The agency's performance

Performance at a glance

The period of 2018-19 has been one of significant improvement and innovation in a number of key areas within DCP.

Over this period, DCP has increased the proportion of children in family-based placements to 85.8% (3,418), compared to 85.2% (3,147) as at 30 June 2018. Additionally, DCP has extended payments for carers of young people until they turn 21. This new program is designed to support young people in their transition to adulthood. It also recognises the important work our carers do in providing security and stability for vulnerable young people.

Number of children in out of home care: 2014-19.



Children in Care	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19
Foster Care	1114	1158	1261	1333	1434	1536
Kinship Care	1162	1261	1469	1563	1684	1854
Family Day Care	N/A	N/A	N/A	N/A	29	28
Residential Care	261	275	289	388	408	413
Independent Living	21	15	34	38	47	50
Commercial Property	73	129	190	162	93	103

DCP will soon release its Children and Young People in Care Strategy (2019-2022), developed during 2018-19, and through this strategy will continue work on priority actions such as further increasing permanence and stability in placements and supporting young people transition from care.

During 2018-19, contacts to the Call Centre rose by 12.5%, increasing from 93,485 contacts in 2017-18 to 105,175 in 2018-19. These contacts included both telephone contact and eCARL submissions. Despite this significant increase, the average wait time to the Child

Abuse Report Line decreased by 4 minutes 31 seconds. A considerable decrease was also noted in the volume of calls that were abandoned.

With the commencement of the National Redress Scheme (NRS) on 1 July 2018, DCP has received 130 Requests for Information (RFIs) from 83 unique applicants. DCP has met all required timeframes, including responding to 117 of the RFIs.

Agency contribution to whole of Government objectives

Key objective	Agency's contribution
More jobs	<ul style="list-style-type: none"> • Focussed recruitment in service delivery roles. • Expanded the scope of qualifications for case management roles. • Participation in the Skilling SA Government Apprenticeship and Trainee Signature Project. • Aboriginal employment reached 5%, with a commitment to 10%. • Launched the Aboriginal Employment Strategy.
Lower costs	<ul style="list-style-type: none"> • Introduction of a new contract performance and management framework, including consistent KPIs and reporting. • Increased system capacity for family based placements, reducing demand for more costly placement types.
Better Services	<ul style="list-style-type: none"> • Introduced new and improved service provision arrangements for disability support. • Implemented the stability in family-based care program, extending payments to carers of young people to age 21. • Coordinated the response and progress reporting on the Royal Commission into Institutional Responses to Child Sexual Abuse. • Developed the Aboriginal Cultural Footprint program to embed cultural capability across DCP. • Increased the percentage of children in family-based care.

Agency specific objectives and performance

Agency objectives	Indicators	Performance
Quality child protection services for children, young people and their families	Percentage of children in care in family-based placements	<ul style="list-style-type: none"> Increased the number and percentage of children and young people in family-based care to 3,418 (85.8%) as at 30 June 2019.
	Number of foster carers	<ul style="list-style-type: none"> 52 new primary foster carers were recruited above attrition during 2018-19.
	Percentage of case plans	<ul style="list-style-type: none"> Increased the number of children and young people in care with approved and current case plans to 88.8% as at 30 June 2019, which is above the national average.
	Transition plans	<ul style="list-style-type: none"> Increased the proportion of young people aged over 15 years who have an approved and completed transition from care plan to 89.3% as at 30 June 2019.
Improved outcomes for Aboriginal children and young people in care	Aboriginal and Torres Strait Islander Child Placement Principle	<ul style="list-style-type: none"> Increased the number of Aboriginal children placed in accordance with the Principle from 780 in 2017-18 to 854 in 2018-19.
	Cultural connections	<ul style="list-style-type: none"> Embedded the Aboriginal Cultural Identity Support Tool across practice.
Delivering a better service system	Connected service delivery	DCP chairing responsibilities: <ul style="list-style-type: none"> Child and Family Secretaries group. Disability Reform Council Sub-Senior Officials Working Group – Child Protection and Family Support Interface. Cross-government Taskforce for the prevention of child abuse and neglect. Child Protection Reform Portfolio Management Board.
	Referrals to other agencies	<ul style="list-style-type: none"> Increased the proportion of notification-related matters referred to other agencies for support to 15.8% as at 30 June 2019.
	NDIS plans	<ul style="list-style-type: none"> Increased the number of children and young people in care with approved NDIS plans to 635 at 30 June 2019.

Corporate performance summary

DCP is committed to building workforce capability by providing education and career opportunities for South Australians. In 2018-19, DCP has participated in the Skilling SA Government Apprenticeship and Trainee Signature Project to support more than 2600 participants undertake a vocational qualification in the SA public sector over four years to June 2022. The Signature Project is part of the State Government's Skilling South Australia Initiative to support training and skills development needs and assist with addressing skills shortages across the private and public sectors.

Further, over this year, DCP had 152 Child and Youth Workers enrolled in the TAFE SA Certificate IV in Child, Youth and Family Intervention (Family Support). The significant majority of these enrollees are new to the public sector. At present, DCP funds this training and is exploring with the Office of the Commissioner for Public Sector Employment options to recognise this activity under the Skilling South Australia Initiative.

DCP has also delivered on its commitment to Aboriginal employment, leading the public sector by increasing our Aboriginal workforce to 5%. By growing our Aboriginal workforce, we are better able to meet the needs of Aboriginal children, families, communities and carers.

This has further been supported by the launch and implementation of the workforce cultural capability program, the Aboriginal Cultural Footprint. This was developed in response to a number of Child Protection Systems Royal Commission recommendations to strengthen cultural safety for Aboriginal children in care, their families and our Aboriginal workforce.

Employment opportunity programs

Program name	Performance
Traineeships	DCP engaged 15 trainees in 2018-19 including 6 trainees through the Aboriginal Traineeship program.
Graduates	DCP recruited more than 40 graduates in 2018-19.
Aboriginal Employment	<p>The number of DCP employees who identify as Aboriginal increased from 4.8% at 30 June 2018, to 5.0% (117 employees) as at 30 June 2019.</p> <p>Across DCP, there are dedicated roles designed to ensure culturally safe and responsive service delivery. These include, Director of Aboriginal Practice, Aboriginal Practice Lead, Principal Aboriginal Consultants and Aboriginal Family Practitioners.</p> <p>DCP actively refers to the SA Public Sector Aboriginal Employment Register as part of its recruitment processes.</p>

Agency performance management and development systems

Performance management and development system	Performance
Performance Development Plans	<p>As at 30 June 2019, 62.5% of employees had completed a Performance Development Plan within the last 6 months, an increase on 51.2% of employees as at 30 June 2018.</p> <p>DCP remains committed to improving performance, with compliance rates reported to leaders and monitored on a monthly basis.</p>

Work health, safety and return to work programs

Program Name	Performance
Management of significant agency risks	<p>Continued implementation of single system Work Health Safety and Injury Management (WHSIM) safety systems.</p> <p>Continued implementation of injury management systems.</p>
Other programs	<ul style="list-style-type: none"> • Trauma Informed taskforce • Mental Health First Aid Training • Immunisation procedure • Update WHSIM Intranet • Cultural Safety • Remote and Isolated • Safe Work Method Statements being developed • WHS Car Risk Assessments – Fit for Purpose • Commencement of Fatigue Management program • WHSIM Manager/supervisor face to face training

Workplace injury claims	2018-19	2017-18	% Change (+ / -)
Total new workplace injury claims	128	106	+ 20.7
Fatalities	0	0	0
Seriously injured workers*	4	2	+100
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	20.61	32.50	-36.6

Work health and safety regulations			
Number of notifiable incidents (<i>WHS Act 2012, Part 3</i>)	2	2	0
Number of provisional improvement, improvement and prohibition notices (<i>WHS Act 2012 Sections 90, 191 and 195</i>)	0	0	0

**number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)*

Return to work costs**	2018-19	2017-18	% Change (+ / -)
Total gross workers compensation expenditure (\$)	4,934,386	5,514,534	-10.5
Income support payments – gross (\$)	1,738,550	2,939,594	-40.8

***before third party recovery*

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/1f5439d0-0e78-4c34-8c0f-44a820ae07b1>

Executive employment in the agency

Executive classification	Number of executives
EXEC0F	1
SAES 2	4
SAES 1	6

Data reflects the number of employees employed under an executive contact as at 30 June 2019, this figure does not include those employed on executive backfill contracts at that time.

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/51fa28a7-5220-45e0-ab73-92472f1b2c00>

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by agency.

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. Full audited financial statements for 2018-19 are at Appendix – Audited Financial Statement 2018-19.

Statement of Comprehensive Income	2018-19 Actual \$000s	2017-18 Actual \$000s	Variation \$000s
Expenses	554,163	530,347	23,816
Revenues	8,142	8,231	(89)
Net cost of providing services	546,021	522,116	23,905
Net Revenue from SA Government	528,899	520,771	8,128
Net result	(17,122)	(1,345)	(15,777)
Other comprehensive income	958	740	218
Total Comprehensive Result	(16,164)	(605)	(15,559)

Statement of Financial Position	2018-19 Actual \$000s	2017-18 Actual \$000s	Variation \$000s
Current assets	47,296	42,751	4,545
Non-current assets	38,076	39,651	(1,575)
Total assets	85,372	82,402	2,970
Current liabilities	56,756	47,249	9,507
Non-current liabilities	53,150	43,523	9,627
Total liabilities	109,906	90,772	19,134
Net assets	(24,534)	(8,370)	(16,164)

Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

Consultancies with a contract value below \$10,000 each

There were no consultancies with a contract value below \$10,000.

Consultancies with a contract value above \$10,000 each

There were no consultancies with a contract value above \$10,000.

As DCP became a stand-alone department in November 2016, data is only available from this time. This data is available at: <https://data.sa.gov.au/data/dataset/0ec74e12-fdd5-46d5-9341-70f3af068262>

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector.

Contractors disclosure

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value below \$10,000

Contractor / Business Name	Purpose - nature of work undertaken	\$ Actual payment (GST Exclusive)
SJ Hughes Consulting	HR - Contracted & Professional Services	\$9,885
Extrastaff	HR - Contracted & Professional Services	\$8,870
Dept Of Family & Comm Services	Professional Services - BRII Inter-Jurisdictional Consultative Group (Salinger Privacy)	\$8,158
Shaw Dispute Resolution	Professional Services- Investigation Services	\$8,000
Child & Family Welfare Association	Professional Services - Child Welfare Assessments	\$7,743
RH Advisory	HR- Independent Board Member Fees	\$5,000
Lifeflow Meditation Centre Inc	HR - Contracted & Professional Services	\$4,935
DA Psychology	Professional Services - Kinship Care Assessment	\$4,688
MJM Corporate Risk Services	HR - Contracted & Professional Services	\$3,511
SRA Information Technology P/L	Professional Services - ICT Services	\$3,023
Ema Lawyers Pty Ltd	Professional Services- Investigation Services	\$2,461
Jensen Plus	Professional Services- Development Application Services	\$2,206
Linda South & Associates	HR- Independent Board Member Fees	\$2,000
Cognition	Professional Services - Psychological Assessments	\$1,813
Nijan Consulting	HR - Contracted & Professional Services	\$1,800
SG Learning & Development P/L	HR - Contracted & Professional Services	\$1,620
Id. Know Yourself	Professional Services - SWAN Training Workshop	\$1,350
Sara McLean	Professional Services - Complex Case Consultation Review	\$1,350
Valcorp Australia P/L	Professional Services - Asset Revaluation	\$1,100
Other contractor payments < \$1,000	Various goods and services valued at below \$1,000	\$4,098
TOTAL		\$83,611

Contractors with a contract value above \$10,000 each

Contractor / Business Name	Purpose – nature of work undertaken	\$ Actual payment (GST Exclusive)
Hays Specialist Recruitment	HR - short term staffing	\$834,473
FSE Consulting	Professional Services - Contract Reform Project	\$431,120
Digital Bridge Consulting P/L	Professional Services - Procurement Project	\$358,485
Chamonix It Management	Professional Services - Intranet Roll Out	\$314,740
National Council On Crime	Professional Services - Child Development Project	\$197,858
Hoban Recruitment Pty Ltd	HR - short term staffing	\$180,065
Deloitte Risk Advisory Pty Ltd	Professional Services - Client & Case Management System Review	\$166,644
Randstad P/L	HR - short term staffing	\$155,640
RNTT P/L	Professional Services - Cooking Services	\$131,515
Miktysh	Professional Services - ICT Services	\$103,099
Child Welfare Assessments	Professional Services - Child Welfare Assessments	\$98,392
Power Solutions Dtd Pty Ltd	Professional Services - ICT Services	\$80,560
Galpins Accountants, Auditors	Professional Services - Audit Services	\$79,264
Harrison Mcmillan Pty Ltd	HR - short term staffing	\$74,977
DFP Recruitment Services	HR - short term staffing	\$64,851
Modis Staffing Pty Ltd	HR - short term staffing	\$51,533
Objective Corporation Ltd	Professional Services - ICT Services	\$48,750
Centacare Catholic Family Services	Professional Services - Reporting And Evaluation Services	\$46,458
Chandler Macleod Group Ltd	Professional Services - Cooking Services	\$42,971
Careerlink Training	HR - short term staffing	\$39,963
Margaret Coppin	Professional Services - WHSIM Framework	\$37,305
Callie Rose Communications	Professional Services - Communications Strategy	\$35,673
Innodev P/L	HR - Contracted & Professional Services	\$29,000
Psychcheck Pty Ltd	Professional Services - Psychological Assessments	\$28,703
Zed Management Consulting	Professional Services - DCP Third Party Contracts Review	\$24,624
Henderson Horrocks Risk	Professional Services- Investigation Services	\$23,394
Joy Woodhouse Consultancy	HR - Contracted & Professional Services	\$21,221

Contour Management	Professional Services - Architectural Services	\$20,843
Joe Busuttil	HR - Contracted & Professional Services	\$20,177
Stacy Consulting Trust	Professional Services - Organisational development strategy services	\$19,760
Oz Train P/L	Professional Services - Workshop Delivery	\$18,400
Davies Stewart Recruitment	HR - Contracted & Professional Services	\$18,170
Andrew Hill Investigations	HR - Contracted & Professional Services	\$15,840
Dana Shen	Professional Services- Aboriginal Gazetted Organisations Project	\$14,480
Architects Ink	Professional Services- Accommodation Services	\$14,025
Ema Lawyers Pty Ltd	Professional Services- Investigation Services	\$13,503
Bdo Advisory (Sa) P/L	Professional Services - Probity Advisory Services	\$12,495
Jtwo Solutions Pty Ltd	Professional Services - ICT Services	\$12,000
Uniting Communities	Professional Services - Culturally Grounded Care Project	\$10,481
TOTAL		\$3,891,448

As DCP became a stand-alone department in November 2016, data is only available from this time. This data is available at: <https://data.sa.gov.au/data/dataset/e87cca76-bbf0-47c6-a4ab-4bdd6549bddb> .

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts](#).

The website also provides details of [across government contracts](#).

Risk management

The DCP Internal Audit and Risk function has undertaken a number of reviews in line with its 3-year, risk based audit plan across the agency.

In addition to these audit activities, work is progressing to embed risk management across DCP. This included assisting key units in establishing operational risk registers.

Fraud detected in the agency

Category/nature of fraud	Number of instances
Falsification of Signature	1

NB: Fraud reported includes actual and reasonably suspected incidents of fraud.

Strategies implemented to control and prevent fraud

A Fraud and Corruption Control Procedure has been adopted, which is designed to assist in the prevention, detection and response to activities labelled or defined as fraud. It outlines a range of corporate and operational activities to prevent and detect fraud including regular review of financial management policies and procedures, a comprehensive internal audit program, undertaking strategic and operational risk assessments, and raising the general awareness of fraud amongst staff.

As DCP became a stand-alone department in November 2016, data is only available from this time. This data is available at: <https://data.sa.gov.au/data/dataset/d9725de4-0eba-4241-b51e-d0406dd52b8a>

Whistle-blowers disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistleblowers Protection Act 1993*:

Nil

As DCP became a stand-alone department in November 2016, data is only available from this time. This data is available at: <https://data.sa.gov.au/data/dataset/aeb936c1-b4c6-477d-a887-a2fb047de0c3>

Reporting required under any other act or regulation

Reporting by the Department for Child Protection

Act or Regulation	Requirement
<i>Children's Protection Act 1993</i>	<p>Division 4 - Matters to be included in annual report of Department</p> <p>8E - Matters to be included in annual report of Department</p> <p>(1) The annual report of the Department must include the following information in respect of the period covered by the annual report:</p> <p>(a) information setting out -</p> <ul style="list-style-type: none"> (i) the number of applications made under sections 20(1) and 22; and (ii) the number and general nature of any orders made under the Act in relation to those applications; <p>(b) information setting out the number and general nature of any orders made under section 21(1)(ab);</p> <p>(c) information setting out -</p> <ul style="list-style-type: none"> (i) the number of applications made under section 37(1) or (1a); and (ii) the number and general nature of any orders made under the Act in relation to those applications. <p>(2) This section is in addition to, and does not derogate from, any other requirement under this Act or the <i>Public Sector Act 2009</i>.</p>

As the *Children and Young People (Safety) Act 2017* came in full operation on 22 October 2018, the below report is for the period of 1 July 2018 to 22 October 2018.

<i>Children's Protection Act 1993</i>	
Section 20(1) Applications	
Investigation & Assessment with custody	296
Investigation & Assessment without custody order	4

Section 20(1) Orders	
Investigation & Assessment with custody	216
Extension of Investigation & Assessment	63
Investigation & Assessment without custody order	0
Interim Investigation & Assessment with custody	232
Section 21(1)(ab) orders	
Capacity to care assessment	217
Course – Domestic Violence	4
Course - Drug/Alcohol	12
Mental Health Assessment	268
Drug assessment	413
Drug testing	436
Alcohol testing	0
Applications made under the Act in relation to section 37(1)	
Guardianship of Minister to 12 months s 38(1)(c)	114
Guardianship of Minister to 18 years s 38(1)(d)	146
Custody to Minister to 12 months s 38(1)(b)(iv)	10
Care & Protection without custody or guardianship order	2
Guardianship to other to 18 years s 38(1)(d)	24
Guardianship to other to 12 months s 38(1)(c)	0
Custody to guardian to 12 months s 38(1)(b)(i)	4
Guardianship to facility to 12 months s 38(1)(b)(ii)	2
Custody to other to 12 months s 38(1)(b)(v)	0
Orders made under the Act in relation to section 37(1)	
Guardianship of Minister to 12 months s 38(1)(c)	181

Guardianship of Minister to 18 years s 38(1)(d)	95
Custody to Minister to 12 months s 38(1)(b)(iv)	1
Care & Protection without custody or guardianship order	2
Custody to other to 12 months s 38(1)(b)(v)	0
Supervision to Chief Executive	7
Guardianship to other to 18 years s 38(1)(d)	21
Interim orders section 37(1)	
Interim guardianship of the Minister s 38(1)(c)	1003
Interim custody to Minister s 38(1)(b)(iv)	9
Interim guardianship of other person s 38(1)(c)	1
Interim custody to other person s 38(1)(b)(v)	0
The number and general nature of any orders made under section 37(1a)	
Drug testing	76
Interim drug testing	58
Written undertaking	16
Treatment for drug abuse	13
Interim treatment for drug abuse	5
Interim supervision of CE	2
Supervision of CE	2
Alcohol testing	0

DCP is unable to report on section 22 of the *Children's Protection Act 1993* as reporting capability was under development.

The *Children and Young People (Safety) Act 2017* came into full operation on 22 October 2018. The below report is for the period of 22 October 2018 to 30 June 2019. As this is the first year of reporting, data capture for a number of items is in development.

Children and Young People (Safety) Act 2017

Part 4 – Additional Reporting Obligations of the Chief Executive

Section 156(1) The Chief Executive must, not later than 30 September in each year, submit to the Minister a report setting out:

(a) the following information in respect of Aboriginal and Torres Strait Islander children and young people:

- (i) the extent to which case planning in relation to such children and young people includes the development of cultural maintenance plans with input from local Aboriginal and Torres Strait Islander communities and organisations;
- (ii) the extent to which agreements made in case planning relating to supporting the cultural needs of such children and young people are being met (being support such as transport to cultural events, respect for religious laws, attendance at funerals, providing appropriate food and access to religious celebrations);
- (iii) (iii) the extent to which such children and young people have access to a case worker, community, relative or other person from the same Aboriginal or Torres Strait Islander community as the child or young person; and

(b) the following information relating to case workers and children and young people in care:

- (i) whether a case worker has been allocated to each child and young person in care;
- (i) whether each child and young person in care has had face to face contact with their allocated case worker at least once in each month, and, if not, the extent to which those targets have been achieved; and

(c) whether each child or young person under the guardianship of the Chief Executive until they are 18 years of age has a case plan that is developed, monitored and reviewed as part of a regular 6 monthly planning cycle and, if not, the extent to which that target has been achieved; and

(d) the emergence of any recurring themes in the matters referred to in a preceding paragraph; and

(e) the following information relating to recommendations of the Child Protection Systems Royal Commission (being information relating to the preceding financial year):

- (ii) the extent to which any outstanding recommendations have been implemented;
- (iii) if a decision was made to implement a particular recommendation that the government, or the Minister or Chief Executive, had previously indicated would not be implemented—the reasons for that decision and the manner in which the recommendation is to be implemented;
- (iv) if a decision was made not to implement a particular recommendation that the government, or the Minister or Chief Executive, had previously indicated would be implemented—the reasons for that decision; and

(f) the number, and general nature, of placements of children and young people under section 77; and

(g) any other matter prescribed by the regulations for the purposes of this paragraph

DCP is unable to report fully on section 156(1)(a)(i)(ii),(iii), (b)(ii), (c), (d), and (f) as reporting capability is yet to be developed. DCP can report:

- As at 30 June 2019:
 - 88.8% of all children and young people in care had a completed case plan.
 - 23.1% of Aboriginal children and young people had a completed and approved Aboriginal Cultural Identity Support Tool.
 - All children and young people of which DCP had case management responsibility had a Primary Assigned Case Worker recorded at 30 June 2019.
- As at 30 June 2018, there were 180 Child Protection Systems Royal Commission recommendations yet to be completed. In the period from 1 July 2018 to 30 June 2019, 88 recommendations were completed. As at 30 June 2019, there were 92 recommendations yet to be completed.
- DCP has reported on section 156(1)(e) in the form of the Child Protection Systems Royal Commission Annual Progress Report, which is a comprehensive multi-agency response to the implementation of the Child Protection Systems Royal Commission recommendations available on the DCP website via the following link:
<https://www.childprotection.sa.gov.au/department/child-protection-systems-royal-commission>
- During 2018–19:
 - 368 children and young people were placed with a temporary carer
 - 475 temporary care placements were made.
- As at 30 June 2019, of the 368 children and young people who were in temporary placements in 2018-19:
 - 156 were still in the temporary placement
 - 33 were no longer in care
 - 179 had been placed in an alternative placement type (for example, with an approved carer or in a residential care facility).

Reporting by the Minister for Child Protection

Act or Regulation	Requirement
<i>Children and Young People (Safety) Act 2017</i>	Section 15 – Additional annual reporting obligations (detailed below)

Section 15(1)(a) detailing the role of the Minister, and the extent to which the Minister has performed the Minister's functions, in respect of the operation of this Act for the financial year ending on the preceding 30 June; and

This annual report details the role of the Minister and the extent to which the Minister has performed the Minister's functions for the 2018-19 financial year. In addition, the Minister has:

- Undertaken significant contract reform to reduce costs and improved quality care.
- Supported development, research and investment into evidence based out of home care models.
- Worked across government to support system improvements including in the areas of early intervention, health and education.
- Personally met with a significant number of children and young people under guardianship, their families and carers.
- Implemented the following commitments:
 - Audit of children in non-family based care
 - Extend foster care and kinship payments to 21 years of age
 - Child Protection Workers – Recruitment Reform to broaden qualifications for staff.
- Build specialist capabilities within the workforce through the engagement of a clinical psychiatrist and the recruitment of an allied health team with expertise in disability and development.
- Increased the number of children and young people with active NDIS plans.
- Implemented the new *Children and Young People (Safety) Act 2017*.

Section 15(1)(b) setting out the following information relating to the provision of family support services and intensive family support services to children and young people who are at risk and their families:

(i) the extent to which such services were provided by, or on behalf of, the State (including statistical data relating to the number of times such services were provided) during the financial year ending on the preceding 30 June;

(ii) the amount of resources allocated for the provision of such services by or on behalf of the State—

(A) during the financial year ending on the preceding 30 June; and

(B) during the current financial year;

(iii) the extent to which the allocated resources were, in fact, spent on the provision of such services during the financial year ending on the preceding 30 June.

The following information summarises the delivery of programs/services that related to the provision of family support services and intensive services to children and young people who are at risk and their families. Due to the number of service providers delivering these services, the data relating to the number of times such services have been accessed is not able to be reported. Cross-government discussions will explore how this may be achieved in the future.

DCP is unable to report on section 15(1)(b)(ii)(A) as the Act did not commence until 22 October 2018.

Program / Service	Description and summary of outcomes in 2018-19	Financial Information		
		2019-20 Budget \$m	2018-19 Actual Expenditure \$m	2018-19 Budget \$m
Child and Family Assessment and Referral Networks (CFARN)	CFARN teams work with children and families to provide a coordinated, targeted and culturally appropriate earlier intervention approach to improve the safety, health, development and education outcomes where risk factors exist. CFARN is led by DHS in Northern Adelaide, Southern Adelaide and the Limestone Coast, and in Western Adelaide by Relationships Australia SA (non-government partner). 635 clients in service during 2018-19.	\$2.325	\$2.022	\$2.022
Child Wellbeing Practitioners	Child Wellbeing Practitioners deliver services to children and families to improve the safety and wellbeing of children who are identified as vulnerable and/or at risk of child protection within the state's public school system. 3,000 children, young people and their families in service in 2018-19.	\$8.474	\$7.290	\$7.290
Family by Family ¹	Family by Family is delivered by a non-government organisation to children and families who are assessed as vulnerable to child abuse and neglect and who are at risk of having involvement in the statutory child protection system. 193 families in service during 2018-19.	\$1.633	\$1.555	\$1.555
Family Practitioners ²	Family Practitioners deliver a state-wide service to children and families where child protection risks have been identified, to support children's overall safety and wellbeing within the state's Children's Centres. 613 families in service in 2018-19.	\$4.900	-	-
Family Preservation Services ³	Family Preservation Services are delivered by non-government organisations to families to preserve and strengthen family relationships, ensuring children and young people can remain safely in the care of their families.	\$3.669	\$3.506	\$3.506

¹ Family by Family was transferred from the Department for Education (DE) to the Department of Human Services (DHS) as part of Machinery of Government (MOG) changes on 1 July 2019.

² Family Practitioners was transferred from DE to DHS as part of MOG changes on 1 July 2019. The budget for 2018-19 was a combined budget and is unable to be provided separately.

³ Family Preservation Services was transferred from DCP to DHS as part of MOG changes on 1 July 2019.

Program / Service	Description and summary of outcomes in 2018-19	Financial Information		
		2019-20 Budget \$m	2018-19 Actual Expenditure \$m	2018-19 Budget \$m
Northern Adelaide Intensive Support Pilot	The Northern Adelaide Intensive Support Pilot is delivered by a non-government organisation to provide services to families whose children have been assessed by DCP as being at imminent risk of having their child or children placed in out of home care.	\$1.400	\$0.200	\$0.200
Strong Start	Strong Start is a government led service in Northern and Southern Adelaide to support first time mothers experiencing multiple complexities in their lives, to create a safe and nurturing environment for their baby. 227 clients in service in 2018-19.	\$1.761	\$1.713	\$1.713
Targeted Intervention Service ⁴	Targeted Intervention Services are delivered by non-government organisations to families to improve family functioning, help to prevent family breakdown, decrease the occurrence of child abuse and neglect and to reduce the likelihood of children entering out-of-home care. 386 families in service during 2018-19.	\$6.179	\$5.907	\$5.907
Community Services Support Program (CSSP) - Family Support and Early Intervention	CSSP Family Support and Early Intervention services aim to improve child development outcomes in vulnerable families, and to prevent crises or problems escalating within vulnerable families that can lead to family conflict and family breakdown. In 2018-19, providers reported that 2,973 individuals were provided with family support and early intervention through CSSP.	\$3.999	\$3.833	\$3.820
Community Support Program (CSP)	The CSP stream is a transitional funding stream for organisations that do not yet meet the requirements of the Community Services Support Program. Two organisations were funded through the CSP stream in 2018-19 with both having a focus on supporting families of at-risk children or young people. One program has a focus on information provision (2,024 individuals supported in 2018-19) while the other provides family support and early intervention (173 individuals received services in 2018-19).	\$0.282	\$0.270	\$0.270
Tiraapendi Wodli (Justice Reinvestment Port Adelaide)	As one part of the new Child and Family Support System, this program will build community capacity to reduce Aboriginal family violence and over-representation in youth justice and the child protection system. The Tiraapendi Wodli Priority Action Plan 2019-2021 identifies actions to strengthen local community capacity and deliver improvements across a range of indicators in education, employment, health, justice, and family safety. It also aims to improve the accessibility of government services and strengthen collaboration between government and Aboriginal people.	\$0.400	\$0.130	\$0.130

⁴ Targeted Intervention Service was transferred from DE to DHS as part of MOG changes on 1 July 2019.

Section 15(1)(b)(iv) bench-marking the resources referred to in subparagraph (ii) and (iii) against those allocated and spent by other States and Territories in the provision of such services during the financial year ending on the preceding 30 June; and

The Report on Government Services (ROGS) details this information. It is published in January each year and is available from <https://www.pc.gov.au/research/ongoing/report-on-government-services>.

Section 15(1)(c) providing any other information required by the regulations for the purposes of this paragraph.

Program name	Indicators of performance/ effectiveness/ efficiency		Performance Comparison to 2017-18
Child Protection Reform - implementing A Fresh Start	Refer to Child Protection Systems Royal Commission reporting on our website.		
Responding to notifications	Total calls made to the Call Centre	70,297	In 2018-19, the number of calls to the Call Centre increased by 14.6% from 2017-18 (61,360).
	Number of calls answered	57,270	In 2018-19, 81.5% of calls to the Call Centre were answered, a 2.9 percentage point improvement on the 78.6% (48,205) answered in 2017-18.
	Average wait time to the Child Abuse Report Line	11 min 15 sec	The average wait time to the Child Abuse Report Line in 2018-19 was 4 minutes 31 seconds less than 2017-18 (15 min 46 sec).
	Number of eCARL submissions	34,878	There were 3,834 (12.4%) more eCARL submissions in 2018-19 than 2017-18 (31,044).

Program name	Indicators of performance/ effectiveness/ efficiency		Performance Comparison to 2017-18
	Total number of notifications referred for an alternative response	10,894	<p>Of the 10,894 notifications referred:</p> <ul style="list-style-type: none"> • 4,557 were referred to an appropriate State Authority • 6,337 were referred for another outcome, including family meetings, case management responses or phone contact.
Child protection responses	Number of notifications	78,199 (17,892 notifications for Aboriginal children and young people)	<p>In 2018-19, there were 13,999 (21.8%) more notifications received than in 2017-18 (64,200). There were 4,878 (20.4%) more notifications screened-in for further assessment and response in 2018-19, than in 2017-18 (23,909).</p> <p>Of the 2018-19 notifications, 36.8% were screened-in compared to 37.2% screened-in for 2017-18.</p> <p>Notifications for Aboriginal children comprised 22.9% of all notifications in 2018-19 compared to 22.0% (14,093) in 2017-18, and 26.6% of screened-in notifications in 2018-19 compared to 25.5% (7,671) in 2017-18.</p>
	Number of screened-in notifications	28,790 (7,671 screened in notifications for Aboriginal children and young people)	

Program name	Indicators of performance/ effectiveness/ efficiency		Performance Comparison to 2017-18
Children placed on child protection orders	Total children placed on orders	1,831 (612 Aboriginal children and young people)	<p>The number of children admitted to an order increased by 460 (33.6%) compared to 2017-18 (1,371).</p> <p>Aboriginal children comprised 33.4% of children placed on child protection orders in 2018-19, compared to 32.0% (439) in 2017-18.</p>
	Children placed on orders for first time	758 (260 Aboriginal children and young people)	<p>The number of children admitted to an order for the first time increased by 138 (22.3%) from 2017-18 (620).</p> <p>In 2018-19, 41.4% of children were admitted to an order for the first time, compared to 45.2% in 2017-18.</p> <p>Aboriginal children comprised 34.3% of children placed on orders for the first time in 2018-19 compared to 32.4% (201) in 2017-18.</p>
	Total children on a 12-month order at 30 June 2019	513 (187 Aboriginal children and young people)	<p>At 30 June 2019, 43 (9.1%) more children were on a Guardianship for 12 months order, than at 30 June 2018 (470).</p> <p>Aboriginal children comprised 36.5% of children on a 12 month order at 30 June 2019 compared to 27.9% (131) in 2018.</p>

Program name	Indicators of performance/ effectiveness/ efficiency		Performance Comparison to 2017-18
	Total children on an order until 18 years of age under Guardianship of the Minister	3,406 (1,184 Aboriginal children and young people)	<p>The number of children on a Guardianship to 18 years order at 30 June 2019 increased by 474 (16.2%) from 30 June 2018 (2,932).</p> <p>Aboriginal children comprised 34.8% of children on an order to 18 years at 30 June 2019 compared to 34.2% (1,002) in 2018.</p>
Children in out of home care	Number of children (0-17 years) in out of home care at 30 June 2019	3,988 (1,365 Aboriginal children and young people)	<p>The number of children aged 0-17 years in out of home care at 30 June 2019 increased by 293 (7.9%) compared to 30 June 2018 (3,695).</p> <p>A higher proportion of children are in family-based care in 2019 compared to 2018. Of the children in out of home care at 30 June 2019, 85.8% (3,421) are in family-based care, compared to 85.2% at 30 June 2018 (3,147). Family-based care includes foster, kinship, specific child only and family day care.</p> <p>The number of children placed in a commercial property at 30 June 2019 has increased by 10 (10.8%) from 30 June 2018 (93).</p>

Program name	Indicators of performance/ effectiveness/ efficiency		Performance Comparison to 2017-18
			<p>The number of Aboriginal children aged 0-17 years in out of home care at 30 June increased by 149 (12.3%) in 2019 from 2018 (1,216).</p> <p>Aboriginal children comprise 34.2% of the 0-17 year old out of home care population at 30 June 2019, compared to 32.9% in 2018.</p>

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2018-19
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile, cultural competency	39
Professional behaviour	Staff competency	Failure to action service request, poorly informed decisions, incorrect or incomplete service provided	65
Professional behaviour	Staff knowledge	Lack of service specific knowledge, incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed or absent communication with customer	39
Communication	Confidentiality	Customer's confidentiality or privacy not respected, information shared incorrectly	14
Service delivery	Systems/technology	System offline, inaccessible to customer, incorrect result/information provided, poor system design	96
Service delivery	Access to services	Service difficult to find, location poor, facilities/ environment poor standard, not accessible to customers with disabilities	2
Service delivery	Process	Processing error, incorrect process used, delay in processing application, process not customer responsive	0
Policy	Policy application	Incorrect policy interpretation, incorrect policy applied, conflicting policy advice given	4
Policy	Policy content	Policy content difficult to understand, policy unreasonable or disadvantages customer	2
Service quality	Information	Incorrect, incomplete, out dated or inadequate information, not fit for purpose	4
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use, not plain English	1

Complaint categories	Sub-categories	Example	Number of Complaints 2018-19
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard), timelines not met	5
Service quality	Safety	Maintenance, personal or family safety, duty of care not shown, poor security service/ premises, poor cleanliness	6
Service quality	Service responsiveness	Service design doesn't meet customer needs, poor service fit with customer expectations	70
No case to answer	No case to answer	Third party; customer misunderstanding, redirected to another agency, insufficient information to investigate	424
Total			771

As DCP became a stand-alone department in November 2016, data is only available from this time. This data is available at:

<https://data.sa.gov.au/data/dataset/8a49679b-3f96-4a99-9e52-58e4a3ccc968>

Service Improvements resulting from complaints or consumer suggestions over 2018-19

- Established the Clinical Governance Framework.
- Designed and implemented a Recommendations Register to support monitoring and review of complaint outcomes.
- Reviewing, updating, targeted training and communication of key practice and policy guidance, for example:
 - Transition Guidelines
 - Information Sharing Guidelines
 - Exceptional Resource Funding
 - Manual of Practice.
- Responded to individual and systemic matters identified by the Commissioner for Children and Young People, the Commissioner for Aboriginal Children and Young People and the Guardian for Children and Young People.
- More broadly:
 - In June 2018, Ombudsman SA compiled an Audit Survey Report documenting the progress made by 13 key state government departments including DCP, in the development of their Complaint Management Systems.
 - Agencies provided a status update against these recommendations in March 2019 and again in June 2019.
 - DCP has commenced a project to procure and implement a departmental incident and complaints management system that will allow for more comprehensive capturing of incidents and complaints at a local level. The system will also provide greater reporting capability and workflow functions.

Appendix: Audited financial statements 2018-19

For official use only



Government of South Australia

Auditor-General's Department

Our ref: A19/107

17 September 2019

Ms C Taylor
Chief Executive
Department for Child Protection
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Dear Ms Taylor

Audit of Department for Child Protection for the year to 30 June 2019

We have completed the audit of your accounts for the year ended 30 June 2019. Two key outcomes from the audit are the:

- 1 Independent Auditor's Report on your agency's financial report
- 2 audit management letters recommending you address identified weaknesses.

1 Independent Auditor's Report

We are returning the financial statements for the Department for Child Protection, with the Independent Auditor's Report. This report is unmodified.

My annual report to Parliament indicates that we have issued an unmodified Independent Auditor's Report on your financial statements.

2 Audit management letters

During the year, we sent you audit management letters detailing the weaknesses we noted and improvements we considered you need to make.

Significant matters related to governance, commercial care, C3MS IT controls and payroll.

We have received responses to our letters and will follow these up in the 2019-20 audit.

I have also included summary comments about these matters in my annual report. These identify areas we assessed as not meeting a sufficient standard of financial management, accounting and control.

For official use only

What the audit covered

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- governance
- child protection service expenses
- payroll
- account payable.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely



Andrew Richardson

Auditor-General

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To the Chief Executive Department for Child Protection

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department for Child Protection for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Child Protection as at 30 June 2019, its financial performance and its cash flows for year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Chief Financial Officer.

Basis for opinion

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

A handwritten signature in black ink, appearing to read 'A. Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

Auditor-General

17 September 2019

**Department for Child Protection
(DCP)**

Financial Statements

For the year ended 30 June 2019

Department for Child Protection
Certification of the Financial Statements
for the year ended 30 June 2019

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department for Child Protection:

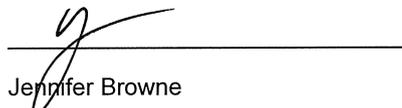
- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the department; and
- present a true and fair view of the financial position of the Department for Child Protection as at 30 June 2019 and the results of its operation and cash flows for the financial year.

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



Catherine Taylor
Chief Executive

12 September 2019



Jennifer Browne
Chief Financial Officer

12 September 2019

Department for Child Protection
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<u>Expenses</u>			
Employee benefits expenses	2.3	227 142	190 298
Supplies and services	3.1	54 766	54 014
Child protection services	3.2	267 715	282 561
Grants and subsidies	3.3	129	368
Depreciation and amortisation expense	3.4	1 980	1 856
Other expenses	3.5	2 431	1 250
Total expenses		554 163	530 347
<u>Income</u>			
Commonwealth grants	4.2	786	1 108
Fees and charges	4.3	3 253	2 666
Grants and contributions	4.4	364	913
Interest revenues	4.5	2	-
Resources received free of charge	4.6	3 724	3 487
Other income	4.7	13	57
Total income		8 142	8 231
Net cost of providing services		546 021	522 116
<u>Revenues from / (payments to) SA Government</u>			
Revenues from SA Government	4.1	532 879	520 771
Payments to SA Government	4.1	(3 980)	-
Total net revenues from SA Government		528 899	520 771
Net result		(17 122)	(1 345)
<u>Other comprehensive income</u>			
Items that will not be reclassified to net result			
Changes in asset revaluation surplus	5.1	958	740
Total other comprehensive income		958	740
Total comprehensive result		(16 164)	(605)

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

Department for Child Protection
Statement of Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
<u>Current assets</u>			
Cash and cash equivalents	6.1	43 148	37 939
Receivables	6.2	4 148	4 812
Total current assets		47 296	42 751
<u>Non-current assets</u>			
Receivables	6.2	268	207
Property, plant and equipment	5.1	37 576	38 457
Intangible assets	5.2	232	987
Total non-current assets		38 076	39 651
Total assets		85 372	82 402
<u>Current liabilities</u>			
Payables	7.1	25 240	22 804
Employee benefits	2.4	27 582	21 749
Provisions	7.2	3 849	2 686
Other liabilities	7.3	85	10
Total current liabilities		56 756	47 249
<u>Non-current liabilities</u>			
Payables	7.1	3 299	2 815
Employee benefits	2.4	35 774	30 307
Provisions	7.2	13 454	10 401
Other liabilities	7.3	623	-
Total non-current liabilities		53 150	43 523
Total liabilities		109 906	90 772
Net Assets		(24 534)	(8 370)
<u>Equity</u>			
Retained earnings	8.1	(28 027)	(10 905)
Asset revaluation surplus	8.1	3 493	2 535
Total Equity		(24 534)	(8 370)

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

Department for Child Protection
Statement of Changes in Equity
for the year ended 30 June 2019

		Asset revaluation surplus	Retained earnings	Total equity
	Note	\$'000	\$'000	\$'000
Balance at 30 June 2017		1 795	(9 560)	(7 765)
Net result for 2017-18		-	(1 345)	(1 345)
Gain/loss on revaluation of land during 2017-18	5.1	740	-	740
Total comprehensive result for 2017-18		740	(1 345)	(605)
Balance at 30 June 2018		2 535	(10 905)	(8 370)
Net result for 2018-19		-	(17 122)	(17 122)
Gain/loss on revaluation of land during 2018-19	5.1	958	-	958
Total comprehensive result for 2018-19		958	(17 122)	(16 164)
Balance at 30 June 2019		3 493	(28 027)	(24 534)

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

Department for Child Protection
Statement of Cash Flows
for the year ended 30 June 2019

		2019 \$'000 (Outflows) Inflows	2018 \$'000 (Outflows) Inflows
<u>Cash flows from operating activities</u>			
<i>Cash outflows</i>			
		(210 259)	(186 776)
		(287 451)	(307 342)
		(54 966)	(50 121)
		(185)	(368)
		(228)	(319)
		(553 089)	(544 926)
<i>Cash inflows</i>			
		25 072	26 536
		1 842	694
		786	1 108
		401	916
		2	-
		2 099	1 760
		30 202	31 014
<u>Cash flows from SA Government</u>			
		528 899	520 771
		528 899	520 771
	8.2	6 012	6 859
<u>Cash flows from investing activities</u>			
<i>Cash outflows</i>			
		(803)	(512)
		(803)	(512)
		(803)	(512)
		5 209	6 347
		37 939	31 592
	6.1	43 148	37 939

The accompanying notes form part of these financial statements.

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

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

1. About the Department for Child Protection

The department is a government department of the state of South Australia, established pursuant to the *Public Sector Act 2009*. The department is an administrative unit acting on behalf of the Crown.

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

Transactions and balances relating to administered resources are not recognised as departmental income, expense, asset and liabilities. As administered items are insignificant in relation to the department's overall financial performance and position, they are disclosed separately in note 12.

1.1. Basis of preparation

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

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

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

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

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

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

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

Department for Child Protection

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1.2. Objectives and programs

Objectives

The department's primary objective is to keep children and young people safe through the administration of the state's child protection statutory framework.

The department receives, assesses and investigates child protection notifications, and is required to make application to the court where the legal threshold of risk is assessed as having been met. Where a court determines that a child or young person cannot remain safely at home, the department is responsible to provide quality out of home care and case management, and support the reunification of children and young people with their families where it is safe to do so.

The department works closely with a range of government and non-government organisations so that children and young people identified by the department as being 'at risk' can be referred, together with their families, to appropriate supports within the broader child protection system (e.g. wellbeing, early intervention and intensive family supports).

Programs

The department undertakes the following activity:

Care and protection

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

These services include:

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

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

1.3. Budget performance

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

Statement of Comprehensive Income		Original budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000
	Note			
Expenses				
Employee benefits expenses		231 035	227 142	(3 893)
Supplies and services	(a)	49 484	54 766	5 282
Child protection services	(b)	252 980	267 715	14 735
Depreciation and amortisation expense		1 952	1 980	28
Grants and subsidies		963	129	(834)
Other expenses		377	2 431	2 054
Total expenses		536 791	554 163	17 372
Income				
Resources received free of charge		-	3 724	3 724
Other income		-	13	13
Fees and charges		1 479	3 253	1 774
Commonwealth grants		1 065	786	(279)
Grants and contributions		2	364	362
Interest revenues		-	2	2
Total income		2 546	8 142	5 596
Net cost of providing services		534 245	546 021	11 776
Revenues from / (payments to) SA Government				
Revenues from SA Government		533 546	532 879	(667)
Payments to SA Government		-	(3 980)	(3 980)
Total revenues from / (payments to) SA Government		533 546	528 899	(4 647)
Net result		(699)	(17 122)	(16 423)
Other comprehensive income				
Changes in asset revaluation surplus		-	958	958
Total other comprehensive income		-	958	958
Total comprehensive result		(699)	(16 164)	(15 465)

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.

- a) The unfavourable variance of \$5.282 million is mainly attributable to \$3.724 million for services received free of charge from Shared Services SA, the remaining variance is made up of other immaterial amounts in supplies and services.
- b) The unfavourable variance of \$14.735 million is attributable to a 3% increase in the volume of placements than what was originally funded combined with an increase in short term labour hire in department run residential care facilities.

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

1.3. Budget performance (continued)

		Original budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000
Investing expenditure summary				
Total existing projects	(c)	7 148	804	(6 344)
Total investing expenditure		7 148	804	(6 344)

- c) The favourable variance of \$6.344 million compared to the original budget is attributable to a delay in the fit out of leased office accommodation (\$3.860m) and a delay in the Residential Care Facilities project due to a change in scope (\$2.377m).

1.4. Significant transactions with government related entities

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

The department had no significant transactions with government related entities except for the appropriation funding received from DTF (note 4.1), cash deposits with DTF (note 6.1), and incurred expenditure with DPTI of \$17.677 million (note 3.1).

2. Board, committees and employees

2.1. Key management personnel

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

Total compensation for key management personnel was \$4.56 million in 2018-19 and \$4.94 million in 2017-18.

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

	2019 \$'000	2018 \$'000
Compensation		
Salaries and other short term employee benefits	3 940	3 993
Post-employment benefits (employer contributed superannuation)	356	391
Other long-term employment benefits	261	124
Termination benefits	-	427
Total compensation	4 557	4 935

Transactions with key management personnel and other related parties

There are no transactions to disclose for key management personnel and related parties

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

2.2. Board and committee members

Members during the 2019 financial year were:

Dame Roma Mitchell Trust Funds Board of Advice

Timothy Burton (appointed March 2019)*
 Colleen Fitzpatrick
 Chelsea Hall (appointed March 2019)*
 Megan Hender (appointed August 2018)*
 John Scalzi (appointed March 2019, resigned May 2019)*
 Vicki Toovey

*In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

The total remuneration received or receivable by members was \$0.

The department took over responsibility for the Dame Roma Mitchell Trust Funds Board from 1 July 2018.

2.3. Employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages (including annual leave)	175 232	154 909
Employment on-costs - superannuation	17 351	16 102
Employment on-costs - payroll tax	9 911	8 786
Workers compensation	9 100	1 380
Long service leave	8 986	6 841
Targeted voluntary separation payments	4 619	177
Skills and experience retention leave	648	551
Other employee related expenses	1 295	1 552
Total employee benefits expenses	227 142	190 298

Employment on-costs - superannuation

The superannuation employment on-cost charge represents the department's contributions to superannuation plans in respect of current services of current employees.

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

2.3. Employee benefits expenses (continued)

Executive remuneration

	2019	2018
The number of employees whose remuneration received or receivable falls within the following bands:	No	No
\$149 000 to \$151 000	N/A	3
\$151 001 to \$171 000	15	11
\$171 001 to \$191 000	4	2
\$191 001 to \$211 000	5	3
\$211 001 to \$231 000	2	1
\$231 001 to \$251 000	1	1
\$251 001 to \$271 000	1	1
\$271 001 to \$291 000	2	2
\$311 001 to \$331 000	-	1
\$331 001 to \$351 000	1	-
\$371 001 to \$391 000	1	1
\$651 001 to \$671 000	-	1
Total	32	27

The \$149 000 to \$151 000 band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2018-19.

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

The total remuneration received by these employees for the year was \$6.4 million (2018: \$5.8 million).

Targeted voluntary separation packages

The number of employees who received/owed a TVSP during the reporting period was 61 (2).

	2019	2018
	\$'000	\$'000
Amounts paid or payable to separated employees:		
TVSPs	4 619	177
Leave paid/payable to those employees	1 314	59
Total amount paid	5 933	236
Recovery from the Department of Treasury and Finance	222	-
Net cost to the department	5 711	236

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

2.4. Employee benefits liability

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Annual leave	15 157	15 013
Long service leave	3 238	3 037
Accrued salaries and wages	8 434	2 936
Skills and experience retention leave	753	763
Total current employee benefits	27 582	21 749
<u>Non-current</u>		
Long service leave	35 774	30 307
Total non-current employee benefits	35 774	30 307
Total employee benefits	63 356	52 056

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

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

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

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

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

Long service leave

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

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

3. Expenses

Employee benefits expenses are disclosed in note 2.3.

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Rentals and leases	12 619	13 270
Information technology expenses	10 038	9 453
Vehicle and travelling expenses	6 641	6 565
Employee related costs	2 767	3 283
Minor works, maintenance and equipment	5 714	3 976
Contractors	3 975	5 556
Shared Services SA charges	3 782	3 107
Intra government charges	3 071	2 375
Office administration	2 233	2 395
Utilities	1 497	1 310
Insurance	847	770
Cleaning	743	475
Legal costs	641	1 003
Security	161	254
Advertising expenses	37	69
Consultants	-	153
Total supplies and services	54 766	54 014

Consultants

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

	No	2019	No	2018
		\$'000		\$'000
\$10 000 or above	-	-	5	153
Total	-	-	5	153

3.2. Child protection services

	2019	2018
	\$'000	\$'000
Contracted Out-of-Home care services ¹	188 032	207 899
Carer payments and client related costs ²	68 895	65 175
Family support services	6 935	6 114
Advocacy and support services	3 853	3 373
Total child protection services	267 715	282 561

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

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

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

3.3. Grants and subsidies

	2019	2018
	\$'000	\$'000
Child and Family Welfare	84	300
Reach Your Potential	45	68
Total grants and subsidies	129	368

3.4. Depreciation and amortisation

	2019	2018
	\$'000	\$'000
<u>Depreciation</u>		
Residential accommodation housing	781	719
Computing, communications, furniture and equipment	48	62
Total depreciation	829	781
<u>Amortisation</u>		
Computer software	755	755
Leasehold improvements	396	320
Total amortisation	1 151	1 075
Total depreciation and amortisation	1 980	1 856

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

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

Land is not depreciated.

Review of accounting estimates

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

Useful life

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

Class of asset	Useful life (years)
Residential accommodation housing	30-50
Leasehold improvements	Life of lease
Computing, communications, furniture and equipment	3-10
Computer Software	3-10

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

3.5. Other expenses

	Note	2019 \$'000	2018 \$'000
Revaluation decrements - Residential Accommodation		2 058	1 051
Audit fees *		255	187
Impairment losses on receivables	6.2	59	2
Asset disposals/derecognised		55	-
Interest		4	-
Other expenses		-	10
Total other expenses		2 431	1 250

* Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* were \$0.255m (\$0.187m). No other services were provided by Auditor-General's Department.

4. Income

4.1. Net revenues from SA Government

	2019 \$'000	2018 \$'000
Revenues from SA Government		
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	532 207	479 666
Appropriations from the Governor's Appropriation Fund	-	39 954
Transfers from contingencies	672	1 151
Total revenues from SA Government	532 879	520 771
Payments to SA Government		
Return of surplus cash pursuant to cash alignment policy	(3 980)	-
Total payments to SA Government	(3 980)	-
Net revenues from SA Government	528 899	520 771

Appropriations

Appropriations are recognised on receipt.

4.2. Commonwealth grants

	2019 \$'000	2018 \$'000
Family allowances	423	492
Transition to Independent Living Allowance	192	169
Unaccompanied Humanitarian Minors	171	233
National Framework for Protecting Australia's Children	-	200
Other	-	14
Total commonwealth grants	786	1 108

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

4.3. Fees and charges

	2019	2018
	\$'000	\$'000
Recoveries	1 930	1 411
Fees and charges	1 045	1 074
Salary recharges	198	86
Other fees and charges	80	95
Total fees and charges	3 253	2 666

4.4. Grants and contributions

	2019	2018
	\$'000	\$'000
Adolescent community care brokerage	361	855
Other	3	58
Total grants and contributions	364	913

4.5. Interest

	2019	2018
	\$'000	\$'000
Interest from entities within the SA Government	2	-
Total interest revenues	2	-

4.6. Resources received free of charge

	2019	2018
	\$'000	\$'000
Services received free of charge - Shared Services SA	3 724	3 079
Contributed assets	-	408
Total resources received free of charge	3 724	3 487

SSSA is directly appropriation funded for the services provided to general government agencies.

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

4.7. Other income

	2019	2018
	\$'000	\$'000
Donations	1	-
Other	12	57
Total other income	13	57

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

5. Non-financial assets

5.1. Property, plant and equipment

	2019	2018
	\$'000	\$'000
<u>Land</u>		
Land at fair value	19 243	18 285
Total land	19 243	18 285
<u>Residential accommodation housing</u>		
Residential accommodation housing at fair value	30 442	33 023
Accumulated depreciation at the end of the period	(14 651)	(14 393)
Total residential accommodation housing	15 791	18 630
<u>Construction work in progress</u>		
Construction work in progress at cost	781	477
Total construction work in progress	781	477
<u>Leasehold improvements</u>		
Leasehold improvements at fair value	12 677	11 509
Accumulated depreciation at the end of the period	(10 969)	(10 572)
Total leasehold improvements	1 708	937
<u>Computing, communications, furniture and equipment</u>		
Computing, communications, furniture and equipment at cost (deemed fair value)	294	892
Accumulated depreciation at the end of the period	(241)	(764)
Total computing, communications, furniture and equipment	53	128
Total property, plant and equipment	37 576	38 457

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

5.1. Property, plant and equipment (continued)

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

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

Impairment

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

Residential accommodation for one site was written down to its fair value. An impairment loss of \$2.06 million was recognised. The valuation was provided by independent certified practising valuers and based on observable market data.

Reconciliation 2018-19

	Land	Residential accommodation housing	Construction work in progress
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	18 285	18 630	477
Additions	-	-	304
Transfers (to)/from third parties	-	-	-
Assets derecognised	-	-	-
Asset revaluation increment/(decrement)	958	(2 058)	-
Depreciation and amortisation	-	(781)	-
Carrying amount at 30 June 2019	19 243	15 791	781

	Leasehold improvements	Computing, communications, furniture and equipment	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	937	128	38 457
Additions	471	28	803
Transfers (to)/from third parties	696	-	696
Assets derecognised	-	(55)	(55)
Asset revaluation increment/(decrement)	-	-	(1 100)
Depreciation and amortisation	(396)	(48)	(1 225)
Carrying amount at 30 June 2019	1 708	53	37 576

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

5.1. Property, plant and equipment (continued)

Reconciliation 2017-18

	Land	Residential accommodation housing	Construction work in progress
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2017	17 137	20 400	176
Additions	-	-	502
Transfers to/(from) WIP	-	-	(201)
Asset revaluation increment/(decrement)	740	(1 051)	-
Depreciation and amortisation	-	(719)	-
Contributed assets	408	-	-
Carrying amount at 30 June 2018	18 285	18 630	477

	Leasehold improvements	Computing, communications, furniture and equipment	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2017	1 056	180	38 949
Additions	-	10	512
Transfers to/(from) WIP	201	-	-
Asset revaluation increment/(decrement)	-	-	(311)
Depreciation and amortisation	(320)	(62)	(1 101)
Contributed assets	-	-	408
Carrying amount at 30 June 2018	937	128	38 457

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

5.2. Intangible assets

	2019	2018
	\$'000	\$'000
<u>Computer software</u>		
Internally developed computer software	8 314	8 314
Accumulated amortisation	(8 082)	(7 327)
Total computer software	232	987
Total intangible assets	232	987

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The acquisition of computer software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

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

Reconciliation 2018-19

	<u>Computer software</u>
	\$'000
Carrying amount at 1 July 2018	987
Amortisation	(755)
Carrying amount at 30 June 2019	232

Reconciliation 2017-18

	<u>Computer software</u>
	\$'000
Carrying amount at 1 July 2017	1 742
Amortisation	(755)
Carrying amount at 30 June 2018	987

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

6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	38 890	29 263
Deposits with the Treasurer (AAEFA)	4 032	8 461
Imprest account/cash on hand	226	215
Total cash and cash equivalents	43 148	37 939

Deposits with the Treasurer

The department has two deposit accounts with the Treasurer:

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

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

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6.2. Receivables

	2019	2018
	\$'000	\$'000
<u>Current</u>		
<u>Trade receivables</u>		
From government entities	623	419
From non-government entities	207	1 028
Less allowance for doubtful debts	(71)	(12)
Total trade receivables	759	1 435
GST input tax recoverable	2 326	2 637
Prepayments	771	565
Accrued revenues	261	125
Workers compensation recoveries	31	50
Total current receivables	4 148	4 812
<u>Non-current</u>		
Workers' compensation recoveries	268	207
Total non-current receivables	268	207
Total receivables	4 416	5 019

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

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

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

Refer to note 11.3 for further information on risk management.

Impairment of receivables

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	(12)	(10)
(Increase)/decrease in the allowance recognised in profit and loss	(59)	(2)
Carrying amount at the end of the period	(71)	(12)

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

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7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1. Payables

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Accrued expenses	20 733	17 783
Employment on-costs	4 203	4 143
Trade payables	213	824
Paid Parental Leave Scheme payable	91	54
Total current payables	25 240	22 804
<u>Non-current</u>		
Employment on-costs	3 299	2 815
Total non-current payables	3 299	2 815
Total payables	28 539	25 619

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

The net amount of GST recoverable from the ATO is included as part of payables.

Employment on-costs

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

The department makes contributions to several state government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and external schemes.

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave has remained unchanged at rate of 41% and the average factor for the calculation of employer superannuation costs on-costs has changed from the 2018 rate (9.9%) to 9.8%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$0.353 million.

Paid parent leave scheme

Paid Parental Leave Scheme payable represents amounts which the department has received from the Commonwealth Government to forward onto eligible employees via the department's standard payroll processes. That is, the department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance office.

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7.2. Provisions

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Provision for workers compensation	3 789	2 606
Provision for legal claims	50	80
Provision for additional compensation	10	-
Total current provisions	3 849	2 686
<u>Non-current</u>		
Provision for workers compensation	12 775	10 241
Provision for legal claims	140	160
Provision for additional compensation	539	-
Total non-current provisions	13 454	10 401
Total provisions	17 303	13 087

Movement in provisions for workers compensation

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	12 847	16 243
Additional provision recognised	8 550	-
Reductions arising from payments/other sacrifice of future economic benefits	(4 833)	(1 967)
Reductions resulting from re-measurement or settlement without cost	-	(1 429)
Carrying amount at the end of period	16 564	12 847

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

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

Movement in provision for legal claims

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	240	140
Reversal of over provision	(80)	-
Reductions arising from payments	(20)	-
Additional provision recognised	50	100
Carrying amount at the end of period	190	240

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

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7.2. Provisions (continued)

Movement in provision for additional compensation

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	-	-
Additional provision recognised	549	-
Carrying amount at the end of period	549	-

Following changes to relevant Public Sector Enterprise Agreements and Awards, the department has recognised an Additional Compensation provision as at 30 June 2019.

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

The Additional Compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged by the Office for the Public Sector. The liability was calculated in accordance with Australian Accounting Standard AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. The liability comprises an estimate for known claims and an estimate of incurred but not reported (IBNR) applications. No risk margin is included in the estimate.

Key assumptions in the estimate include:

- application frequency
- the probability of applications becoming successful claims
- projections of annual claim payments
- rates of benefit continuance
- retirement age and mortality rates.

There is a significant degree of uncertainty associated with this estimate. In addition to the general uncertainties associated with estimating future claim and expense payments, the Additional Compensation provision is impacted by the absence of claims history and the evolving nature of the interpretation of, and evidence required to meet, eligibility criteria.

Given these uncertainties, the actual cost of Additional Compensation claims may differ materially from the estimate. The assumptions used will continue to be refined to reflect emerging experience.

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7.3. Other Liabilities

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Deposits held - purchased leave	10	8
Unclaimed monies	2	2
Lease incentives	73	-
Total current other liabilities	85	10
<u>Non-current</u>		
Lease incentives	623	-
Total non-current other liabilities	623	-
Total other liabilities	708	10

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

8. Other disclosures

8.1. Equity

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

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8.2. Cash flow

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

Cash flow reconciliation

	2019	2018
	\$'000	\$'000
<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	43 148	37 939
Balance as per Statement of Cash Flows	43 148	37 939
<u>Reconciliation of net cash provided by operating activities to net cost of providing services</u>		
Net cash provided by / (used in) operating activities	6 012	6 859
Less revenues from SA Government	(532 879)	(520 771)
Add payments to SA Government	3 980	-
<u>Add/less non-cash items</u>		
Net revaluation decrement recognised in profit and loss	(2 058)	(1 051)
Depreciation and amortisation expense of non-current assets	(1 980)	(1 856)
Transfer to/from third parties	696	-
Non-current assets written off	(55)	-
Contributed assets	-	408
<u>Movement in assets and liabilities</u>		
Increase/(decrease) in receivables	(603)	617
(Increase)/decrease in employee benefits	(11 300)	(5 667)
(Increase)/decrease in payables	(2 920)	(3 953)
(Increase)/decrease in provisions	(4 216)	3 296
(Increase)/decrease in other liabilities	(698)	2
Net cost of providing services	(546 021)	(522 116)

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9. Changes in accounting policy

9.1. Treasurer's Instruction (Accounting Policy Statements)

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

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

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

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

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

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

9.2. AASB 9 Financial Instrument

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

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

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item if material in the statement of comprehensive income. In 2019, this expense is deemed not to be material and is shown on note 3.5 in other expenses. In prior year, this information was presented as part of other expenses.
- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

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

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities. Additionally, there was no impact on the department's retained earnings as at 1 July 2018.

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9.2. AASB 9 Financial Instrument (continued)

On 1 July 2018, the department has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale. There was no reclassification or remeasurement on initial application.

Impairment of financial assets

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

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

Trade receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The department has adopted the simplified approach under AASB 9 Financial Instruments and measured lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision.

There is no impact on the loss allowance on 1 July 2018 for trade receivables external to Government.

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

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

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10. Outlook

10.1. Unrecognised contractual commitments

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

Capital commitments

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

	2019	2018
	\$'000	\$'000
Within one year	556	37
Total Capital commitments	556	37

The department's capital commitments are for commitments relating to the purchase of a residential care facility.

Expenditure commitments

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

	2019	2018
	\$'000	\$'000
Within one year	124 252	69 692
Later than one year but not longer than five years	128 546	24 416
Total expenditure commitments	252 798	94 108

The department's expenditure commitments are for contracted service agreements for out of home care and family support services.

Operating lease commitments

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

	2019	2018
	\$'000	\$'000
Within one year	11 297	12 198
Later than one year but not longer than five years	17 729	28 551
Later than five years	4 475	3 140
Total operating lease commitments	33 501	43 889

The department has entered into a number of operating leases for the provision of office accommodation and facilities used for the provision of services. Office accommodation is leased from the Department of Planning, Transport and Infrastructure (DPTI). The property leases include both cancellable and non-cancellable leases and are for varied terms. Contingent rentals are based upon changes in market rental rates, the CPI or a specified rate of increase in the rental payments. Options exist to renew the leases at the end of the lease term. Some leases have no option to renew.

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10.1. Unrecognised contractual commitments (continued)

The department has non-cancellable operating lease commitments for the provision of vehicles to senior executive officers or sections (that is, pool vehicles) with the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia Ltd. There are no purchase options available to the department.

10.2. Contingent assets and liabilities

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

Claims for unspecified damages have been lodged against the department during the year. The department is negotiating with the claimants, on advice from the Crown Solicitor's Office. A reliable estimate of the expenditure required to settle these claims or whether they will be successful cannot be reasonably determined.

10.3. Impact of standards and statements not yet effective

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

Treasurer's Instructions (Accounting Policy Statements) 2019 issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 9.1. There are no Accounting Policy Statements that are not yet effective.

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

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

Objective

AASB 15 introduces a 5-step approach to revenue recognition. The objective of AASB 15 is that recognition of revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. It provides extensive guidance as to how to apply this revenue recognition approach to a range of scenarios. *AASB 15 – Revenue from Contracts* replaces *AASB 111 – Construction Contracts and AASB 118 – Revenue*.

AASB 1058 introduces consistent requirements for the accounting of non-reciprocal transactions by not-for-profit entities, in conjunction with AASB 15. These requirements closely reflect the economic reality of not-for-profit entity transactions that are not contracts with customers. AASB 1058 replaces parts of AASB 1004 – Contributions.

Impact on 2019-20 financial statements

Adopting AASB 15 and AASB 1058 is not expected to have a material impact on the timing of recognition of revenue by the department. There is no estimated impact on the Statement of Comprehensive Income in 2019-20 of adopting AASB 15 and AASB 1058.

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

Related accounting policies

The Treasurer's Instructions (Accounting Policy Statements) 2019 sets out key requirements that the department must adopt for the transition to AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities. These requirements include that the department will:

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

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

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

AASB 16 – Leases

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

Objective

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

Impact on 2019-20 financial statements

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

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

AASB 16 is expected to have a material impact on the Statement of Financial Position. The department has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by the department prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability were SAFA's interest rates for principal and interest loans to SA Government agencies.

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

The estimated impact is set out below.

	as at 1 July 2019 \$'000
<u>Assets</u>	
Right-of-use assets	37 568
<u>Liabilities</u>	
Lease liabilities	37 487
Other liabilities (lease incentive liabilities)	<u>2</u>
Net impact on equity	<u><u>79</u></u>

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

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

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

	2020 \$'000
Depreciation and amortisation	11 542
Supplies and services	(11 315)
Borrowing costs	<u>550</u>
Net impact on net cost of providing services	<u><u>777</u></u>

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

Department for Child Protection
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10.3. Impact of standards and statements not yet effective (continued)

Related accounting policies

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

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

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

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

10.4. Events after the reporting period

On 15 March 2019 Minister for Human Services, the Hon. Michelle Lensink, announced the creation of the Child and Family Intensive Support Unit to help drive the South Australian Government's cross-agency child protection agenda. The unit has been created under the Department of Human Services (DHS) and aims to reduce the need for children to come into care through earlier intervention and better support for parents to keep their children safe within the family unit.

The Nyland Royal Commission highlighted the importance of an early intervention focus. The Child and Family Intensive Support Unit will:

- drive greater collaboration and integration between government and non-government services
- improve engagement with families
- include intensive support for families who are most at risk, ensuring they get the right type of support at the right time.

As published in the SA Government Gazette on 23 May 2019, DCP will transfer its responsibility for the Family Preservation Program to DHS from 1 July 2019, including funding of \$5.072 million.

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11. Measurement and risk

11.1. Long service leave liability - measurement

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

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

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2018 (2.5%) to 2019 (1.25%). The net financial effect of the changes in the actuarial assumptions and methodology is an increase in the long service leave liability of \$3.82 million.

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

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

11.2. Fair value

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

Initial recognition

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

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

Revaluation

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

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

The department revalues its land annually. The department revalues its residential housing every three years and leasehold improvements every five years via an independent certified practising valuer or internal estimates based on indices or recent transactions. A valuation appraisal by a certified practising valuer is performed at least 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 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.

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11.2. Fair value (continued)

Fair value hierarchy

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

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

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

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

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

During 2019 and 2018, the department had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

Fair value classification – non financial assets at 30 June 2019

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<u>Recurring fair value measurements</u>				
Land	5.1	19 243	-	19 243
Residential accommodation housing	5.1	600	15 191	15 791
Leasehold improvements	5.1	-	1 708	1 708
Computing, communications, furniture and equipment	5.1	-	53	53
Total recurring fair value measurements		19 843	16 952	36 795
Total fair value measurements		19 843	16 952	36 795

Fair value classification – non financial assets at 30 June 2018

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<u>Recurring fair value measurements</u>				
Land	5.1	18 285	-	18 285
Residential accommodation housing	5.1	-	18 630	18 630
Leasehold improvements	5.1	-	937	937
Computing, communications, furniture and equipment	5.1	-	128	128
Total recurring fair value measurements		18 285	19 695	37 980
Total fair value measurements		18 285	19 695	37 980

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11.2. Fair value (continued)

Land

An independent valuation of land was performed by the Valuer-General as at 30 June 2019.

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

Residential accommodation housing

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

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

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

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

Leasehold Improvements

The independent valuation of leasehold improvements was performed by Fred Taormina, B.App.Sc. (Val), A.A.P.I. Certified Practicing Valuer of Valcorp Australia Pty Ltd as at 30 June 2014.

The valuer adopted depreciated replacement cost when valuing the assets as quoted prices in an active liquid market was not available.

Computing, communications, furniture and equipment

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

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11.2. Fair value (continued)

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

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

	Residential accommodation housing	Leasehold improvements	Computing, communications, furniture and equipment
	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	18 630	937	128
Additions	-	471	28
Transfers to/from third parties	-	696	-
Transfer out of level 3*	(600)	-	-
Assets derecognised	-	-	(55)
Revaluation increment/(decrement)	(2 058)	-	-
Depreciation and amortisation	(781)	(396)	(48)
Total losses recognised in net result	(2 839)	(396)	(48)
Carrying balance at the end of the period	15 191	1 708	53

* In 2019, residential accommodation for one site was transferred from level 3 to level 2 due to the asset being revalued to market value.

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

	Residential accommodation housing	Leasehold improvements	Computing, communications, furniture and equipment
	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	20 400	1 056	180
Additions	-	-	10
Transfers to/(from) WIP	-	201	-
Revaluation increment/(decrement)	(1 051)	-	-
Depreciation and amortisation	(719)	(320)	(62)
Total losses recognised in net result	(1 770)	(320)	(62)
Carrying balance at the end of the period	18 630	937	128

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11.3. Financial instruments

Financial risk management

Risk management is managed by the department's legal services directorate. Departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

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

Liquidity risk

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

Refer to notes 7.1 and 7.2 for further information.

Credit risk

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

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

Impairment of financial assets

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

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

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

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

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

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11.3. Financial instruments (continued)

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

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected Losses \$'000
Current (not past due)	44	0%	-
1 – 30 days past due	42	66%	28
31 – 60 days past due	3	2%	-
61 – 90 days past due	2	0%	-
More than 90 days past due	116	37%	43
Loss allowance	207		71

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

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

Trade receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the department and a failure to make contractual payments for a period of greater than 90 days past due.

The 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.

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

Market risk

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

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

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11.3. Financial instruments (continued)

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 or the respective financial asset/financial liability note.

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

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

- Receivables
- Financial liabilities measured at amortised cost.

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

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

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments.

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss. A financial asset is measured at amortised cost if it meets both of the following conditions:

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

The department measures all financial instruments at amortised cost.

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11.3. Financial instruments (continued)

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

Category of financial asset and financial liability	Note	2019 Carrying amount / fair value \$'000	2019 Contractual maturities	
			Within 1 year \$'000	1-5 years \$'000
Financial assets				
Cash and equivalent				
Cash and cash equivalent	6.1	43 148	43 148	-
Financial assets at amortised cost				
Receivables	6.2	1 020	1 020	-
Total financial assets		44 168	44 168	-
Financial liabilities				
Financial liabilities at amortised cost				
Payables	7.1	20 726	20 726	-
Other financial liabilities	7.3	708	85	623
Total financial liabilities		21 434	20 811	623

Category of financial asset and financial liability	Note	2018 Carrying amount / fair value \$'000	2018 Contractual maturities	
			Within 1 year \$'000	1-5 years \$'000
Financial assets				
Cash and equivalent				
Cash and cash equivalent	6.1	37 939	37 939	-
Loans and receivables				
Receivables	6.2	1 560	1 560	-
Total financial assets		39 499	39 499	-
Financial liabilities				
Financial liabilities at amortised cost				
Payables	7.1	18 420	18 420	-
Other financial liabilities	7.3	10	10	-
Total financial liabilities		18 430	18 430	-

Receivables and payables

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

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

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12. Administered items

	2019 \$'000	2018 \$'000
<u>Administered Expenses</u>		
Employee benefits	366	97
Total administered expenses	366	97
<u>Administered Income</u>		
Revenues from SA Government	331	97
Total administered income	331	97
Net result	(35)	-

Minister's salary and allowances

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

At 30 June 2019, there are no assets and liabilities for this administered item.