



Government of South Australia

Department for
Child Protection

Department for Child Protection 2017-18 Annual Report

Department for Child Protection

31 Flinders Street, Adelaide SA 5000

<http://www.childprotection.sa.gov.au>

Contact phone number	8463 6346
Contact email	Brette.schumann@sa.gov.au
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Date presented to Minister: 27 September 2018

2017-18 Annual Report for the Department for Child Protection

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:

Cathy Taylor

Chief Executive



Signature

26 September 2018

Date

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Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

The Department for Child Protection's (DCP) vision is for all children and young people to grow up well cared for, connected and empowered to reach their full potential. The department works to care and protect children and young people by working together with our partners to address abuse and neglect and to keep them safe from further harm.

Objectives

DCP has 6 strategic objectives to support families and carers and to improve outcomes for children and young people:

- supporting families and carers
- addressing the overrepresentation of Aboriginal children in care
- improving care experiences
- working together
- building leadership and learning
- delivering a better system

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Build strong sustainable relationships with families and carers through engagement respect and trust.	This work progresses the South Australian Every Chance for Every Child priority by providing better support to strengthening children and families to achieve their best.
Address the disproportionate number of Aboriginal children in care by supporting strength and safety in Aboriginal families, communities and culture.	This work progresses the South Australian priority of supporting Aboriginal families by strengthening local communities and culture.
Improve experiences and outcomes for children and young people in care by providing high quality and supportive care environments.	This work progresses the South Australian Every Chance for Every Child priority by providing better support to strengthening children and families to achieve their best.

Increase support to families and children by collaborating with service partners to strengthen service delivery.	This work progresses the South Australian Better together initiative by working across agencies to improve services to children and families.
Build a workforce culture that promotes leadership, learning and cultural competence.	This work progresses the South Australian priority of a professional and modern public sector by investing in leadership and learning of our employees.
Design and deliver a service system that is easy to understand and use, and that improve service delivery regionally and locally.	This work progresses the South Australian priority to reduce red tape and improve service delivery in regional areas of the State.

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/ effectiveness/ efficiency		Outcome for South Australia
Child Protection Reform - implementing A Fresh Start	Refer to A Fresh Start reporting on our website .		
Responding to notifications	Total calls made to the Call Centre	61,360	In 2017-18, 5.5% fewer calls were made to the Call Centre than 2016-17 (64,899).
	Number of calls answered	48,205	In 2017-18, 78.6% of calls made to the Call Centre were answered, a 15% improvement on the 63.6% (41,304) answered in 2016-17.
	Average wait time to the Child Abuse Report Line	15 min 46 sec	The average wait time to the Child Abuse Report Line in 2017-18 was nearly 27 minutes less than the 2016-17 figure of 42 minutes 22 seconds
	Number of eCARL (electronic Child Abuse Report Line) submissions	32,125	The 32,125 eCARL submissions in 2017-18 was 6.9% more than 2016-17 (30,056)

Program name	Indicators of performance/ effectiveness/ efficiency	Outcome for South Australia
Child protection responses	Number of notifications 64,199 (including 14,093 for Aboriginal and Torres Strait Islander children)	In 2017-18 there were 21.2% more notifications received than in 2016-17 (52,979). There were 11.0% more notifications screened-in for further assessment and response in 2017-18, than in 2016-17 (21,546).
	Number of screened-in notifications 23,911 (including 6,103 for Aboriginal and Torres Strait Islander children).	Of the 2017-18 notifications, 37.2% were screened-in compared to 40.7% screened-in for 2016-17 (21,546). Notifications for Aboriginal children comprised 22.0% of all notifications in 2017-18 compared to 21.0% (11,144) in 2016-17, and 25.5% of screened-in notifications in 2017-18 compared to 24.5% (5289) in 2016-17.
Children placed on child protection orders	Total children placed on orders 1,371 (Including 439 Aboriginal and Torres Strait Islander children)	There were 6.0% fewer children admitted to an order in 2017-18, than in 2016-17 (1458). Aboriginal children comprised 32.0% of children placed on child protection orders in 2017-18 compared to 34.9% (509) in 2016-17.
	Children placed on orders for first time 620 (including 201 Aboriginal and Torres Strait Islander children)	In 2017-18, 45.2% of children were admitted to an order for the first time, compared to 46.8% (682) in 2016-17. Aboriginal children comprised 32.4% of children placed on orders for the first time in 2017-18 compared to 31.1% (212) in 2016-17

Program name	Indicators of performance/ effectiveness/ efficiency		Outcome for South Australia
	Total children on a 12-month order at 30 June 2018	470 (including 131 Aboriginal and Torres Strait Islander children)	At 30 June 2018, 2.3% fewer children were on a Guardianship for 12 months order, than at 30 June 2017 (481). Aboriginal children comprised 27.9% of children on a 12 month order at 30 June 2018 compared to 38.0% (183) in 2017.
	Total children on an order until 18 years of age under Guardianship of the Minister	2,932 (including 1,002 Aboriginal and Torres Strait Islander children)	The number of children on a Guardianship to 18 years order at 30 June 2018 increased by 4.2% from 30 June 2017 (2815). Aboriginal children comprised 34.2% of children on an order to 18 years at 30 June 2018 compared to 33.7% (948) in 2017.
Children in out of home care	Number of children (0-17 years) in out of home care at 30 June 2018	3,695 (including 1,216 Aboriginal children)	The number of children aged 0-17 years in out of home care at 30 June 2018 has increased by 6.1% compared to 30 June 2017 (3484). A higher proportion of children are in family-based care in 2018 compared to 2017. Of the children in out of home care at 30 June 2018, 85.2% (3147) are in family-based care, 2.1 percentage points higher than the 83.1% at 30 June 2017 (2896). Family-based care includes foster, kinship, specific child only and family day care.
	Number of children (0-18 years) in out of home care at 30 June 2018	3,734 (including 1,226 Aboriginal children)	
		0-17 yr	0-18 yr
	Foster Care	1,434	1,452
	Kinship Care	1,462	1,479
	Specific Child Only Care	222	224
			The number of children placed in a commercial

Program name	Indicators of performance/ effectiveness/ efficiency			Outcome for South Australia
	Family Day Care	29	29	<p>property at 30 June 2018 has decreased by 42.6% from 30 June 2017 (162).</p> <p>The number of Aboriginal children aged 0-17 years in out of home care at 30 June increased by 5.7% in 2018 from 2017 (1,150).</p> <p>Aboriginal children comprise 32.9% of the 0-17 year old out of home care population at 30 June 2018, compared to 33.0% (1,150) in 2017.</p>
	Residential Care	408	409	
	Independent Living	47	48	
	Commercial facilities	93	93	

Legislation administered by the agency

- *Adoption Act 1988*
- Adoption Regulation 2004
- *Children and Young People (Safety) Act 2017*
- Children and Young People (Safety) Regulations 2017
- Children and Young People (Safety) (Transitional Provisions) Regulations 2017
- *Children's Protection Act 1993*
- Children's Protection Regulations 2010
- *Children's Protection Law Reform (Transitional Arrangements and Related Amendments) Act 2017*
- *Family and Community Services Act 1972*
- Family and Community Services Regulations 2009

Organisation of the agency

DCP has developed an organisational structure that focuses on prioritising and supporting our service delivery in a new regional model that puts service delivery and decision making in the hands of local practitioners. Our service delivery is complemented by enabling corporate functions including a focus on quality practice.

Other agencies related to this agency (within the Minister for Child Protection's area of responsibility)

Nil to report

Employment opportunity programs

Program name	Result of the program
DCP Aboriginal Recruitment	<p>The number of DCP employees who identify as Aboriginal and Torres Strait Islander as at 30 June 2018 increased to 4.8%, from 4.7% as at 30 June 2017.</p> <p><u>For Aboriginal Family Practitioners in DCP:</u></p> <p>Persons of Australian Aboriginal & Torres Strait Islander descent, who have the appropriate background and skills but do not have the essential qualification, are entitled to apply for any DCP Allied Health Professional roles requiring a qualification in Social Work.</p>
Traineeships and Graduates	DCP has recruited a total of 20 Graduates during the 2017-18 financial year through Graduate Recruitment schemes.

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Performance Development Plans occur at least biannually and compliance rates are reported on a monthly basis	<p>As at 30 June 2018, 51.2% of employees had completed a Performance Development Plan within the last 6 months, compared to 11.9% of employees as at 30 June 2017.</p> <p>All staff have been advised of the requirement to complete 6 monthly performance and development plans. Compliance rates are reported to leaders on a monthly basis.</p>

Work health, safety and return to work programs of the agency and their effectiveness

Program name and brief description	Effectiveness
Management of significant agency risks	<p>Implementation of safety systems.</p> <p>Implementation of Injury Management systems</p>

Program name and brief description	Effectiveness
Prevention	<ul style="list-style-type: none"> • Reconciliation of Health Safety Representatives and First Aid Officers • Hazard Identification Risk Management System training and investigations • De-escalation of Behaviour Taskforce • Mental Health First Aid Training

Work health and safety and return to work performance

	2017-18	2016-17	% Change (+ / -)
Workplace injury claims			
Total new workplace injury claims	106	104	+1.9%
Fatalities	0	0	
Seriously injured workers*	1	1	
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	32.50	58.60	-15.99%
Significant Psychological Injury Frequency Rate	17.93	29.85	-6.77%
Significant Musculoskeletal Injury Frequency Rate	10.65	22.11	-7.65%
Early Assessment – target 40.97%	70.19%	38.66%	+29.22%
Work health and safety regulations			
Number of notifiable incidents (<i>WHS Act 2012, Part 3</i>)	0	0	
Number of provisional improvement, improvement and prohibition notices (<i>WHS Act 2012 Sections 90, 191 and 195</i>)	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)*

**before third party recovery

Following establishment of the DCP as a standalone agency in November 2016, management of workers' compensation claims were transitioned from the then Department for Education and Child Development to the DCP in December 2017.

Since this transition, there have been significant decreases in the Significant Injury Frequency Rate, Significant Musculoskeletal and Psychological Injury Frequency rates with Building Excellence Targets met.

Early assessment within 2 business days has improved significantly and the department is now meeting this Building Excellence Target.

There has been continued improved performance in the number of new claims determined within 10 days, and average days to determine mental stress claims, although these targets have not been met.

Further achievements since the transition of claim management to the department include:

- a 44% reduction in long term claims from 81 in 2016/17 to 45 in 2017-18
- a 43% reduction in open claims from 167 in 16/17 to 95 in 2017-18
- a total of 202 claims were closed in the 2017-18 financial year
- a total of 9 workers remain unfit for duty at 30 June 2018 compared to 35 at 30 June 2017
- improved return to work outcomes, including successfully placing 9 injured workers in permanent contracts and 9 in temporary contracts.

Fraud detected in the agency

Category/nature of fraud	Number of instances
Financial	1
Timesheet Hours	1

Strategies implemented to control and prevent fraud

DCP has established its own governance framework including:

- Established a Risk Management Framework, Risk Management Policy and Legal Compliance Framework.
- DCP has an Internal Audit and Risk function that will incorporate Fraud risks within the scope of all internal audits.
- An Audit and Risk Committee has been established and will be enhanced through the recruitment of external members, and an external Chair, and aligning the approach to the Public Sector Guidance for Risk and Performance Committees.

- Development of a strategic risk register outlining the key strategic and operational risks of the Agency. This is reviewed with Executive Directors regularly and by the Audit and Risk Committee. One such strategic risk is dedicated to fraud.
- The Code of Ethics for the South Australian Public Sector was communicated across the department through a dedicated Employee Conduct page on the intranet including fact sheets and scenarios, and communications about the Professional Conduct Standards.
- Relevant features of the Code were delivered in face to face Merit Selection Training - in particular ethical behaviours in selection, elimination of conflicts of interest including nepotism and patronage, and confidentiality (handling official information). The Code is also applied in managerial advice and guidance to staff as part of resolution of employee complaints.
- Review of the Fraud and Corruption Policy is being undertaken to ensure its ongoing relevance to the Agency.
- The Agency is currently developing a new draft departmental Whistle-blowers' Protection Policy which outlines our obligations to protect the anonymity of the whistle-blower. The Fraud and Corruption Policy and the Whistle-blowers' Policy are aligned for consistency.
- A reminder about ICAC reporting obligations was communicated to staff in May 2018 via the Directions and Guidelines brochures. The information remains active on the DCP intranet. It encouraged staff to participate in ICAC information sessions.

Data for the past five years is unavailable as DCP became a stand-alone department in November 2016. Data for the last year can be found at:

<https://data.sa.gov.au/data/dataset/d9725de4-0eba-4241-b51e-d0406dd52b8a/resource/d05f00ea-fbf4-409e-a685-2f91abf27ec4/download/fraud.csv>

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* 0

Data for the past five years is unavailable as DCP became a stand-alone department in November 2016. Data for the last year can be found at:

<https://data.sa.gov.au/data/dataset/aeb936c1-b4c6-477d-a887-a2fb047de0c3/resource/7df5c5cd-8590-4795-b4ae-562115b5dc5c/download/whistle-blowers.csv>

Executive employment in the agency

Executive classification	Number of executives
Chief Executive	1
South Australian Executive Service Level 2	6
South Australian Executive Service Level 1	11

Data provided reflects the number of employees employed under an executive contract as at 30 June 2018.

One executive employee was on leave as at 30 June 2018 and has since retired, during the period of their leave another employee was under an executive contract for the same position.

Data for the past five years is unavailable as DCP became a stand-alone department in November 2016. Data for the last year can be found at:

<https://data.sa.gov.au/data/dataset/51fa28a7-5220-45e0-ab73-92472f1b2c00/resource/e2f1a1be-9a21-49ff-a571-9acbd17e2ce7/download/executive-classification.csv>

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

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultancies below \$10,000 each		
Nil		
Consultancies above \$10,000 each		
KPMG	Development of Carer Advocacy Model	\$13,000
Flinders University	Qualitative review of the Multi-Cultural Engagement Team.	\$14,000

Ernst & Young	Provision of program management consulting services	\$49,000
Indigenous Engagement Australia	Preparation of Aboriginal Community Engagement Plan for Child Protection Reform	\$19,000
Chamonix IT Management	Intranet rollout	\$58,000
Total all consultancies		\$153,000

Data for the past five years is unavailable as DCP became a stand-alone department in November 2016. Total expenditure incurred during 2016-17 on consultants was \$556,105. Data for the last year can be found at: <https://data.sa.gov.au/data/dataset/0ec74e12-fdd5-46d5-9341-70f3af068262/resource/79d5ee94-2434-46ca-9abe-a25b7f1a71e0/download/consultants.csv>

See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Contractors

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Contractors above \$10,000 each	Purpose	Value
Hays Specialist Recruitment	HR - short term staffing	\$ 1,066,000
Psych check Pty Ltd	Professional Services - Psychological Assessments	\$ 406,000
Centacare Catholic Family Services	Professional Services – Adolescent Reunification Services	\$ 372,000
DFP Recruitment Services	HR - short term staffing	\$ 164,000
Assessments Australia	Professional Services - Child Welfare Assessments	\$ 144,000

FSE Consulting	Professional Services - Contract Reform Project	\$ 129,000
RNTT P/L	Professional Services - Cooking Services	\$ 129,000
National Council On Crime	Professional Services - Child Development Project	\$ 127,000
Uniting Communities	Professional Services - Culturally Grounded Care Project	\$ 118,000
Infinity Comm Solutions Ltd	Professional Services - Child Protection System Review	\$ 117,000
Harrison Mcmillan Pty Ltd	HR - short term staffing	\$ 102,000
PricewaterhouseCoopers Consulting (Australia) Pty Limited	Professional Services – Activity Based Costing and Equal Remuneration Order review	\$ 102,000
Journal Adjustments	General Ledger Journal Adjustments	\$ 98,000
Chandler Macleod Group Ltd	Professional Services - Cooking Services	\$ 95,000
Randstad P/L	HR - short term staffing	\$ 86,000
Southern Adel Local Health	Professional Services - Reunification Initiative	\$ 85,000
PJR Business Consulting P/L	Professional Services - Budget Management Tool	\$ 80,000
DA Psychology	Professional Services - Kinship Care Assessment	\$ 77,000
JFE Global Pty Ltd	HR - Contracted & Professional Services	\$ 74,000
Deloitte Risk Advisory Pty Ltd	Professional Services - Client & Case Management System Review	\$ 71,000

Hender careers	HR - Contracted & Professional Services	\$ 70,000
Insync Solutions Pty Ltd	Professional Services - ICT Services	\$ 64,000
Live tiles APAC Pty Ltd	SharePoint Annual Subscription	\$ 58,000
Chamonix It Management	Professional Services - Intranet Roll Out	\$ 49,000
The University Of Adelaide	HR - Contracted & Professional Services	\$ 43,000
Mercer Consulting (Aust)P/L	HR - Contracted & Professional Services	\$ 39,000
Galpins Accountants, Auditors	Professional Services - Audit	\$ 32,000
Child Welfare Assessments	Professional Services - Child Welfare Assessments	\$ 30,000
Career link Training	HR - short term staffing	\$ 28,000
Hoban Recruitment Pty Ltd	HR - short term staffing	\$ 25,000
Leedall Presentation Systems	Professional Services - ICT hardware installation in meeting room	\$ 24,000
Morton Philips P/L	HR - Contracted & Professional Services	\$ 24,000
Practice Five Pty Ltd	Professional Services - Learning And Development Strategy Development And Presentation	\$ 22,000
Hardy group International	HR - Contracted & Professional Services	\$ 22,000
Oz Train P/L	Professional Services - Workshop Delivery	\$ 22,000

ACER	Professional Services - ICT Services	\$ 18,000
Art of Staff Pty Ltd	Contracted Services - Review Of Carer Approval & Review Unit Model	\$ 18,000
Joe Busuttil	HR - Contracted & Professional Services	\$ 17,000
SRA Information Technology P/L	Professional Services - ICT Services	\$ 15,000
Flinders University Of SA	Professional Services - Multicultural Engagement Team Review	\$ 14,000
Valcorp Australia P/L	Professional Services - Asset Revaluation	\$ 14,000
Bold It Pty Ltd	Professional Services - ICT Services	\$ 12,000
SJ Bankes & Ar Dorrington	HR - Contracted & Professional Services	\$ 10,000
SJ Hughes Consulting	HR - Contracted & Professional Services	\$ 10,000
TOTAL		\$ 4,322,000

Data for the past five years is unavailable as DCP became a stand-alone department in November 2016. Total expenditure incurred during 2016-17 on contractors was \$6,813,373.

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

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

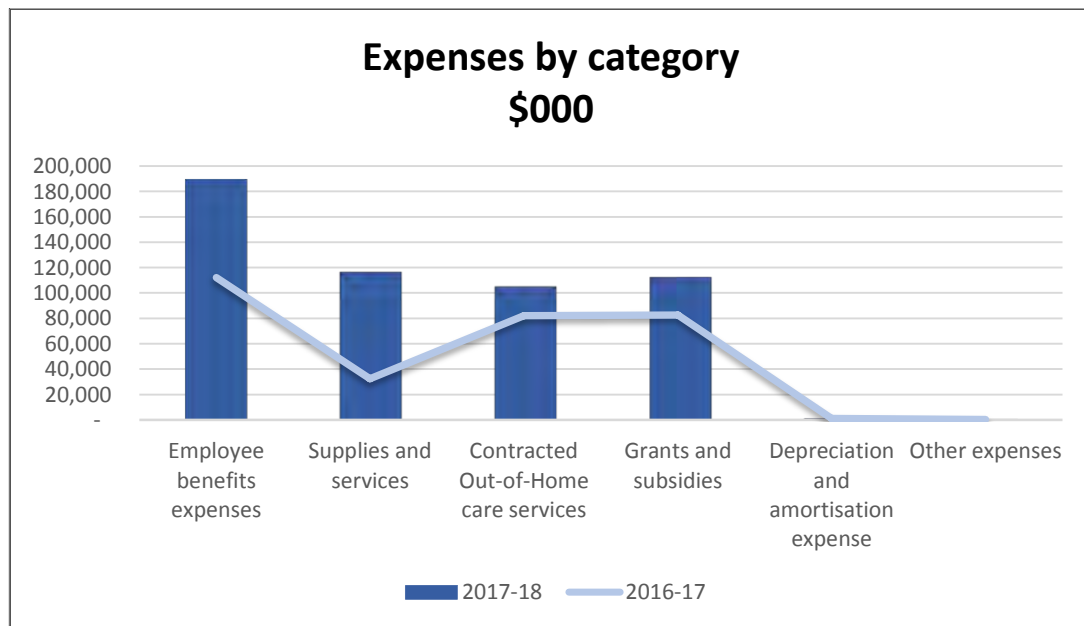
Financial performance of the agency

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2017-18 are attached to this report.

As a result of the department being established on 1 November 2016, the comparative values represent 8 months of activity.

The increase in expenditure for 2017-18 is a result of additional expenditure incurred due to machinery of government changes in 2016-17 that resulted in the creation of the DCP from 1 November 2016; an increase in volume and costs associated with providing out of home care services for children; and additional expenditure in 2017-18 related to implementing the recommendations in 'The life they deserve' report.

Two-year financial summary	2017-18	%	2016-17
	(\$000)	↑ ↓	(\$000)
Total expenses	530 347	↑ 70%	311 395
Total income	8 086	↑ 34%	6 031
Net cost of providing services	522 261	↑ 71%	305 364
Revenues from SA Government	520 771	↑ 59%	326 592
Net result for the period	- 1 490	↓ -107%	21 228
Net cash provided by operating activities	6 859	↓ -57%	15 777
Total assets	82 402	↑ 7%	76 685
Total liabilities	90 917	↑ 8%	84 450
Net assets	- 8 515	↓ -10%	- 7 765



Other financial information

Nil to report

Other information requested by the Minister or other significant issues affecting the agency or reporting pertaining to independent functions

Nil to report

Section B: Reporting required under any other act or regulation

Children's Protection Act, 1993	
<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 Public Sector Act 2009.</p>	
Section 20(1) Applications	
Investigation & Assessment with custody	823
Investigation & Assessment without custody order	18
Section 20(1) Orders	
Investigation & Assessment with custody	587
Extension of Investigation & Assessment	141

Investigation & Assessment without custody order	20
Interim Investigation & Assessment with custody	604
Section 21(1)(ab) orders	
Capacity to care assessment	561
Course – Domestic Violence	6
Course - Drug/Alcohol	11
Mental Health Assessment	662
Drug assessment	971
Drug testing	983
Alcohol testing	0
Section 22	
Applications made under the Act in relation to Section 37(1)	
Guardianship of Minister to 12 months s38.1c	522
Guardianship of Minister to 18 years s38.1d	435
Custody to Minister to 12 months s38.1b(iv)	41
Care & Protection without custody or guardianship order	13
Guardianship to other to 18 years s38.1d	40
Guardianship to other to 12 months s38.1c	11
Custody to guardian to 12 months s38.1b(i)	3
Custody to other to 12 months s38b.1b(v)	2
Orders made under the Act in relation to Section 37(1)	
Guardianship of Minister to 12 months s38.1c	499
Guardianship of Minister to 18 years s38.1d	321
Custody to Minister to 12 months s38.1b(iv)	5

Care & Protection without custody or guardianship order	4
Custody to other to 12 months s38.1b(v)	2
Supervision to Chief Executive	27
Guardianship to other to 18 years s38.1d	46
Interim orders Section 37(1)	
Interim guardianship of the Minister s38.1c	2521
Interim custody to Minister s38.1b(iv)	30
Interim guardianship of other person s38.1c	1
Interim custody to other person s38.1b(v)	4
Section 37(1a)	
The number and general nature of any orders made under section 38(1)(a)	
Drug testing	198
Interim drug testing	125
Written undertaking	46
Treatment for drug abuse	42
Interim treatment for drug abuse	12
Interim supervision of CE	3
Supervision of CE	28
Alcohol testing	2

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by DCP Complaints Unit			
Category of complaints by subject	Number of instances	Sub-Category	Number of instances
Professional Behaviour	31	Staff Attitude	19
		Staff Competency	11
		Staff Knowledge	1
Communication	68	Communication Quality	60
		Confidentiality	8
Service Delivery	187	Process	172
		Safety	3
		Systems/Technology	12
Policy	10	Policy Application	6
		Policy Content	4
Service Quality	147	Information	7
		Access to Information	2
		Timeliness	3
		Safety	88
		Service Responsiveness	47
**General Enquiry	62		
Total 2017-18			505

**the above table reflects all recorded complaints received by the central complaint unit during the 2017-18 financial year. Many if not most complaints received and resolved by DCP are managed at the local level and are not currently recorded in a central enterprise system.*

***The complaints unit has received 62 enquiries that have not progressed into a formal complaint or are complaints that relate to external service providers.*

Data for the past five years is unavailable as DCP became a stand-alone department in November 2016. Data for the last year can be found at:

<https://data.sa.gov.au/data/dataset/8a49679b-3f96-4a99-9e52-58e4a3ccc968/resource/07cdee90-fac5-4f56-8f02-1b64bbe0e25b/download/complaints.xlsx>

Complaint outcomes

The specific complaint outcomes as they relate to service improvement are not recorded for 2017-18.

Appendix: Audited financial statements 2017-18

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

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 2018.

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 2018, 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- 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

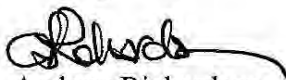
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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
- 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.



Andrew Richardson

Auditor-General

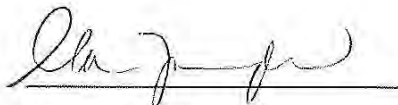
20 September 2018

Department for Child Protection
Certification of the Financial Statements
for the year ended 30 June 2018

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 as at 30 June 2018 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

14 September 2018



Jennifer Browne
Chief Financial Officer

14 September 2018

**Department for Child Protection
(DCP)**

Financial Statements

For the year ended 30 June 2018

Department for Child Protection
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Employee benefits expenses	3	189 984	112 328
Supplies and services	4	117 585	66 846
Contracted Out-of-Home care services	5	105 973	82 196
Grants and subsidies	6	113 597	48 583
Depreciation and amortisation expense	7	1 856	1 203
Other expenses	8	1 352	239
Total expenses		530 347	311 395
Income			
Commonwealth revenues	9	1 108	786
Fees and charges	10	1 168	1 262
Grants and contributions	11	913	582
Resources received free of charge	12	3 079	-
Other income	13	1 963	3 401
Total income		8 231	6 031
Net cost of providing services		522 116	305 364
Revenues from / (payments to) SA Government			
Revenues from SA Government	14	520 771	326 592
Total net revenues from SA Government		520 771	326 592
Net result		(1 345)	21 228
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in asset revaluation surplus	18	740	1 795
Total other comprehensive income		740	1 795
Total comprehensive result		(605)	23 023

The net result and comprehensive result are attributable to the SA Government as owner.

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

Department for Child Protection
Statement of Financial Position
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	15	37 939	31 592
Receivables	16	4 812	4 279
Total current assets		42 751	35 871
Non-current assets			
Receivables	16	207	123
Property, plant and equipment	18	38 457	38 949
Intangible assets	19	987	1 742
Total non-current assets		39 651	40 814
Total assets		82 402	76 685
Current liabilities			
Payables	21	22 804	19 127
Employee benefits	22	21 749	18 953
Provisions	23	2 686	4 198
Other liabilities	24	10	12
Total current liabilities		47 249	42 290
Non-current liabilities			
Payables	21	2 815	2 539
Employee benefits	22	30 307	27 436
Provisions	23	10 401	12 185
Total non-current liabilities		43 523	42 160
Total liabilities		90 772	84 450
Net assets		(8 370)	(7 765)
Equity			
Retained earnings	25	(10 905)	(9 560)
Asset revaluation surplus	25	2 535	1 795
Total equity		(8 370)	(7 765)

Total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments 26

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

Department for Child Protection
Statement of Changes in Equity
for the year ended 30 June 2018

	Note	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 November 2016		-	-	-
Net result for 2016-17		-	21 228	21 228
Gain/loss on revaluation of assets during 2016-17	18	1 795	-	1 795
Total comprehensive result for 2016-17		1 795	21 228	23 023
Net liabilities received from an administrative restructure		-	(30 788)	(30 788)
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 assets during 2017-18	18	740	-	740
Total comprehensive result for 2017-18		740	(1 345)	(605)
Balance at 30 June 2018		2 535	(10 905)	(8 370)

All changes in equity are attributable to the SA Government as owner.

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

Department for Child Protection
Statement of Cash Flows
for the year ended 30 June 2018

		2018 \$'000 (Outflows) Inflows	2017 \$'000 (Outflows) Inflows
	Note		
Cash flows from operating activities			
Cash outflows			
Employee benefits payment		(186 776)	(112 017)
Payments for Contracted Out-of-Home care services		(127 507)	(90 899)
Payments of grants and subsidies		(124 893)	(88 415)
Payments for supplies and services		(105 431)	(41 018)
Other payments		(319)	(367)
Cash used in operations		(544 926)	(332 716)
Cash inflows			
Receipts from Commonwealth		1108	786
Grants and contributions received		916	624
Fees and charges		694	2 311
GST recovered from the ATO		26 536	15 308
Other receipts		1 760	2 872
Cash generated from operations		31 014	21 901
Cash flows from SA Government			
Receipts from SA Government		520 771	326 592
Cash generated from SA Government		520 771	326 592
Net cash provided by / (used in) operating activities	28	6 859	15 777
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(512)	(224)
Cash used in investing activities		(512)	(224)
Cash inflows			
Net cash provided by / (used in) investing activities		(512)	(224)
Cash flows from financing activities			
Cash outflows			
Repayment of borrowings		-	(285)
Cash used in financing activities		-	(285)
Cash inflows			
Cash transferred as a result of restructure		-	16 324
Cash generated from financing activities		-	16 324
Net cash provided by / (used in) financing activities		-	16 039
Net increase in cash and cash equivalents		6 347	31 592
Cash and cash equivalents at the beginning of the reporting period		31 592	-
Cash and cash equivalents at the end of the reporting period	15	37 939	31 592

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

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of financial statements

1.1 Reporting entity

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 financial statements and accompanying notes include all the controlled activities of the department.

The department does not control any other entity and has no interests in unconsolidated structured entities.

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 in summary in note 33. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

1.2 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA).

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The department has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the department is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the department for the period ending 30 June 2018.

1.3 Basis of preparation

The financial statements have been prepared based on a 12 month period and presented in Australian currency for the period ending 30 June 2018. The comparatives in the financial statements have been prepared based on an 8 month period commencing 1 November 2016 and ending 30 June 2017 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 on a different basis.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

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

Significant accounting policies are set out in the notes.

1.4 Taxation

The department is not subject to Income Tax. The department is liable for payroll tax, fringe benefits tax (FBT), goods and services tax (GST) and emergency services levy (ESL).

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

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

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of financial statements (continued)

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

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

2 Objectives and activities

2.1 Objectives

The primary objective of the Department for Child Protection (DCP/the department) is to care for and protect children and young people by working together with key stakeholders and the wider South Australian community to address abuse and neglect and to keep children and young people safe from further harm.

The department receives notifications about abuse and neglect of children, investigates serious concerns and takes statutory action to keep children safe. This work occurs within a wider child development system where the welfare, safety and protection of children is the responsibility of everyone across government, the non-government sector and the wider community.

2.2 Activities

The department undertakes the following activity:

Care and protection

The department is focussed on providing services to protect children and young people who are at risk of abuse and neglect within their families, or whose families do not have the capacity to protect them.

These services include:

- providing a state-wide central point of entry to receive, assess and respond to all reports of abuse and risk of harm to children and young people, including investigation and assessment where appropriate;
- working with families who have children at risk of entering care, to enhance parenting capacity and ability to provide safety to children and young people in their care, including referring to other specialist services and agencies to support parenting protective skills development;
- when all other options to ensure a child or young person's safety have been explored however the child or young person remains at risk, applying for care and protection orders and placing children and young people in out of home care to ensure their safety;
- working 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 the best interests of the child;
- planning 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; and
- provide assistance and support to young people to transition from care seamlessly to independent adult life, including provision of support to:
 - further their education;
 - find employment and training;
 - develop independent living skills;
 - find and retain accommodation and furniture;
 - link to post-care services; and
 - build relationships and supports within the young person's community.

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Employee benefits

3.1 Employee benefits expenses

	2018	2017
	\$'000	\$'000
Salaries and wages (including annual leave)	155 006	93 254
Employment on-costs - superannuation *	16 102	8 794
Employment on-costs - payroll tax	8 786	5 233
Long service leave	6 841	2 603
Workers compensation	1 644	1 004
Skills and experience retention leave	551	311
Other employee related expenses	877	1 129
Targeted voluntary separation payments	177	-
Total employee benefits expenses	189 984	112 328

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

3.2 Targeted voluntary separation packages

Number of employees who were paid a TVSPs during the reporting period was 2 (0).

	2018	2017
	\$'000	\$'000
Targeted voluntary separation packages (TVSPs)		
Amounts paid to separated employees:		
TVSPs	177	-
Annual leave and long service leave paid	59	-
Net cost to the department	236	-

3.3 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 \$4.94 million (2017: \$3.28 million).

The compensation detailed below 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*.

	2018	2017
	\$'000	\$'000
Salaries and other short term employee benefits	3 993	2 069
Termination benefits	427	787
Post-employment benefits (employer contributed superannuation)	391	192
Other long-term employment benefits	124	229
Total compensation	4 935	3 277

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Employee benefits (continued)

3.4 Remuneration of employees

	2018	2017
The number of employees whose remuneration received or receivable falls within the following bands:	Number of Employees	Number of Employees
\$149 001 to \$159 000	11	8
\$159 001 to \$169 000	3	1
\$169 001 to \$179 000	2	1
\$189 001 to \$199 000	-	1
\$199 001 to \$209 000	3	2
\$209 001 to \$219 000	1	1
\$239 001 to \$249 000	1	-
\$249 001 to \$259 000	-	2
\$259 001 to \$269 000	1	-
\$269 001 to \$279 000	2	1
\$309 001 to \$319 000	1	-
\$389 001 to \$399 000	1	-
\$479 001 to \$489 000	-	1
\$579 001 to \$589 000	-	1
\$589 001 to \$599 000	-	1
\$659 001 to \$669 000 ¹	1	-
Total number of executives / employees	27	20

¹ This band includes 1 executive that was paid a termination payment during 2017-18.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level between 1 July 2017 and 30 June 2018.

Remuneration of these employees reflects all costs of employment to the department and other relevant agencies, including salary and wages, payments in lieu of leave, employer's superannuation contributions, salary sacrifice benefits, fringe benefits and any FBT paid or payable in respect of those benefits.

The total remuneration received by these employees for the year was \$5.8 million (2017: \$4.8 million).

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2018

4 Supplies and services

	2018	2017
	\$'000	\$'000
Residential and client related costs	62 813	36 473
Rentals and leases	14 338	7 519
Vehicle and travelling expenses	6 530	3 819
Minor works, maintenance and equipment	5 964	4 317
Computer expenses	5 800	2 886
Other supplies and services	5 304	931
Contractors	4 423	4 019
Shared Services SA charges	3 107	1 585
Telecommunications	1 693	1 097
Training and development	1 481	705
Utilities	1 344	604
Printing, postage and consumables	1 072	586
Legal costs	1 003	198
Cleaning	770	410
Insurance (including self-insurance)	660	421
Advertising expenses	643	474
Security	256	115
Criminal history screening charges	231	131
Consultants fees	153	556
Total supplies and services	117 585	66 846

4.1 Operating Leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

4.2 Consultants

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

	2018	2018	2017	2017
	Number	\$'000	Number	\$'000
\$10 000 or above	5	153	5	556
Total paid/payable to the consultants engaged	5	153	5	556

5 Contracted Out-of-Home care services

	2018	2017
	\$'000	\$'000
Contracted Out-of-Home care services	105 973	82 196
Total Contracted Out-of-Home care services	105 973	82 196

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2018

6 Grants and subsidies

	2018	2017
	\$'000	\$'000
Grants and subsidies	113 597	48 583
Total grants and subsidies	113 597	48 583

Grants and subsidies incorporates residential based care, home based care, family group homes and other supported placement services.

7 Depreciation and amortisation

	2018	2017
	\$'000	\$'000
Depreciation		
Residential accommodation housing	719	535
Computing, communications, furniture and equipment	62	39
Total depreciation	781	574
Amortisation		
Computer software	755	503
Leasehold improvements	320	126
Total amortisation	1 075	629
Total depreciation and amortisation	1 856	1 203

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.

7.1 Useful life

The useful lives of intangible assets are assessed to be either finite or indefinite. The department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement or the unexpired period of the relevant lease, whichever is shorter.

Land is not depreciated.

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 2018

8 Other expenses

	2018	2017
	\$'000	\$'000
Revaluation decrement of residential accommodation	1 051	-
Audit fees *	187	172
Other insurance	112	57
Allowance for doubtful debts and debt write-offs	2	10
Total other expenses	1 352	239

* Audit fees paid/payable to the Auditor-General's Department (AGD) relate to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by AGD.

9 Commonwealth revenues

	2018	2017
	\$'000	\$'000
Family allowances	492	365
Unaccompanied Humanitarian Minors	233	303
National Framework for Protecting Australia's Children	200	-
Transition to Independent Living Allowance	169	118
Other	14	-
Total commonwealth revenues	1 108	786

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

10 Fees and charges

	2018	2017
	\$'000	\$'000
Fees and charges	992	1 041
Salary recharges	86	159
Other	90	62
Total fees and charges	1 168	1 262

11 Grants and contributions

	2018	2017
	\$'000	\$'000
Adolescent Community Brokerage	855	421
Aboriginal Youth Early Intervention	-	159
Other	58	2
Total grants and contributions	913	582

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2018

12 Resources received free of charge

	2018 \$'000	2017 \$'000
Resources received free of charge within the SA Government		
Services received free of charge	3 079	-
Total resources received free of charge - SA Government entities	3 079	-

On the 21 November 2016, approval was given by Cabinet to cease the intra-government charging model for services provided by Shared Services SA (SSSA) to general government sector agencies. As a result of this change, effective from 2017-18, SSSA is directly appropriation funded for the services provided by SSSA 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.

13 Other income

	2018 \$'000	2017 \$'000
Recoveries	1 411	2 889
Assets recognised for the first time	-	484
Contributed assets	408	-
Other revenue	144	28
Total other income	1 963	3 401

14 Revenues from SA Government

	2018 \$'000	2017 \$'000
Revenues from SA Government		
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	479 666	205 646
Appropriations from the Governor's Appropriation Fund	39 954	120 946
Transfers from contingencies	1 151	-
Total revenues from SA Government	520 771	326 592

Appropriations are recognised on receipt.

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2018

15 Cash and cash equivalents

	2018 \$'000	2017 \$'000
Deposits with the Treasurer - Operating	29 263	18 874
Deposits with the Treasurer (AAEFA)	8 461	12 494
Imprest account/cash on hand	215	224
Total cash and cash equivalents	37 939	31 592

Cash is measured at nominal amounts.

15.1 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 AAEFA its use must be approved by the Treasurer. The balance in this account at 30 June 2018 is \$8.5 million (2017: \$12.5 million). The department does not earn interest on deposits with the Treasurer.

16 Receivables

	2018 \$'000	2017 \$'000
Current		
GST input tax recoverable	2 637	2 958
Receivables	1 447	923
Less allowance for doubtful debts	(12)	(10)
Prepayments	565	281
Accrued revenues	125	76
Workers' compensation recoveries	50	51
Total current receivables	4 812	4 279
Non-current		
Workers' compensation recoveries	207	123
Total non-current receivables	207	123
Total receivables	5 019	4 402

16.1 Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (that is, calculated on past experience and current and expected changes in client rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2018 \$'000	2017 \$'000
Carrying amount at the beginning of the period	(10)	-
Increase/(decrease) in the allowance	(2)	(10)
Carrying amount at the end of the period	(12)	(10)

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2018

16 Receivables (continued)

16.2 Interest rate and credit risk

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

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the department will not be able to collect the debt. 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 30 for further information on risk management.

17 Non-current assets

Revaluation

All non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 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.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation where they are revalued to fair value.

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.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Department for Child Protection
Notes to and forming part of the financial statements
for the year ended 30 June 2018

18 Property, plant and equipment

	2018 \$'000	2017 \$'000
Land		
Land at fair value	18 285	17 137
Total land	18 285	17 137
Residential accommodation housing		
Residential accommodation housing at fair value	33 023	36 787
Accumulated depreciation	(14 393)	(16 387)
Total residential accommodation housing	18 630	20 400
Construction work in progress		
Construction work in progress at cost	477	176
Total construction work in progress	477	176
Leasehold improvements		
Leasehold improvements at fair value	11 509	11 309
Accumulated amortisation	(10 572)	(10 253)
Total leasehold improvements	937	1 056
Computing, communications, furniture and equipment		
Computing, communications, furniture and equipment at cost (deemed fair value)	892	860
Accumulated depreciation	(764)	(680)
Total computing, communications, furniture and equipment	128	180
Total property, plant and equipment	38 457	38 949

18.1 Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation. Where assets are acquired at no value or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value i.e. the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised.

18.2 Valuation of non-current assets

The independent valuation of land was performed by the Valuer-General as at 30 June 2018.

The 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 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. Leasehold improvements were not revalued in the current financial year as the carrying value of these assets are deemed to approximate fair value.

Department for Child Protection
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18 Property, plant and equipment (continued)

18.3 Carrying amount of computing, communications, furniture and equipment

All items of computing, communications, furniture and equipment had a fair value at time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with Accounting Policy Framework *Asset Accounting Framework* (APF III). The carrying values of these assets are deemed to approximate fair value.

These assets are classified in level 3 as there has been no subsequent adjustment to their fair value, except for management assumptions about condition and remaining useful life.

18.4 Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2018.

18.5 Reconciliation of property, plant and equipment during 2017-18

	Land	Residential accommodation housing	Construction work in progress
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	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 the end of the period	18 285	18 630	477

	Leasehold improvements	Computing, communications, furniture and equipment	Tangible assets total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	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 the end of the period	937	128	38 457

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18 Property, plant and equipment (continued)

18.6 Reconciliation of property, plant and equipment during 2016-17

	Land	Residential accommodation housing	Construction work in progress
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	-	-	-
Acquisition through administrative restructure	15 342	20 935	-
Additions	-	-	176
Asset revaluation increment/(decrement)	1 795	-	-
Depreciation and amortisation	-	(535)	-
Carrying amount at the end of the period	17 137	20 400	176

	Leasehold improvements	Computing, communications, furniture and equipment	Tangible assets total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	-	-	-
Acquisition through administrative restructure	698	171	37 146
Additions	-	48	224
Asset revaluation increment/(decrement)	-	-	1 795
Depreciation and amortisation	(126)	(39)	(700)
Assets recognised for the first time	484	-	484
Carrying amount at the end of the period	1 056	180	38 949

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19 Intangible assets

	2018	2017
	\$'000	\$'000
Computer software		
Computer software	8 314	8 314
Accumulated amortisation	(7 327)	(6 572)
Total computer software	987	1 742
Total intangible assets	987	1 742

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are 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 useful lives of intangible assets are assessed to be either finite or indefinite. The department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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.

19.1 Impairment

There were no indications of impairment of intangible assets as at 30 June 2018.

19.2 Reconciliation of intangible assets during 2017-18

	<u>Computer software</u>
	\$'000
Carrying amount at the beginning of the period	1 742
Acquisition through administrative restructure	-
Amortisation	(755)
Carrying amount at the end of the period	987

19.3 Reconciliation of intangible assets during 2016-17

	<u>Computer software</u>
	\$'000
Carrying amount at the beginning of the period	-
Acquisition through administrative restructure	2 245
Amortisation	(503)
Carrying amount at the end of the period	1 742

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20 Fair value measurement

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.

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 valuation processes and fair value changes are reviewed by the Chief Financial Officer at each reporting date.

In determining fair value, the department has taken into account the characteristic of the asset (for example, condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The department's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the department did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years is deemed to approximate fair value.

20.1 Fair value hierarchy

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

20.2 Fair value measurements at 30 June 2018

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land	18 285	-	18 285
Residential accommodation housing	-	18 630	18 630
Leasehold improvements	-	937	937
Computing, communications, furniture and equipment	-	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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20 Fair value measurement (continued)

20.3 Fair value measurements at 30 June 2017

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land	17 137	-	17 137
Residential accommodation housing	-	20 400	20 400
Leasehold improvements	-	1 056	1 056
Computing, communications, furniture and equipment	-	180	180
Total recurring fair value measurements	17 137	21 636	38 773
Total fair value measurements	17 137	21 636	38 773

The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 18.

During 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.

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

20.4 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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20 Fair value measurement (continued)

20.5 Reconciliation of level 3 recurring fair value measurements as at 30 June 2017

	Residential accommodation housing	Leasehold improvements	Computing, communications, furniture and equipment
	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	-	-	-
Additions	-	-	48
Acquisitions through administrative restructure	20 935	698	171
Assets recognised for the first time	-	484	-
Gains/(losses) for the period recognised in net result:			
Depreciation and amortisation	(535)	(126)	(39)
Total losses recognised in net result	(535)	(126)	(39)
Carrying balance at the end of the period	20 400	1 056	180

Refer to note 18 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

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21 Payables

	2018	2017
	\$'000	\$'000
Current		
Accrued expenses	17 783	15 252
Employment on-costs	4 143	3 635
Creditors	824	189
Paid Parental Leave Scheme payable	54	51
Total current payables	22 804	19 127
Non-current		
Employment on-costs	2 815	2 539
Total non-current payables	2 815	2 539
Total payables	25 619	21 666

Creditors include all unpaid invoices received relating to the normal operations of the department.

Employment on-costs include payroll tax, workers' compensation levies and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

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 percentage of long service leave taken as leave is 41% (2017: 40%) and the average factor for the calculation of employer superannuation is 9.9% (2017: 10.1%). These rates are used in the employment on-cost calculation. The net financial effect of these changes are immaterial.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period.

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.

21.1 Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. Creditors are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

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22 Employee benefits liabilities

	2018 \$'000	2017 \$'000
Current		
Annual leave	15 013	13 699
Long service leave	3 037	1 993
Accrued salaries and wages	2 936	2 542
Skills and experience retention leave	763	719
Total current employee benefits	21 749	18 953
Non-current		
Long service leave	30 307	27 436
Total non-current employee benefits	30 307	27 436
Total employee benefits	52 056	46 389

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.

22.1 Salaries and wages, annual leave, skills and experience retention leave and sick leave

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

The annual leave liability and the skills and experience retention leave liability are expected to be payable within 12 months and are 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.

22.2 Long service leave

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

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

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and 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 remain unchanged at 2.5%

The actuarial assessment performed by DTF left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. The net financial effect resulting from changes in the salary inflation rate in the current financial year is immaterial.

Department for Child Protection
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23 Provisions

	2018 \$'000	2017 \$'000
Current		
Provision for workers' compensation	2 606	4 138
Provision for legal claims	80	60
Total current provisions	2 686	4 198
Non-current		
Provision for workers' compensation	10 241	12 105
Provision for legal claims	160	80
Total non-current provisions	10 401	12 185
Total provisions	13 087	16 383

23.1 Movement in provision for workers compensation

	2018 \$'000	2017 \$'000
Carrying amount at the beginning of the period	16 243	-
Transfer in due to restructure	-	18 251
Reductions arising from payments	(1 967)	(2 986)
Reductions resulting from re-measurement or settlement without cost	(1 429)	-
Additional provision recognised	-	978
Carrying amount at the end of the period	12 847	16 243

A liability 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 2018 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). 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.

23.2 Movement in provision for legal claims

	2018 \$'000	2017 \$'000
Carrying amount at the beginning of the period	140	-
Transfer in due to restructure	-	95
Reductions arising from payments	-	(10)
Additional provision recognised	100	55
Carrying amount at the end of the period	240	140

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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24 Other Liabilities

	2018	2017
	\$'000	\$'000
Current		
Deposits held - purchased leave	8	9
Unclaimed monies	2	3
Total current other liabilities	10	12
Total other liabilities	10	12

25 Equity

	2018	2017
	\$'000	\$'000
Retained earnings	(10 905)	(9 560)
Asset revaluation surplus	2 535	1 795
Total equity	(8 370)	(7 765)

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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26 Unrecognised contractual commitments

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

Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO). If GST is not payable to, or recoverable from, the ATO the commitments and contingencies are disclosed on a gross basis.

26.1 Capital commitments

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

	2018 \$'000	2017 \$'000
Within one year	37	185
Total capital commitments	37	185

The department's capital commitments are for commitments under the Residential Care Facilities project.

26.2 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:

	2018 \$'000	2017 \$'000
Within one year	69 692	92 985
Later than one year but not later than five years	24 416	85 153
Total expenditure commitments	94 108	158 138

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

26.3 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:

	2018 \$'000	2017 \$'000
Within one year	12 198	10 434
Later than one year but not later than five years	28 551	21 344
Later than five years	3 140	4 883
Total operating lease commitments	43 889	36 661

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.

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.

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27 Related party transactions

27.1 Significant transactions with government related entities

The department had no significant transactions with government related entities except for the appropriation funding received from DTF (note 14) and incurred expenditure with DPTI of \$4.2 million. As at 30 June 2018 the outstanding balance payable to DPTI was \$0.2 million (note 21).

27.2 Collectively, but not individually, significant transactions with government related entities

Quantitative information about transactions and balances between the department and other SA Government controlled entities are disclosed at note 32.

27.3 Transactions with key management personnel and other related parties

One key management personnel is a director of a not-for-profit organisation that provided contractor services to the department during the 2017-18 year. The services were provided before the key management personnel was employed by the department. The services were procured under departmental protocols. There are no outstanding balances or commitments for further services to be provided. The value of payments made during the 2017-18 year was \$128,480 (including GST) which is not material to the operations of the department.

28 Cash flow reconciliation

	2018 \$'000	2017 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	37 939	31 592
Balance as per Statement of Cash Flows	37 939	31 592
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash provided by/(used in) operating activities	6 859	15 777
Less revenues from SA Government	(520 771)	(326 592)
Add / (less) non-cash items		
Contributed assets	408	-
Assets recognised for the first time	-	484
Net revaluation decrement recognised in profit and loss	(1 051)	-
Depreciation and amortisation expense	(1 856)	(1 203)
Administrative restructure	-	86 218
Movement in assets and liabilities		
Increase/(decrease) in receivables	617	4 402
(Increase)/decrease in employee benefits	(5 667)	(46 389)
(Increase)/decrease in payables	(3 953)	(21 666)
(Increase)/decrease in provisions	3 296	(16 383)
(Increase)/decrease in other liabilities	2	(12)
Net cost of providing services	(522 116)	(305 364)

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29 Budgetary reporting and explanations of major variances between budget and actual amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2017-18 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets changes. The budget process is not subject to audit.

		Original budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000
Statement of Comprehensive Income	Note			
Expenses				
Employee benefits expenses	1	215 592	189 984	(25 608)
Supplies and services	2	97 636	117 585	19 949
Grants and subsidies		115 164	113 597	(1 567)
Contracted Out-of-Home care services	3	50 900	105 973	55 073
Depreciation and amortisation expense		2 296	1 856	(440)
Other expenses		168	1 352	1 184
Total expenses		481 756	530 347	48 591
Income				
Resources received free of charge		-	3 079	3 079
Other income		1 258	1 963	705
Fees and charges		179	1 168	989
Commonwealth revenues		1 039	1 108	69
Grants and contributions		1	913	912
Total income		2 477	8 231	5 754
Net cost of providing services		479 279	522 116	42 837
Revenues from / (Payments to) SA Government				
Revenues from SA Government		479 666	520 771	41 105
Total revenues from / (payments to) SA Government		479 666	520 771	41 105
Net result		387	(1 345)	(1 732)
Other comprehensive income				
Changes in asset revaluation surplus		-	740	740
Total comprehensive result		387	(605)	(992)

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29 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

The following are brief explanations of variances between original budget and actual amounts:

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:

- 1 The favourable variance of \$25.61 million compared to the original budget is attributable to staffing levels below the established FTE cap as a result of delays in filling positions related to Residential care and Nyland.
- 2 The unfavourable variance of \$19.95 million can be attributed to higher than initially budgeted expenditure in subsidies and incidentals for children in care; accommodation; service contractors and an accounting adjustment to recognise services provided free of charge from shared services offset in resources received free of charge.
- 3 The unfavourable variance of \$55.07 million is mainly attributable to higher than budgeted costs for children in out of home care. The increased costs are as a result of a higher volume of placements than originally funded as well as the introduction of a new family based emergency response model.

		Original budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000
Investing expenditure summary				
Total existing projects	4	6 339	370	(5 969)
Total investing expenditure		6 339	370	(5 969)

- 4 The favourable variance of \$5.97 million compared to the original budget is attributable to a delay in the completion of Residential Care Facilities project.

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30 Financial risk management / financial instruments

30.1 Financial risk management

Financial risk management is managed by the department's Finance and Corporate Services section. 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.

30.2 Liquidity risk

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

30.3 Credit and market risk

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

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

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

Refer notes 15 and 16 for further information.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 16 for information on the allowance for impairment in relation to receivables.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
			Overdue for less than 30 days \$'000	Overdue for 30 - 60 days \$'000	Overdue for more than 60 days \$'000	
2018						
Receivables ⁽¹⁾	1 559	402	1 068	4	97	(12)
	1 559	402	1 068	4	97	(12)
2017						
Receivables ⁽¹⁾	989	389	537	7	66	(10)
	989	389	537	7	66	(10)

⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables. They are carried at cost.

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30 Financial risk management / financial instruments (continued)

30.4 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.

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

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 16 and 21).

The following tables disclose the carrying amounts of each of the following categories of financial assets and liabilities: cash and cash equivalents; receivables; and financial liabilities measured at cost.

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities
			Within 1 year \$'000
Financial assets			
Cash and cash equivalent	15	37 939	37 939
Receivables ⁽¹⁾⁽²⁾	16	1 559	1 559
Total financial assets		39 498	39 498
Financial liabilities			
Payables ⁽¹⁾	21	18 420	18 420
Other liabilities	24	10	10
Total financial liabilities		18 430	18 430

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2017 Contractual maturities
			Within 1 year \$'000
Financial assets			
Cash and cash equivalent	15	31 592	31 592
Receivables ⁽¹⁾⁽²⁾	16	989	989
Total financial assets		32 581	32 581
Financial liabilities			
Payables ⁽¹⁾	21	15 269	15 269
Other liabilities	24	12	12
Total financial liabilities		15 281	15 281

⁽¹⁾ 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).

⁽²⁾ The receivables amount disclosed here excludes prepayments. Prepayments are presented in note 16 in accordance with paragraph 78(b) of AASB 101 Presentation of Financial Statements. However, prepayments are not financial assets as defined in AASB 132 Financial Instruments: Presentation as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

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31 Impact of standards and statements not yet implemented

AASB 9 Financial Instruments, standard comes into effect from reporting periods commencing on or after 1 January 2018. The implementation of AASB 16 Leases, AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit-Entities, come into effect from reporting periods commencing on or after 1 January 2019.

The following provides the impact of standards and statements not yet implemented.

AASB 9 Financial Instruments

The department has reviewed the impact of AASB 9 Financial Instruments on the classification and measurement of its financial assets. The following summarises the estimated impact to the categorisation and valuation of the amounts reported:

Trade receivables and loan receivables will be classified and measured at amortised cost, similar to the current classification of loans and receivables. However, new impairment requirements will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The department will be adopting the simplified approach under AASB 9 Financial Instruments and measure lifetime expected credit losses on all trade receivables and contract assets using a provision matrix approach as a practical expedient to measure the impairment provision.

All financial liabilities listed in the financial instruments / financial risk management note will continue to be measured at amortised cost. The department does not expect a material change in the reported value of financial liabilities.

AASB 16 Leases

The standard supersedes AASB 117 Leases and unlike AASB 117 Leases, AASB 16 Leases introduces a single lease accounting model for lessees, eliminating the distinction between operating and finance leases. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

The department has not yet quantified the exact impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 Leases to its current operating leases, including the extent of additional disclosures required.

The department's current operating lease commitments (refer note 26) provides an indication of the amounts to be recognised 'on-balance sheet' at transition (an expected increase in lease liabilities with a corresponding right-of-use asset). The reclassification between supplies and services expense and depreciation/interest has not yet been estimated.

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

The department has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts.

The department does not currently have any revenue contracts with a material impact for the period after 1 July 2018 and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

Special purpose grants received to construct non-financial assets controlled by the department will be recognised as a liability, and subsequently recognised progressively as revenue as the department satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

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32 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Expenses							
Employee benefits expenses	3						
Salaries and wages (including annual leave)		-	-	155 006	93 254	155 006	93 254
Employment on-costs - superannuation		-	-	16 102	8 794	16 102	8 794
Employment on-costs - payroll tax		8 786	5 233	-	-	8 786	5 233
Long service leave		-	-	6 841	2 603	6 841	2 603
Other employee related expenses		-	-	877	1 129	877	1 129
Workers Compensation		264	27	1 380	977	1 644	1 004
Skills and experience retention leave		-	-	551	311	551	311
Targeted voluntary separation payments		-	-	177	-	177	-
Supplies and services	4						
Residential and client related costs		-	25	62 813	36 448	62 813	36 473
Rentals and leases		13 018	7 434	1 320	85	14 338	7 519
Vehicle and travelling expenses		3 680	2 365	2 850	1 454	6 530	3 819
Minor works maintenance and equipment		2 503	2 872	3 461	1 445	5 964	4 317
Computer expenses		2 666	1 475	3 134	1 411	5 800	2 886
Other supplies and services		1 966	286	3 338	645	5 304	931
Contractors		89	193	4 334	3 826	4 423	4 019
Shared Services SA charges		3 107	1 585	-	-	3 107	1 585
Telecommunications		621	343	1 072	754	1 693	1 097
Training and development		97	43	1 384	662	1 481	705
Utilities		106	92	1 238	512	1 344	604
Printing postage and consumables		238	2	834	584	1 072	586
Legal costs		451	61	552	137	1 003	198
Cleaning		2	5	768	405	770	410
Insurance (including self insurance)		660	421	-	-	660	421
Advertising expenses		-	-	643	474	643	474
Security		95	45	161	70	256	115
Criminal history screening charges		231	131	-	-	231	131
Consultants fees		-	-	153	556	153	556

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32 Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
Expenses (continued)	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Contracted Out-of-Home care services	5						
Contracted Out-of-Home care services		1 814	-	104 159	82 196	105 973	82 196
Grants and subsidies	6						
Grants and subsidies		683	898	112 914	47 685	113 597	48 583
Depreciation and amortisation expense	7						
Residential accommodation housing		-	-	719	535	719	535
Computer software		-	-	755	503	755	503
Leasehold improvements		-	-	320	126	320	126
Computing, communications, furniture and equipment		-	-	62	39	62	39
Other expenses	8						
Auditor's remuneration – Auditor General's Department		187	172	-	-	187	172
Other insurance		2	2	110	55	112	57
Allowance for doubtful debts and debt write offs		-	-	2	10	2	10
Revaluation decrement of residential accommodation		-	-	1 051	-	1 051	-
Total expenses		41 266	23 710	489 081	287 685	530 347	311 395
Income							
Commonwealth revenues	9	-	-	1 108	786	1 108	786
Fees and Charges	10						
Fees and charges		992	1 082	-	(41)	992	1 041
Salary recharges		86	159	-	-	86	159
Other fees and charges		-	-	90	62	90	62
Grants and contributions	11						
Adolescent Community Brokerage		855	421	-	-	855	421
Aboriginal Youth Early Intervention		-	159	-	-	-	159
Other		-	-	58	2	58	2
Services Received free of charge	12	3 079	-	-	-	3 079	-
Other income	13						
Recoveries		720	-	691	2 889	1 411	2 889
Assets recognised for the first time		-	-	-	484	-	484
Other revenue		-	-	144	28	144	28
Contributed Assets		408	-	-	-	408	-
Revenues from SA Government	14						
Revenues from SA Government		520 771	326 592	-	-	520 771	326 592
Total income		526 911	328 413	2 091	4 210	529 002	332 623
Net result		485 645	304 703	(486 990)	(283 475)	(1 345)	21 228

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32 Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash and cash equivalents	15						
Deposits with the Treasurer		29 263	18 874	-	-	29 263	18 874
Deposits with the Treasurer (AAEFA)		8 461	12 494	-	-	8 461	12 494
Imprest account / cash on hand		-	-	215	224	215	224
Receivables	16						
GST recoverable from the ATO		-	-	2 637	2 958	2 637	2 958
Receivables		419	285	1 028	638	1 447	923
Less allowance for doubtful debts		-	-	(12)	(10)	(12)	(10)
Prepayments		157	-	408	281	565	281
Accrued revenues		125	76	-	-	125	76
Workers' compensation recoveries		-	-	257	174	257	174
Total financial assets		38 425	31 729	4 533	4 265	42 958	35 994
Financial liabilities							
Payables	21						
Accrued expenses		3 667	1 159	14 116	14 093	17 783	15 252
Employment on-costs		3 648	3 241	3 310	2 933	6 958	6 174
Creditors		215	-	609	189	824	189
Paid Parental Leave Scheme payable		-	-	54	51	54	51
Other liabilities	24						
Deposits held - purchased leave		-	-	8	9	8	9
Unclaimed monies		-	-	2	3	2	3
Total financial liabilities		7 530	4 400	18 099	17 278	25 629	21 678

33 Administered items

	2018 \$'000	2017 \$'000
Administered expenses		
Employee benefits	97	-
Total Administered expenses	97	-
Administered income		
Revenues from SA Government	97	-
Total Administered income	97	-
Net result	-	-

Minister's salary and allowances

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

At 30 June 2018, there are no assets and liabilities for this administered item.