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28 Nov 2023



**Government
of South Australia**

Department for Correctional Services 2022-23 Annual Report

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2022-23 ANNUAL REPORT for the Department for Correctional Services

To:

Minister Joe Szakacs MP

The Honourable Minister for Police, Emergency Services and Correctional Services.

This annual report will be presented to Parliament to meet the statutory reporting requirements of the *Public Sector Act 2009*, the *Public Finance and Audit Act 1987* and the *Correctional Services Act 1982*, and 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 Correctional Services by:

David Brown

Chief Executive



Date 16/10/2023 Signature _____

From the Chief Executive



I am pleased to present the 2022-23 Department for Correctional Services' (DCS) Annual Report. It provides a succinct summary of DCS' performance and achievements, including the financial performance of the Department.

Our efforts have demanded considerable flexibility and commitment, in delivering safe custodial living and working environments. We have continued to provide community-, health- and rehabilitation-oriented interventions for an increasingly complex prisoner and offender population.

Drawing on the highly successful 10by20 strategy which generated a range of positive outcomes, the Department reached and improved on the target of reducing reoffending 10% by 2020. Without resting on our

laurels, the momentum should be maintained, and I was particularly proud to work with Minister Szakacs MP and the South Australian Government on the launch of the *Reducing reoffending 20% by 2026* strategy. This initiative is integrated within the Department's new 2022-26 Strategic Plan, launched in October 2022, and our equally important priority of actively contributing towards the reduction in the rate of incarcerated Aboriginal and Torres Strait Islander adults by at least 15%, by 2031.

I acknowledge the work carried out by our professional staff who are delivering excellent results, evidenced through the:

- continued delivery of criminogenic rehabilitation programs,
- targeting of resources towards programs with the greatest current and projected demand, to maximise opportunities for intervention before release,
- increased responsiveness to Aboriginal people by providing choice in whether or not to participate in a mainstream or Aboriginal-specific treatment program when responsivity needs allow, and the
- ongoing evaluation of the Department's programs and initiatives in ensuring that we continue to deliver effective interventions in reducing reoffending and building safer communities.

In highlighting a selection of achievements, and while not discounting other successes, I intend that these be seen alongside the challenges we have faced and the opportunities we have encountered. These include receiving :

- a Premier's Excellence Award for achieving 10by20,
- key findings within the 2023 Final Report of the Home Detention Evaluation which indicated that a significantly lower number of participants breached conditions, and therefore resulted in a reduced rate of return to custody within the six-year follow-up period, and
- an award at the Australian Institute of Criminology Australian Crime and Violence Prevention Awards through our innovative *Our Way My Choice* and *Violence Prevention Program for Aboriginal Men* in delivering best practice in the prevention and reduction of violence in Australia.

A concentrated effort commenced to reduce Aboriginal incarceration rates in South Australia through the implementation of a suite of key measures. The *Yalakiana Tapa: Reducing Aboriginal Incarceration* program comprises a number of measures across Government. DCS will focus on:

- piloting *Marni Tapa* - a cultural reintegration and rehabilitation support program, to assist *incarcerated Aboriginal South Australians to transition from remand to bail*,
- scoping *Wodli* - a cultural residential and rehabilitation program for Aboriginal men, and

- scoping residential treatment pathways for Aboriginal people requiring intensive drug and alcohol services.

The commissioning of the Mirnu Correctional Treatment Unit at Yatala Labour Prison (YLP) will deliver a therapeutic community approach model. This treatment differs from DCS' other programs as it uses the unit community itself as the principal means for promoting personal change.

These are important initiatives for the Department as we seek to make meaningful progress towards achieving and exceeding the national Closing the Gap target, by ensuring that South Australian Aboriginal and Torres Strait Islander adults are not overrepresented in the criminal justice system.

Innovative business improvement initiatives were progressed this year and include, amongst others:

- the development of an online Professional Visits Portal which allows professional visitors to make online bookings with prisoners. Launch is scheduled for early next year,
- the successful commissioning of much needed state-of-the-art infrastructure at Adelaide Women's Prison (AWP),
- the delivery of Lemongrass Place – a transitional accommodation initiative in Port Augusta, in partnership with the Aboriginal Drug & Alcohol Council (ADAC),
- the commissioning of body scanning technology at YLP earlier this year to increase the level of staff and prisoner safety, and in preventing the introduction of contraband and other items, and
- the success of the Home Detention Integrated Support Service Program, in partnership with OARS Community Transitions, which produces excellent results for individuals, their families, and the community, increasing safety, reducing reoffending and victimisation.

I recognise the significant strides being made in developing a *Safe at Work Strategy* and its corresponding *Action Plan*, which are scheduled to be finalised by early 2024. Consultation is ongoing across custodial, administrative and community corrections sites to identify key themes, and to gather staff sentiment. The themes cover Work, Health and Safety; Cultural Safety; Gender Equality and Respect and Wellbeing and Resilience. My Executive colleagues and I look forward to reviewing staff feedback regarding ideas on embedding a best practice Safe at Work culture across the Department.

In acknowledging the many stakeholders, volunteers and partner agencies who provided ongoing collaborative support this year, I am also sincerely appreciative of this year's contributions from our professional, operational, custodial and administrative colleagues as we look ahead to 2023-24.



Chief Executive
Department for Correctional Services

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Overview: about the agency

Our strategic focus

Our Purpose	<p>The Department for Correctional Services (DCS) contributes to public safety through the safe, secure and humane management of offenders, and the provision of opportunities for rehabilitation and reintegration.</p> <p>Of paramount consideration is public protection and community safety. The Department's objective is to improve outcomes for the community through determined efforts to reduce offender recidivism and provide for successful reintegration back into the community. This includes the use of meaningful and targeted rehabilitation and education programs, in addition to effective partnerships with other Government agencies, community-based organisations, volunteers and the private sector.</p> <p>The 2022-26 DCS Strategic Plan outlines the Department's key priorities, its focus areas, how priorities will be addressed and successes measured. Available at www.corrections.sa.gov.au.</p>
Our Vision	A safer community by protecting the public and reducing reoffending.
Our Values	<p>Honesty and integrity</p> <p>Ethical and respectful behaviours</p> <p>Professionalism and accountability</p> <p>Commitment to service</p> <p>Collaboration and engagement</p> <p>Make a difference</p> <p>Equity, diversity and cultural inclusion.</p>
Our functions, objectives and deliverables	<p>Improved public protection</p> <p>Reduced reoffending</p> <p>Improved opportunities for rehabilitation and reintegration</p> <p>Safe, secure and humane environments</p> <p>Skilled, professional, resilient and valued workforce</p> <p>Safety, health and wellbeing in the workplace</p> <p>Improved outcomes for Aboriginal and Torres Strait Islander offenders</p> <p>Improved and targeted service delivery for women offenders</p> <p>Accountable and better public services</p> <p>Innovative, sustainable and cost-effective services.</p>

Our organisational structure

- Aboriginal Services
- Offender Development
- Office for Correctional Services Review
- People & Business Services
- Statewide Operations
 - Prisons
 - Community Corrections

Changes to the agency

During 2022-23, there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

Our Minister



The Hon. Joseph (Joe) Szakacs MP was appointed Minister for Police, Emergency Services and Correctional Services in March 2022.

He was educated at local primary and secondary schools in Adelaide, and attended university in both Australia and the USA. He is an admitted legal practitioner of the Supreme Court of South Australia.

Before formally entering politics, he held various roles in the trade union movement, legal practice and as a company director in the superannuation and insurance industries.

Joe was elected as Secretary of SA Unions, the peak body for trade unions in South Australia, and lead the organisation for five years. During his tenure he held national positions with the Australian Council of Trade Unions including the National Executive and National Growth and Campaigns Committee.

Our Executive team

Chief Executive – David Brown



Appointed Chief Executive of the Department for Correctional Services in South Australia in September 2012, David has overseen a critical ongoing period of growth and reform across the Department.

He has played a key role in strengthening security and emergency management standards across the system; placing renewed focus on offender rehabilitation, education and vocation training; and building community partnerships to improve reintegration of offenders back into society once they leave prison. David is passionate about creating an integrated approach to offender management which involves meaningful activity combined with targeted rehabilitation.

David is focused on implementing strategies that drive down the rate of re-offending, including increased investment in rehabilitation

programs, strengthening alternatives to custody such as Home Detention and building better prison services. Leadership development and succession planning has been a key focus during his time in South Australia and he believes the Department for Correctional Services is well positioned with an experienced Executive and Senior Management group.

In line with the Government's October 2022 commitment to addressing Aboriginal incarceration, and given the success of 10by20 in slowing the projected growth of the State prison population, David has oversight of key strategies which will drive innovation and sustained improvements within DCS. A new 20by26 target seeks to reduce the reoffending rate even further, and to a level below 37% by mid-2026 (to be measured at 30 June 2028). The target is central to the new 2022-26 DCS Strategic Plan.

Hayley Mills – Deputy Chief Executive



Hayley, as Deputy Chief Executive, is responsible for the strategic oversight and operational delivery of state-wide operations across prisons and community corrections. Prior to this role she was Executive Director, Community Corrections & Specialist Prisons until mid-January 2022 where she was responsible for the strategic development and delivery of community-based correctional and specialist custodial services within South Australia.

As a former Director of Sentence Management, she was responsible for oversight of psychological services, assessment and sentence planning, the Serious Offender Committee, custodial case management and movement coordination of prisoners.

She first commenced with the Department in 2006 in a practitioner role providing psychological services to women offenders and has maintained a passion for delivering on the needs of women offenders throughout her career. Previous psychology-based placements included in the Courts Administration Authority Mental Health Diversion Court and the Queen Elizabeth Hospital in Cramond Clinic primarily working with clients with Borderline Personality Disorder.

Hayley is a proud South Australian and committed to serving the South Australian community with a keen interest in regional services and opportunities. She is the co-chair of the Department's Reconciliation Action Plan working group and is passionate about improving outcomes for Aboriginal South Australians and reducing Aboriginal incarceration. Hayley has a Master of Psychology (Forensic), Master of Business Administration and Graduate Certificate Public Sector Management, and is committed to delivering a high-quality service that balances the operational compliance needs of the organisation with delivering rehabilitative outcomes for offenders and victims of crime. She maintains her registration with the Psychology Board of Australia and professional relationships in the academic sector.

Chris Sexton - Executive Director, People & Business Services



Mr Sexton has had an extensive career within the South Australian public sector, predominantly in finance and general management positions, prior to joining DCS in May 2012.

Chris is responsible for a range of corporate functions including financial and budget management; strategic procurement and contract management; asset planning and management; capital works infrastructure projects and information technology. People & Business Services includes the human resources functions of workforce management, employee relations, injury management and prevention, employee assistance program, workforce planning and development, and Trainee Correctional Officer training.

As Executive Director, he participates in a number of inter-agency committees and liaises closely with government departments including the Department of Treasury and Finance, the Department of

Infrastructure & Transport and the Office of the Commissioner for Public Sector Employment.

Darian Shephard-Bayly - Executive Director, Offender Development



Darian was appointed to this role in January 2021. Darian brings to the role a wealth of relevant knowledge and experience. Following a decade in the non-government sector, Darian's career with the Department commenced as a Community Corrections Officer before progressing to the Manager of Offender Development and then serving as the General Manager for several of the State's prisons. Darian holds qualifications in social work, correctional administration and management.

As Executive Director for Offender Development, Darian leads the Department's focus on reducing reoffending through the development, operation and evaluation of targeted, evidence-based rehabilitation, education and vocational training programs for people in custody or under community supervision; high quality assessment, sentence planning and case management to support reintegration into the community; and the design, oversight and implementation of strategic policies and projects, such as the 10by26 Strategy. Darian is committed to maintaining a gender responsive approach to the rehabilitation and reintegration of women, champions the Department's Veterans Strategy and leads on the Department's work with community partners and volunteers.

Prior to his appointment, Darian was the Executive Director of the Better Prisons Program which was a major reform initiative aimed at reducing reoffending and improving the quality, safety and efficiencies of the SA prison system.

Scharlene Lamont – Executive Director, Aboriginal Services Directorate

Ms Lamont is responsible for the development of strategies for working with Aboriginal prisoners and the Aboriginal community. This role is an important executive leadership support to Aboriginal staff across the agency and ensures that all policy, procedure and reform initiatives across the Department are considered in terms of their impact on Aboriginal offenders, their families and the community. Its significance was recognised through Scharlene's appointment as Executive Director on 15 February 2021.

Scharlene is committed to providing strong leadership and working towards the wellbeing and achievement of economic independence and equity for Aboriginal people by providing avenues for Aboriginal people to achieve and become the best that they can be.

She is a Kurna / Narungga woman and is the current Chairperson of National Aborigines and Islanders Day Observance Committee

(NAIDOC) SA.

Annette McKee – Executive Director, iSAFE & End-to-End Case Management

Annette was appointed to this role in February 2020.

Annette leads a major reform initiative aimed at improving security, reducing reoffending and protecting community by replacing existing ICT legacy systems with a system that will better support and enable effective and holistic end-to-end case management and involving a review of current Departmental case management practices and processes to provide more integrated and individualised offender management.

She has 18 years working in various SA Government departments joining DCS in 2014 as the Director Strategic Policy, Projects and Partnerships and has led a number of key strategic reform projects, including the Reducing Reoffending: 10by20 Strategy. Annette has held a various senior policy and project roles in Youth Justice, Asset and Facility Services and Information and Knowledge Management as well project and community development roles in the non-

Government sector.

Originally qualifying in education, she holds Masters qualifications in Knowledge Management and Program & Policy Evaluation, as well as certification in Prince2 and Managing Successful Programmes' methodologies.

Bill Kelsey – Executive Director, Office for Correctional Services Review

Mr William (Bill) Kelsey has been with DCS since January 2011 and is a member of the Executive Team. He was appointed to lead the Office for Correctional Services Review (OCSR) in October 2018, following a broad-ranging review of business processes across the Department. The OCSR provides assurance and analytical services to the Executive Team, as well as to key stakeholders, and supports the agency to drive professional standards and the highest levels of safety and security through prevention, detection, evaluation, education and collaboration.

Bill has been integral in changes to integrity and probity measures through legislative, policy, procedure and operational reform. He has also been a driver in the enhancements to the correctional intelligence framework, audit and risk management, key external stakeholder relationships and reporting requirements, and supporting the Executive Team and DCS more broadly through a key advisory role.

Bill has performed the role of Manager, Intelligence and Investigations, Director Ethics, Intelligence and Investigations, Director OCSR and Executive Director OCSR. Prior to joining the department, Bill had a 20-year career with the South Australian Police culminating as a detective, specialising in child abuse investigations and as an investigator with the Government Investigations Unit within the South Australian Crown Solicitor's Office.

Ryan Harber – Executive Director, Community Corrections & Specialist Prisons

Mr Harber was appointed to the position of Executive Director in July 2022, having previously acted in this position during 2019. Ryan has been with the Department for 19 years and has a wealth of experience in a variety of roles. He holds a Bachelor of Social Work, a Bachelor of Social Planning and a Graduate Certificate in Public Sector Management. Prior to commencing this role, Mr Harber was the Regional Director for Community Corrections Southern Region.

As Executive Director, Community Corrections & Specialist Prisons, Ryan is responsible for the effective and secure operation of the State's specialist prisons through the provision of strategic and dynamic leadership for the Adelaide Women's Prison (AWP) and Adelaide Pre-Release Centre (APC), Port Lincoln Prison (PLP) and Cadell Training Centre (CTC).

Within Community Corrections, Ryan is also responsible for the State's 15 Community Correctional Centres and is involved in the development and implementation of strategies and practices for the effective supervision of offenders on probation, parole, bail, community service, and home detention. Mr Harber has been instrumental in reforms to the Home Detention program and oversees Australia's largest CC Electronic Monitoring program.

Legislation administered by the agency

The activities of DCS are governed by various forms of legislation, with some legislation administered in conjunction with other public sector agencies.

Bail Act 1985

Children and Young People (Safety) Act 2017

Child Safety (Prohibited Persons) Act 2016

Community Based Sentences (Interstate Transfer) Act 2015

Correctional Services Act 1982

Criminal Law (High Risk Offenders) Act 2015

Equal Opportunity Act 1984

Freedom of Information Act 1991

Independent Commissioner against Corruption Act 2012

Industrial and Employee Relations Act 1994

International Transfer of Prisoners (South Australia) Act 1998

Intervention Orders (Prevention of Abuse) Act 2009

Mental Health Act 2009

Parole Orders (Transfer) Act 1983

Prisoners (Interstate Transfer) Act 1982

Public Finance and Audit Act 1987

Public Sector Act 2009

Public Sector (Honesty and Accountability) Act 1995

Public Sector Management Act 1995

Sentencing Act 2017

State Records Act 1997

Victims of Crime Act 2001

Work Health and Safety Act 2012

Other related agencies (within the Minister's area/s of responsibility)

Parole Board of South Australia

South Australia Police (SAPOL)

The agency's performance

Performance at a glance

Rehabilitation and Reparation

- Continued to lower the rate of re-offending.
- Partnered with TAFE SA and Carey Training to deliver a range of educational, vocational training and employment programs.
- Established formal partnerships with Aboriginal Family Support Services and the Nunga Mi:Minar (Northern Regional Domestic Violence and Aboriginal Family Violence Service).
- Completed an evaluation of the Work Ready, Release Ready program, which has accepted over 1,600 participants since inception.
- Delivered infrastructure for a correctional treatment unit at YLP to reduce re-offending.
- Announced the 20by26 target to further reduce recidivism 20 per cent by 2026.
- Undertook focused investment in the overall delivery of intensive behaviour change programs.
- Entered into an agreement with Kornar Winmil Yunti to support Aboriginal women and children impacted by family and domestic violence.
- Commenced system design, configuration and testing of a new iSAFE integrated offender management system.
- Received recognition at the Australian Institute of Criminology's Australian Crime and Violence Prevention Awards for best practice in the prevention and reduction of violence, through delivery of the *Our Way My Choice and Violence Prevention Program for Aboriginal Men*.

Custodial Services

- Completed and commissioned major capital works at YLP, including an additional 270 beds, an admission and visits centre, a new kitchen, and an analogue to digital electronic security upgrade.
- Completed and commissioned a reception and visits centre at AWP.
- Recruited an additional 125 trainee correctional officers to work across the prison system.
- Expanded the operational security unit with the addition of two specialist dog handlers and dogs.
- Strengthened security capability through infrastructure upgrades at YLP and AWP.
- Completed procurement and commenced development of a new electronic workforce management (rostering) system, as well as improving information compliance through the deployment of a new electronic document and records management system.

Community-Based Services

- Partnered with Catherine House to pilot a women's supported bail accommodation program.
- Piloted a northern women's community supervision unit in partnership with Relationships Australia.
- Embedded victim responsive practices through education and increased awareness regarding the views of victims and community safety.
- Partnered with the ADAC and its *Footsteps – Road to Recovery* program to ensure provision of support for Aboriginal offenders in regional and remote communities.
- Initiated the delivery of key actions within the Aboriginal workforce strategy to identify new Aboriginal community corrections positions.
- Evaluated phase 1 of the Lemongrass Place pilot program.
- Continued to link eligible offenders to the NDIS to support transition from custody and enhance community reintegration.

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- Achieved successful accommodation placements through the intensive housing program for people exiting custody.
- Finalised the home detention evaluation report.

Agency-specific objectives and performance

Agency objectives	Indicators / Performance measures	Performance
Rehabilitation & Reparation	<ul style="list-style-type: none"> • Offence-focused programs: % of offenders / prisoners successfully completing offence-focused programs • Educational / vocational programs: % of education and vocational programs successfully completed • Prisoner employment: % of eligible prisoners employed 	<ul style="list-style-type: none"> • Target 80% (Actual 84%) • Target 60% (Actual 87%) • Target 80% (Actual 75%)
Custodial Services	<p>No. of escapes (per annum):</p> <ul style="list-style-type: none"> • secure • open <p>Unnatural deaths in custody per 100 prisoners</p> <p>Assault* rates in custody per 100 prisoners, per quarter – averaged by quarter *(serious assaults, assaults and other assaults)</p>	<p>Target 0</p> <ul style="list-style-type: none"> • secure (Actual 0) • open (Actual 0) <p>Target 0 (Actual 0.03)</p> <p>Target < 5 (Actual 3.5)</p>
Community-based Services	<p>% of community-based orders completed successfully:</p> <ul style="list-style-type: none"> • community service • intensive bail supervision • home detention • bail supervision • parole • probation • % of court-ordered reports completed on time 	<ul style="list-style-type: none"> • Target 60% (Actual 62%) • Target 70% (Actual 87%) • Target 85% (Actual 83%) • Target 70% (Actual 82%) • Target 75% (Actual 81%) • Target 80% (Actual 78%) • Target 90% (Actual 87%)

Corporate performance summary

- Construction of an additional 270 beds and supporting infrastructure at YLP is complete with the operational commissioning expected by late-2023.
- Construction and commissioning of the new reception and visits centre at AWP is complete with both buildings fully operational.
- Commencement of construction of the CTC dairy, and scheduled for completion late-2023 with commissioning scheduled to commence early-2024.
- Design and documentation was finalised for the PAP Bluebush and Greenbush refurbishment with construction due to commence 2023-24.
- Design and documentation planning for Port Augusta Community Correctional Centre relocation has commenced with the construction to commence 2023-24.
- Design and documentation for upgrade to the YLP Laundry has been finalised with construction to occur early 2024, funding secured.
- Increased procurement spend by 175% vs 2021-22 with Aboriginal community-controlled organisations, across a diverse range of sectors including cleaning, waste management, printing, training, and drug and alcohol counselling.
- Increased its Aboriginal participation share of the Department's workforce from 5.01% in 2021-22 to 5.64% in 2022-23.

Employment opportunity programs

Program name	Performance
Skilling SA	<p>Whilst the Skilling SA initiative came to a close from 30 June 2022, the Department continued with its commitment in supporting the 17 graduates who commenced with DCS through Pathway 1.</p> <p>Of the 17 graduates, 12 successfully completed Certificate IV Project Management and were converted to ongoing with the Department. Remaining graduates continue to work towards completing their graduate arrangements.</p>
DCS Graduate Program	<p>In January 2023, the new DCS Graduate Program was established to attract new talent whilst providing an opportunity for individuals who have recently completed university, to enter the workforce.</p> <p>DCS recruited nine Graduate Officers across various disciplines and who commenced employment in 2022-23. All Graduates commenced in the DCS Graduate Development Program designed to attract, grow and retain high-performing and future-focused professionals to build high-performing teams.</p>
Aboriginal Traineeship Program	<p>The Aboriginal Traineeship Program provides Aboriginal people with the opportunity to start their career, undertake a pre-employment program and receive mentoring support while they complete a Certificate III Business Administration through Tauondi Aboriginal College.</p> <p>Seven trainees commenced with the Department as part of the Aboriginal Traineeship program.</p>
Trainee Correctional Officer Recruitment	<p>During 2022-23, 300 applications were processed with 162 positions offered for courses 203 to 209, inclusive. Of those positions, 59 offered were for regional areas. The Department continues to recognise the need to increase the focus of achieving gender equity in the custodial environment. As a result 38% were female recruits. The Department recruited 24 Aboriginal applicants and others of diverse ethnicity during this period (14.8% of the positions).</p>

Agency performance management and development systems

Performance management and development system	Performance
DCS' Performance Development Plan (PDP) process is a manual form process, with completions recorded in HR21 for all staff. The Learning Academy provides administrative support for operational staff to enter data onto HR21.	31.1% of staff have a current PDP recorded on the system (as at 30 June 2023).
Staff eligibility for Training	Staff eligibility for advanced training programs that provide opportunities for advancement and career progression, requires a valid PDP to be in place for the individual applicant.

Work health, safety and return to work programs

Program name	Performance
Rehabilitation Programs	<p>The Department noted a decrease in the number of workplace injury claims at 114 claims in 2022-23 (118 in 2021-22).</p> <p>Early intervention, effective claims management and the provision of return-to-work services continue to assist injured workers to recover and return to work in a safe and timely manner.</p> <p>Changes to the legislation, increased costs of gazetted rates, complexity of claims leading to an increased number of disputes, and the escalation of legal costs have contributed to the increase of workers compensation payments from \$2.3 million to \$3.2 million per annum.</p> <p>Lump-sum compensation payments for economic and non-economic loss has increased by 70% to \$2.9 million (\$2 million for 2021-22), noting the scheme average increased by 80.9% across the public sector.</p> <p>DCS noted a 10.1% increase in workers compensation liability from \$25 million (2021-22) to \$27.6 million. DCS' portion of total Scheme liability increased from 4.4% (2021-22) to 4.5% in 2022-23.</p> <p>In 2022-23, DCS had five known Serious Injured Workers claims. The liability has increased by 8% to \$15.9 million (\$14.8 million 2021-22).</p> <p>DCS liability for Additional Compensation has increased by 5.3% from \$4.6 million to \$4.8 million. This reflects the 'Incurred But Not Reported' (IBNR) projected liability for DCS.</p>
Internal WHS Audit Programs	Internal WHS Audits were undertaken at all prison sites covering SOPs and incidents, within the scope of Plant Management, Worksite Inductions, Injuries, Emergency Management, Manual Handling and Risk Management practices.
Food Safety Audit Program	Internal Food Safety audits were undertaken in all kitchen and stores areas where food products are handled or stored for distribution to prisoners. Improvement opportunities were documented and shared to the relevant sites including verbal consultation on the day of the audit. DCS undertook an external audit by a Total Quality Control Strategies (TQCS) auditor and maintained its Hazard Analysis and Critical Control Points (HACCP) accreditation.
Influenza Vaccination Program	An influenza vaccination program for 2023 was initiated across the agency, with 662 persons receiving a voluntary vaccination through Health and Immunisation Management Services (HAIMS). The impact of the vaccination program intends to increase employee health and reduce spreading of contagious illnesses across the agency.

Workplace injury claims	2022-23	2021-22	% Change (+ / -)
Total new workplace injury claims	114	118	-3.4%
Fatalities	0	0	-
Seriously injured workers*	0	0	-
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	29.3	27.17	+7.8%

*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)

Work health and safety regulations	2022-23	2021-22	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	19	11	+72.7%
Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	7	6	+16.7%

Return to work costs**	2022-23	2021-22	% Change (+ / -)
Total gross workers compensation expenditure (\$)	\$7,208,438	\$5,030,779	+43.3%
Income support payments – gross (\$)	\$3,270,584	\$2,304,526	+41.9%

**before third party recovery

Executive employment in the agency

Executive classification	Number of executives
CEO099	1
SAES1	12
SAES2	1

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

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2022-23 form an attachment to this report (Attachment 1.)

Statement of Comprehensive Income	2022-23 Revised Budget \$000s	2022-23 Actual \$000s	Variation \$000s	2021-22 Actual \$000s
Total Income	390,439	392,777	2,338	432,336
Total Expenses	379,578	388,679	9,101	365,634
Net Result	10,861	4,098	(6,763)	66,702
Changes to asset revaluation reserve	—	165,149	165,149	—
Total Comprehensive Result	10,861	169,247	158,386	66,702

DCS recorded a total comprehensive result of \$169.2 million. The result is \$158.4 million favourable when compared with the 2022-23 budget.

The total comprehensive result includes the impact of the revaluation of non-current assets which occurred in 2022-23. This resulted in an increase of \$165.1 million to the revaluation surplus when compared to the previous financial year.

Statement of Financial Position	2022-23 Revised Budget \$000s	2022-23 Actual \$000s	Variation \$000s	2021-22 Actual \$000s
Current assets	98,742	103,044	4,302	120,642
Non-current assets	884,972	1,034,049	149,077	849,422
Total assets	983,714	1,137,093	153,379	970,064
Current liabilities	60,786	53,422	(7,364)	58,499
Non-current liabilities	64,123	65,596	1,473	63,627
Total liabilities	124,909	119,018	(5,891)	122,126
Net assets	858,805	1,018,075	159,270	847,938
Equity	858,805	1,018,075	159,270	847,938

Net assets increased from \$847.9 million to \$1.0 billion reflecting the completion of the Yatala Labour Prison 270-bed expansion and an upward revaluation of land and buildings.

Consultants' disclosure

Nil - not applicable.

Contractors' disclosure

The following (overleaf) is a summary of external contractors engaged by the Department, the nature of work undertaken, and actual payments made for work undertaken during 2022-23.

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

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$5,704.17

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

Contractors	Purpose	\$ Actual payment
Talent International (SA) Pty Ltd	Specialist Information Technology staff for the iSAFE project	\$ 465,961.14
Akkodis Australia Talent (previously named Modis Staffing Pty Ltd)	Specialist Information Technology staff for the iSAFE project	\$ 374,136.65
Randstad Pty Ltd	Specialist Information Technology staff for the iSAFE project	\$ 244,625.44
Hays Specialist Recruitment (Australia) Pty	Specialist Information Technology staff for Information Technology project management and Information Technology Help Desk	\$ 224,940.22
VIQ Solutions Pty Ltd	Specialist staff for the provision of transcription services for the Parole Board of South Australia	\$ 131,228.00
Paxus Australia Pty Ltd	Specialist Information Technology staff for Information Technology Help Desk	\$ 88,121.25
MEGT Australia Ltd	Specialist Information Technology staff for Information Technology Help Desk	\$ 72,165.02
Your Nursing Agency Pty Ltd	Provision of health, personal and nursing care services to prisoners	\$ 21,287.06
	Total	\$ 1,622,464.78

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector. The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts.](#)

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

Other information

Nil

Risk management

Risk and audit at a glance

The Risk and Performance Committee supports the Chief Executive in meeting the risk management principles applicable to the South Australian Public Sector. This is achieved through the provision of objective oversight and assessment of the Department's ability to deliver its strategic objectives.

OCSR's Audit, Risk & Investigations group monitors operational compliance and prison performance across community-based and custodial environments through a framework of performance audits. It also monitors the Department's risk profile at operational and enterprise level (prisons and offices), through a suite of Risk Registers and reviews.

Regular compliance checks and audits are undertaken in relation to the Operational Compliance Framework and the Prison Performance Framework. The Audit, Risk & Investigations group supports both frameworks through the coordination and publication of monthly reports. Prison Performance arrangements are reviewed quarterly at performance meetings with enterprise level representatives and the Chief Executive, providing further assurance that the proper controls, governance and risk management processes are in place.

Special audits are undertaken in relation to specific areas of risk identified through regular feedback from operational areas, central business units and the Executive.

Fraud detected in the agency

Category / nature of fraud	Number of instances
Misuse of Justice Information System	9

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

Strategies implemented to control and prevent fraud

The Department has a suite of policies and procedures to support the control and prevention of fraud. The table below identifies documentation in place to support management.

Policy		Standard Operating procedure		Guideline	
00	Employee conduct	069	Fraud and corruption reporting	23	Employee misconduct
45	Conflict of interest	105	Conflict of interest	29	Public interest disclosure
52	Public interest disclosure	N/A			
56	Anti-corruption and Integrity				
65	Designated positions				
75	Removal and reassignment under the CS Act				

Policy 56 – Anti-corruption and Integrity, commits DCS to establishing programs and processes which encourage and facilitate the prevention, detection, investigation and reporting of corruption, misconduct and maladministration. In addition, complaints in relation to alleged corruption, misconduct and maladministration are assessed weekly by the Department's Complaints Assessment Panel. It assesses complaints, either for referral to an oversight agency where serious and intentional, or for investigation by the Audit, Risk and Investigations group or by site for the provision of advice to the Chief Executive.

In addition to these Department-specific documents, the Department relies on the whole of government *Code of Ethics for the South Australian Public Service*, which is underpinned by the *Public Sector Act, 2009* and the *Public Sector (Honesty and Accountability) Act, 1995*.

As a public sector agency, the Department is also bound by the directions and guidelines of the Office for Public Integrity, underpinned by the *Independent Commission Against Corruption Act, 2012* and the directions and guidelines of the South Australian Ombudsman, underpinned by the *Ombudsman Act, 1972*.

Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*:

Nil

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

Reporting required under any other act or regulation

Act or Regulation	Requirement
<i>Freedom of Information Act 1991</i>	State Records collects <i>FOI</i> statistics from all agencies subject to the <i>FOI Act</i> . Section 54 of the <i>FOI Act</i> requires the Minister responsible for administering the Act (the Minister) to prepare an annual report no later than 31 October each year. Section 54AA requires all agencies subject to the <i>FOI Act</i> to 'furnish to the Minister information to allow the annual report to be completed. The Minister must give notice in the Government Gazette of the information to be provided and how it is to be reported.
Act or Regulation	Requirement
National Redress Scheme for <i>Institutional Child Sexual Abuse Act 2018</i>	Each institution participating in the Scheme is legislatively required to submit annual reports on Direct Personal Response annual reporting (DPR) to the Scheme Operator (Department of Social Services) at the end of each financial year.

Act or Regulation	Requirement
<i>Correctional Services Act 1982</i>	Section 37 – Search of prisoners
Pursuant to Section 37 (1a) of the Act, the manager of a correctional institution may cause a prisoner's belongings to be searched for the purpose of detecting prohibited items. In this regard, General Managers of the State's prisons reported that over 88,000 searches were conducted on prisoners, prisoner areas and their cells and property throughout the State's prisons during 2022-23. During these searches, over 900 prohibited items were detected.	

Act or Regulation	Requirement
<i>Correctional Services Act 1982</i>	Section 85B – Power of search and arrest of non-prisoners
When there is sufficient evidence to suggest an attempted introduction of contraband, a visitor may be detained (for an average duration of approximately 15 minutes) whilst being searched. Visitors who may present as a threat to the good order and safety of a correctional facility may have a visit restriction applied for a specified period pursuant to Section 34 of the <i>Correctional Services Act 1982</i> .	
Prisoner visits in 2022-23 <ul style="list-style-type: none"> Total visit sessions 40,274 Total visitor numbers 42,305 Visitors banned 116 Visitors detained and searched 2,174 	

Reporting required under the *Carers' Recognition Act 2005*

Not applicable.

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Number of Complaints 2022-23
Conduct	Conduct complaints relevant to professional conduct standards, handling of official information and unethical behaviour	13

Prisoner Complaints

Complaint categories	Number of Complaints 2022-23
Property	2
Procedure	16
Medical	5
Placement	1
Finance	1
Conduct	55

Service Improvements

The Department for Correctional Services aims to provide a transparent, accessible, efficient, fair and accountable complaints handling system across for prisoners, offenders and members of the public, encouraging feedback to allow for opportunities to improve the quality of services and responses.

The Department's Complaints Management process provides a step-by-step prisoner and offender grievance model which aims to achieve a satisfactory resolution at the first point of contact. This includes the Prisoner Complaint and Advice Line (PCAL), a telephone service which provides advice and information in response to concerns raised by prisoners and offenders.

In line with PC039 - Complaint Management in the South Australian Public Sector, the Department continues to assess the performance of the current Complaint Management Systems in place to identify trends, measure service quality and develop service improvements.

Compliance Statement

The Department for Correctional Services is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector.	Y
The Department for Correctional Services has communicated the content of PC 039 and the Agency's related complaints policies and procedures to employees.	Y

Appendix: Audited financial statements 2022-23



Our ref: A23/047

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200 Victoria Square
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Mr D Brown
Chief Executive
Department for Correctional Services
Level 2
400 King William Street
ADELAIDE SA 5000
email: David.Brown3@sa.gov.au

Dear Mr Brown

Audit of the Department for Correctional Services for the year to 30 June 2023

We have completed the audit of your accounts for the year ended 30 June 2023. Two key outcomes from the audit are the:

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

1 Independent Auditor's Report

We are returning the financial report for the Department for Correctional Services, with the Independent Auditor's Report. This report is unmodified.

The *Public Finance and Audit Act 1987* allows me to publish documents on the Auditor-General's Department website. The enclosed Independent Auditor's Report and accompanying financial report will be published on that website on Tuesday 17 October 2023.

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

2 Audit management letters

During the year, we sent you audit management letters detailing the weaknesses we noted and improvements we considered you need to make including matters we considered in forming our collective opinion on financial controls required by the *Public Finance and Audit Act 1987*.

Significant matters related to asset management controls and contract management of third party data security.

We have received responses to our letters and will follow these up in the 2023-24 audit.

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

What the audit covered

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

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

- fixed assets, including major projects
- payroll and employee benefits
- supplies and services expenditure, including significant contracts
- cash
- revenue (appropriations)
- general ledger functions
- contract management of third party data security.

Particular attention was given to the revaluation of land and buildings as at 30 June 2023, including the methods used in determining the value and the quality of disclosures in the financial report. We concluded that the financial report was prepared in accordance with the financial reporting framework in this respect.

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

Yours sincerely



Andrew Richardson
Auditor-General

21 September 2023

enc

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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To the Chief Executive Department for Correctional Services

Opinion

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

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Correctional Services as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with the relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chief Executive and the Executive Director, People & Business Services.

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 Department for Correctional Services. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

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



Andrew Richardson
Auditor-General

21 September 2023

Department for Correctional Services

Financial Statements

For the year ended 30 June 2023

Department for Correctional Services
Statement of Certification
For the year ended 30 June 2023

Certification of the Financial Statements

We certify that the:

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



David Brown
Chief Executive

13 September 2023



Chris Sexton
Executive Director, People & Business
Services

13 September 2023

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

	Note	2023 \$'000	2022 \$'000
Income			
Appropriation	2.1	376 426	415 883
Sale of goods	2.2	7 121	7 020
Grants, subsidies and transfers	2.3	1 992	3 193
Resources received free of charge	2.4	2 148	1 996
Prisoner telephone receipts		1 863	1 854
Other income	2.5	940	717
Salaries and goods and services recoups		2 286	1 673
Interest revenue		1	-
Total income		392 777	432 336
Expenses			
Employee benefits expenses	3.3	214 150	199 558
Supplies and services	4.1	146 772	139 349
Depreciation and amortisation	5.1	21 985	21 373
Payments to prisoners		4 716	4 527
Grants and subsidies		330	262
Borrowing costs		204	188
Net loss from disposal of non-current assets	4.2	20	11
Other expenses		502	366
Total expenses		388 679	365 634
Net result		4 098	66 702
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes to asset revaluation reserve		165 149	-
Total other comprehensive income		165 149	-
Total comprehensive result		169 247	66 702

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

Department for Correctional Services
Statement of Financial Position
As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.1	95 476	112 279
Receivables	6.2	5 300	6 233
Inventories	5.7	2 268	2 130
Total current assets		103 044	120 642
Non-current assets			
Property, plant and equipment	5.1	1 022 963	698 509
Capital works in progress	5.4	7 985	147 812
Intangible assets	5.5	2 593	2 593
Biological assets	5.6	508	508
Total non-current assets		1 034 049	849 422
Total assets		1 137 093	970 064
Current liabilities			
Payables	7.1	26 528	32 825
Employee benefits	3.4	20 687	19 971
Provisions	7.3	4 804	4 222
Financial liabilities	7.2	1 403	1 481
Total current liabilities		53 422	58 499
Non-current liabilities			
Payables	7.1	2 917	2 821
Employee benefits	3.4	26 915	27 126
Provisions	7.3	27 651	25 446
Financial liabilities	7.2	8 113	8 234
Total non-current liabilities		65 596	63 627
Total liabilities		119 018	122 126
Net assets		1 018 075	847 938
Equity			
Retained earnings	8.1	304 784	299 984
Prisoner amenities reserve	8.1	366	178
Asset revaluation surplus	8.1	547 457	382 308
Contributed capital	8.1	165 468	165 468
Total equity		1 018 075	847 938

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

Department for Correctional Services
Statement of Changes in Equity
For the year ended 30 June 2023

		Prisoner amenities reserve	Asset revaluation surplus	Contributed capital	Retained earnings	Total equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		175	382 308	165 468	233 290	781 241
Prior period adjustments		-	-	-	(5)	(5)
Adjusted balance at 1 July 2021		175	382 308	165 468	233 285	781 236
Net result for 2021-22		-	-	-	66 702	66 702
Total comprehensive result for 2021-22		-	-	-	66 702	66 702
Net changes in reserves		3	-	-	(3)	-
Balance at 30 June 2022		178	382 308	165 468	299 984	847 938
Prior period adjustments	8.1	140	-	-	750	890
Adjusted balance at 1 July 2022		318	382 308	165 468	300 734	848 828
Net result for 2022-23		-	-	-	4 098	4 098
Gain on revaluation of land and buildings during 2022-23		-	164 997	-	-	164 997
Gain on revaluation of bearer plants during 2022-23		-	152	-	-	152
Total comprehensive result for 2022-23		-	165 149	-	4 098	169 247
Net changes in reserves		48	-	-	(48)	-
Balance at 30 June 2023		366	547 457	165 468	304 784	1 018 075

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

Department for Correctional Services
Statement of Cash Flows
For the year ended 30 June 2023

		2023 (Outflows) Inflows \$'000	2022 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash inflows			
Appropriation		376 426	415 889
Receipts from sale of goods		7 121	7 020
Receipts from grants, subsidies and transfers		1 992	3 193
Interest received		1	-
Prisoner telephone receipts		1 863	1 854
GST recovered from the ATO		17 339	22 470
Other receipts		3 568	3 597
Cash generated from operations		408 310	454 023
Cash outflows			
Employee benefit payments		(209 317)	(209 108)
Supplies and services		(161 409)	(142 434)
Prisoner payments		(4 716)	(4 527)
Grants and subsidies		(330)	(262)
Interest paid		(204)	(188)
Other payments		(622)	(436)
Cash used in operations		(376 598)	(356 955)
Net cash provided by operating activities	8.2	31 712	97 068
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of property, plant and equipment		-	1
Cash generated from investing activities		-	1
Cash outflows			
Purchase of property, plant and equipment		(46 936)	(134 201)
Cash used in investing activities		(46 936)	(134 201)
Net cash used in investing activities		(46 936)	(134 200)
Cash flows from financing activities			
Cash outflows			
Repayment of principal portion of lease liabilities		(1 579)	(1 471)
Cash used in financing activities		(1 579)	(1 471)
Net cash used in financing activities		(1 579)	(1 471)
Net (decrease)/increase in cash and cash equivalents		(16 803)	(38 603)
Cash and cash equivalents at the beginning of the reporting period		112 279	150 882
Cash and cash equivalents at the end of the reporting period	6.1	95 476	112 279

The accompanying notes form part of these financial statements.

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

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

1. About the Department for Correctional Services

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

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

The Department administers, but does not control, the Victims of Crime Levy on behalf of the Attorney-General, the Mobilong Inmate Charity Fund, Appropriations from Special Acts for the Minister's salary and the Prisoner Compensation Quarantine Fund. Transactions and balances relating to the administered activities are not recognised as the Department's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules at Note 11.

1.1. Basis of preparation

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

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

The financial statements are prepared based on a 12 month period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

Material accounting policy information is set out throughout the notes.

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

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

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

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.

No Australian Accounting Standards have been early adopted other than AASB 2021-2 which was adopted from 1 July 2021.

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

1.2. Objectives and programs

The Department's objectives are:

- to contribute to a safer community by working in partnership with other criminal justice organisations and the community to prevent crime and reduce repeat offending; and
- to safely, securely and humanely manage people ordered by the courts to serve a community based or prison sanction and provide them with opportunities to lead law-abiding productive lives.

The Department undertakes the following programs:

- Custodial Services - The Department provides secure containment and supervision for adults on remand and those sentenced by the courts to serve a custodial sanction. The Custodial Services program includes costs associated with operating the State's prison system, the humane treatment of prisoners while in custody and the secure movement of prisoners.
- Community Based Services - The Department case manages and supervises offenders in a community based setting as required by an order of the court or Parole Board.
- Rehabilitation and Reparation Services - The Department provides a range of offender related and offence specific programs which address offending behaviours and social disadvantage.
- General / Not Attributable - Certain assets and liabilities of the Department are unable to be allocated reliably to activities.

The program schedules present income, expenses, assets and liabilities information attributable to each of the activities for the years ended 30 June 2022 and 30 June 2023.

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

1.2. Objectives and programs (continued)

Income and expenses by program for the year ended 30 June

	Custodial Services			Community Based Services			Rehabilitation and Reparation Services			Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Income											
Appropriation	273 913	303 710	55 175	62 360	47 338	49 813	376 426	415 883			
Sale of goods	821	799	-	-	6 300	6 221	7 121	7 020			
Grants, subsidies and transfers	742	1 540	251	417	999	1 236	1 992	3 193			
Resources received free of charge	1 534	1 429	315	299	299	268	2 148	1 996			
Prisoner telephone receipts	1 863	1 854	-	-	-	-	1 863	1 854			
Other income	629	385	(18)	41	329	291	940	717			
Salaries and goods and services recoups	375	81	1 723	1 575	188	17	2 286	1 673			
Interest revenue	1	-	-	-	-	-	1	-			
Total income	279 878	309 798	57 446	64 692	55 453	57 846	392 777	432 336			
Expenses											
Employee benefit expenses	136 934	127 930	40 425	38 231	36 791	33 397	214 150	199 558			
Supplies and services	116 503	110 210	15 003	15 246	15 266	13 893	146 772	139 349			
Depreciation and amortisation	19 788	19 306	1 311	1 205	886	862	21 985	21 373			
Payments to prisoners	3 866	3 807	-	-	850	720	4 716	4 527			
Grants and subsidies	-	-	-	-	330	262	330	262			
Borrowing costs	14	9	187	177	3	2	204	188			
Net loss from disposal of non-current assets	20	11	-	-	-	-	20	11			
Other expenses	498	366	-	-	4	-	502	366			
Total expenses	277 623	261 639	56 926	54 859	54 130	49 136	388 679	365 634			
Net result	2 255	48 159	520	9 833	1 323	8 710	4 098	66 702			

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

1.2. Objectives and programs (continued)

Assets and liabilities by program as at 30 June

	Custodial Services			Community Based Services			Rehabilitation and Reparation Services			General / Not Attributable			Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current assets														
Cash and cash equivalents	7	10	3	4	-	-	-	-	95 466	112 265	95 476	112 279	95 476	112 279
Receivables	220	347	-	-	-	-	-	-	5 080	5 886	5 300	6 233	5 300	6 233
Inventory	334	441	-	-	1 622	1 308	381	2 268	2 130					
Total current assets	561	798	3	4	1 622	1 308	100 858	118 532	103 044	120 642				
Non-current assets														
Property, plant and equipment	984 184	664 632	21 776	19 071	15 490	13 289	1 513	1 517	1 022 963	698 509				
Capital works in progress	7 607	147 032	273	44	-	-	105	736	7 985	147 812				
Intangible assets	2 593	2 593	-	-	-	-	-	-	2 593	2 593				
Biological assets	-	-	-	-	508	508	-	-	508	508				
Total non-current assets	994 384	814 257	22 049	19 115	15 998	13 797	1 618	2 253	1 034 049	849 422				
Total assets	994 945	815 055	22 052	19 119	17 620	15 105	102 476	120 785	1 137 093	970 064				
Current liabilities														
Payables	18 981	25 202	1 766	1 318	554	1 268	5 227	5 037	26 528	32 825				
Employee benefits	13 228	12 803	3 905	3 826	3 554	3 342	-	-	20 687	19 971				
Provisions	3 072	2 707	907	809	825	706	-	-	4 804	4 222				
Financial liabilities	391	505	936	882	76	94	-	-	1 403	1 481				
Total current liabilities	35 672	41 217	7 514	6 835	5 009	5 410	5 227	5 037	53 422	58 499				
Non-current liabilities														
Payables	2 081	2 165	194	113	61	109	581	434	2 917	2 821				
Employee benefits	17 210	17 389	5 081	5 197	4 624	4 540	-	-	26 915	27 126				
Provisions	17 681	16 312	5 219	4 875	4 751	4 259	-	-	27 651	25 446				
Financial liabilities	401	320	7 634	7 854	78	60	-	-	8 113	8 234				
Total non-current liabilities	37 373	36 186	18 128	18 039	9 514	8 968	581	434	65 596	63 627				
Total liabilities	73 045	77 403	25 642	24 874	14 523	14 378	5 808	5 471	119 018	122 126				
Net assets	921 900	737 652	(3 590)	(5 755)	3 097	727	96 668	115 314	1 018 075	847 938				

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

1.3. Budget performance

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

For year ending 30 June 2023

	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Statement of Comprehensive Income			
Income			
Appropriation	370 762	376 426	5 664
Sale of goods	8 603	7 121	(1 482)
Grants, subsidies and transfers	475	1 992	1 517
Resources received free of charge	-	2 148	2 148
Prisoner telephone receipts	1 907	1 863	(44)
Other income	125	940	815
Salaries and goods and services recoups	1 359	2 286	927
Interest revenue	-	1	1
Total income	383 231	392 777	9 546
Expenses			
Employee benefit expenses	205 833	214 150	8 317
Supplies and services	134 229	146 772	12 543
Depreciation and amortisation	23 457	21 985	(1 472)
Payments to prisoners	5 270	4 716	(554)
Grants and subsidies	579	330	(249)
Borrowing costs	314	204	(110)
Net loss from disposal of non-current assets	-	20	20
Other expenses	873	502	(371)
Total expenses	370 555	388 679	18 124
Net result	12 676	4 098	(8 578)
Other comprehensive income			
<i>Items that will not be reclassified to net results</i>			
Changes in asset revaluation surplus	a -	165 149	165 149
Total other comprehensive income	-	165 149	165 149
Total comprehensive result	12 676	169 247	156 571

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

- a) The asset revaluation was not budgeted for, refer to note 10.2 for details.

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

1.3. Budget performance (continued)

	Original budget	Actual	Variance
	2023	2023	
	\$'000	\$'000	\$'000
Investing expenditure summary			
Total new projects	2 400	3 318	(918)
Total existing projects	16 444	33 389	(16 945)
Total Annual Programs	4 798	3 400	1 398
Total investing expenditure	23 642	40 107	(16 465)

Total new projects

- The original budget of \$2.4 million for new projects is for the Cadell Training Centre Dairy redevelopment which was an approved transfer from the Annual Programs budget in 2021-22. A further \$1.8 million was transferred from Annual Programs to this project during 2022-23 and is reflected in the revised budget.

Total existing projects

- Expenditure on major projects was \$16.9 million higher than the original budget primarily due to cash flow timing of the Yatala Labour Prison 270 bed expansion (\$14.2 million) and the Adelaide Women's Prison reception and visits centre upgrade (\$10.6 million). The original budget does not reflect the 2021-22 year-end carryovers for these projects.

Total Annual Programs

- The variance is primarily due to the original budget not including the transfer of an additional \$1.8 million from Annual Programs to major projects for the Cadell Training Centre Dairy redevelopment.

1.4. Significant transactions with government related entities

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

- lease payments relate to motor vehicles supplied by Fleet SA, and
- 100% of accommodation service payments to the Department for Infrastructure and Transport (DIT). The expenses for these items are listed in Note 4.1.

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

2. Income

2.1. Appropriation

	2023	2022
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	370 762	412 822
Appropriation from the Governor's Appropriation Fund	5 663	3 061
Other revenues from the Consolidated Account	1	-
Total Appropriation	376 426	415 883

Appropriation revenue is recognised on receipt.

Appropriation revenue consists of \$348.80 million (2022: \$344.97 million) for operational funding and \$27.63 million (2022: \$71.29 million) for capital projects. This appropriation comprises money issued and applied to the Department pursuant to Schedule 1 of the *Appropriation Act*.

2.2. Sale of goods

	2023	2022
	\$'000	\$'000
Sale of goods produced by prisoners - other	2 988	2 986
Sale of goods produced by prisoners - kitchen	22	19
Canteen sales	4 111	4 015
Total sale of goods	7 121	7 020

Revenue from the sale of goods produced by prisoners to the public is recognised at a point in time when the Department satisfies its performance obligations by transferring the goods to the customer. Allowances are paid to prisoners for participating in producing goods for sale.

Revenue from canteen sales of general goods to prisoners is recognised at a point in time when the prisoners purchase the goods.

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

2.3. Grants, subsidies and transfers

	2023	2022
	\$'000	\$'000
Commonwealth revenue	836	852
SA Government grants	601	2 341
Recovery from the Department of Treasury and Finance (DTF) for TVSPs	555	-
Total grants, subsidies and transfers	1 992	3 193

Commonwealth-sourced grants and funding revenues are recognised on receipt.

Commonwealth revenue was received for Cross Borders Family Violence Program and the Disability Safeguarding Pilot Project.

SA Government grants, subsidies and transfers are recognised as income on receipt.

2.4. Resources received free of charge

	2023	2022
	\$'000	\$'000
Services received free of charge - Shared Services SA	1 862	1 739
Services received free of charge - Department of the Premier and Cabinet	286	257
Total resources received free of charge	2 148	1 996

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

The Department receives Financial Accounting, Taxation, Payroll, Accounts Payable, and Accounts Receivable services from Shared Services SA free of charge. ICT services and media monitoring services (from 2022-23), valued at \$263 000 (\$257 000) and \$23 000 respectively, are provided free of charge from the Department of the Premier and Cabinet following Cabinet's approval to cease intra-government charging.

2.5. Other income

	2023	2022
	\$'000	\$'000
Revenue from recoveries external	619	193
Internally generated assets	123	210
Revenue from recoveries SA Government	15	134
Other	183	180
Total other income	940	717

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

3. Boards, Committees and Employees

3.1. Key management personnel

Key management personnel of the Department include the Minister for Correctional Services, the Chief Executive and the seven members of the Executive Team who have responsibility for the strategic direction and management of the Department.

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

	2023	2022
Compensation	\$'000	\$'000
Salaries and other short-term employee benefits	1 908	1 623
Post-employment benefits	227	196
Other long-term employment benefits	-	4
Total compensation	2 135	1 823

Transactions with key management personnel and other related parties

The Department did not enter into any transactions with key management personnel or their close family members during the reporting period.

3.2. Boards and committee members

Members during the 2023 financial year were:

Parole Board of South Australia

Frances Nelson KC (Presiding Member) (reappointed Dec 2022)
William Boucaut KC (First Deputy Presiding Member) (reappointed Dec 2022)
Nicholas Floreani (Second Deputy Presiding Member) (reappointed Dec 2022)
Kevin Hill
Nora Bloor (appointment expired Dec 2022)
Garth Dodd (reappointed Dec 2022)
Denis Edmonds (ceased membership Dec 2022)
Janina Gipslis (Deputy Member) (appointed Mar 2023)

Andrew Kyprianou

Susan MacDonald * (reappointed Dec 2022)

Katherine McLachlan

Dr Maria Naso *

Vanessa Swan (reappointed Mar 2023)

Trevor Lovegrove * (reappointed Mar 2023)

Gregory May (Deputy Member) (appointed Mar 2023)

Parole Administrative Review Commissioner

Hon. David Bleby KC (appointment expired Sept 2022)
Hon. Michael David KC (appointed Oct 2022)

Serious Offender Committee

Darian Shephard -Bayly * (Co-Chair)
Ryan Harber * (Co-Chair) (appointed July 2022)
Jane Farrin * (Co-Chair) (appointed July 2022)
Darren Hosking * (Co-Chair) (resigned July 2022)
Henry Pharo * (Co-Chair) (resigned July 2022)
Rachel Court * (resigned July 2022)
Michael Dent *
Melissa Gibbs *
Jamie Goldsmith * (resigned July 2022)
Belinda Hirschbichler * (resigned July 2022)

Rebecca Hughes * (resigned July 2022)
David Lodge * (appointed July 2022)
Rowan Walling * (appointed July 2022)
Charles Jackson * (resigned July 2022)
Kymberly McKay * (resigned July 2022)
Emma Roesch * (resigned July 2022)
Scott Simpson * (resigned July 2022)
Luci Lovelock (Relationships Australia)
Sophie McEvoy (Relationships Australia)
Judy Cole *

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

3.2. Boards and committee members (continued)

Serious Offender Committee (continued)

Andy Mangel * (resigned July 2022)
Luke Smith *
Ben Everitt * (resigned July 2022)
Paul Oldacre * (appointed July 2022)
Kim Nejman * (appointed July 2022)
Angela Giles * (appointed July 2022)
Tara Liddy * (appointed July 2022)
Renee Pietrosanti * (appointed July 2022)
Taylor Swain * (appointed July 2022)
Frank McCann * (appointed July 2022)
Memoona Rafique (Relationships Australia) (resigned July 2022)

Sheena McMullen * (resigned July 2022)
Chantal Henley * (resigned July 2022)
Natalie Giles * (resigned July 2022)
Hayden Brooker * (appointed July 2022)
Clinton Bennell * (appointed July 2022)
Erica Harvey * (appointed July 2022)
Stephanie Flint * (appointed July 2022)
Rebecca Lofthouse * (appointed July 2022)
Tegan Cotton * (appointed July 2022)
Shakila Williams *

Risk and Performance Committee

Bret Morris * (Independent Chairperson)
Julie-Anne Burgess *
Ryan Harber *
Kate Muslera * (appointed May 2023)

Lea Hague * (resigned May 2023)
Annette McKee *
Jan Shuard

ICAC Executive Oversight Committee

Jan Shuard (Chair)
David Brown * (Deputy Chair)
Jodeen Carney *
Erma Ranieri *
Loretta Romeo * (appointed July 2022)

Martyn Campbell * (resigned Feb 2023)
Hayley Mills *
Scharlene Lamont *
Kristen Walter * (resigned July 2022)

* In accordance with the Premier and Cabinet Circular No.016, these government employees did not receive any remuneration for board/committee duties during the financial year; the exception is the Parole Board whereby government employees are also remunerated.

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

3.2. Boards and committee members (continued)

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

	2023	2022
\$0 - \$19 999	67	76
\$20 000 - \$39 999	3	1
\$40 000 - \$59 999	1	-
\$60 000 - \$79 999	6	7
\$100 000 - \$119 999	-	2
\$140 000 - \$159 999	2	-
\$180 000 - \$199 999	-	1
\$220 000 - \$239 999	1	-
Total number of members	80	87

The total remuneration received or receivable by members was \$1.132 million (2022: \$0.959 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, and fringe benefits and any related fringe benefits tax paid.

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

3.3. Employee benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	155 291	152 656
Employment on-costs - superannuation ⁽¹⁾	17 764	16 173
Annual leave	17 074	16 452
Employment on-costs - payroll tax	9 627	9 149
Workers compensation ⁽²⁾	8 471	3 714
Long service leave	3 318	(213)
Board and committee fees ⁽³⁾	1 027	875
Skills and experience retention leave	666	579
Targeted voluntary separation packages	553	608
Additional compensation ⁽²⁾	243	(598)
Fringe benefits tax	116	163
Total employee benefits expenses	214 150	199 558

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

⁽¹⁾ The superannuation employment on-cost charge represents the Department's contributions to superannuation plans in respect of current services of current employees. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

⁽²⁾ Includes the movement in workers compensation liability of \$2.54 million (2022: (\$1.60) million) and additional compensation of \$0.24 million (2022: (\$0.60) million) resulting from the annual actuarial assessment (refer also to Note 7.3).

⁽³⁾ Excludes superannuation.

Remuneration of employees

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

	Executive		Employees		Total	
	2023	2022	2023	2022	2023	2022
The number of employees whose remuneration received or receivable falls within the following bands:						
\$157 001 to \$160 000 *	N/A	-	N/A	5	N/A	5
\$160 001 to \$180 000	2	-	14	18	16	18
\$180 001 to \$200 000	1	-	4	3	5	3
\$200 001 to \$220 000	7	4	1	-	8	4
\$220 001 to \$240 000	2	5	1	1	3	6
\$260 001 to \$280 000	-	1	-	-	-	1
\$280 001 to \$300 000	-	1	-	-	-	1
\$300 001 to \$320 000	2	-	-	-	2	-
\$400 001 to \$420 000	-	1	-	-	-	1
\$420 001 to \$440 000	1	-	-	-	1	-
Total	15	12	20	27	35	39

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

The total remuneration received by these employees for the year was \$7.06 million (2022: \$7.60 million).

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

3.3. Employee benefits expenses (continued)

Targeted voluntary separation packages (TVSP) / Public Sector Workforce Rejuvenation Scheme

During the year 5 employees received a TVSP (2022: 15). All TVSPs for 2022 were made under the Public Sector Workforce Rejuvenation Scheme.

	2023	2022
	\$'000	\$'000
Amount paid to separated employees:		
TVSP / Public Sector Workforce Rejuvenation Scheme	553	1 065
Leave paid to separated employees	138	529
Recovery from DTF	(555)	-
Net cost to the Department	136	1 594

3.4. Employee benefits liability

	2023	2022
	\$'000	\$'000
Current		
Annual leave	16 276	15 483
Accrued salaries and wages	268	653
Long service leave	3 579	3 311
Skills and experience retention leave	560	520
Unclaimed salaries and wages	4	4
Total current employee benefits	20 687	19 971
Non-current		
Long service leave	23 747	24 284
Annual leave	2 964	2 653
Skills and experience retention leave	204	189
Total non-current employee benefits	26 915	27 126
Total employee benefits	47 602	47 097

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

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

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

The annual leave liability and the SERL liability is generally expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid, amounts expected to be payable beyond 12 months are classified as non-current. The salary inflation rate applied to the annual leave and SERL liabilities increased to 2% in 2023 from 1.5% in 2022.

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 of sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as Note 10.1.

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

4. Expenses

4.1. Supplies and services

	2023	2022
	\$'000	\$'000
Contracts	63 536	61 236
Accommodation	15 058	14 354
Offender related costs	12 869	12 259
Information technology and communication charges	8 864	8 186
Utilities	8 816	8 397
Fees	8 275	8 948
Minor works, maintenance and equipment	5 707	5 000
Cost of goods sold - canteen sales	3 735	3 623
Insurance charges	2 830	2 364
Cost of goods sold - sale of goods produced by prisoners	2 828	2 938
Staff related costs	2 779	2 314
Travel expenses	2 397	1 358
Shared Services SA processing	1 918	1 773
Contracted staff	1 628	1 270
Materials and consumables	687	747
WHS expenses	328	750
Low-value leases	82	55
Short-term leases	-	9
Sundry other expenses ⁽¹⁾	4 435	3 768
Total supplies and services	146 772	139 349

⁽¹⁾ Includes audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$0.167 million (2022: \$0.165 million). No other services were provided by the Auditor-General's Department.

Contracts

The main contracts for the Department include management of the operations of Mount Gambier Prison and the Adelaide Remand Centre, South Australian Prisoner Movement and In Court Management and Electronic Monitoring System South Australia.

Accommodation

A part of the Department's accommodation is provided by DIT under Memoranda of Administrative Arrangements (MoAA) issued in accordance with Government wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly are expensed (disclosed within 'Accommodation').

Leases

The Department recognises lease payments associated with short-term leases (12 months or less) and low-value (less than \$15 000) as an expense on a straight-line basis over the lease term.

Department for Correctional Services
Notes to and forming part of the financial statements
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4.2. Net loss from the disposal of non-current assets

	2023 \$'000	2022 \$'000
Plant and equipment		
Net proceeds from disposal	-	1
Less carrying amount of assets disposed	(20)	(12)
Net (loss) from disposal of plant and equipment	<u>(20)</u>	<u>(11)</u>
 Total assets		
Net proceeds from disposal	-	1
Less total carrying amount of assets disposed	(20)	(12)
Net (loss) on disposal of owned assets	<u>(20)</u>	<u>(11)</u>
 Total net (loss) from disposal of non-current assets	<u><u>(20)</u></u>	<u><u>(11)</u></u>

Gains/losses on disposal are recognised at the date at which control of the asset is passed to the buyer and are determined after deducting the carrying amount of the asset from the proceeds at that time. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

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

5. Non-financial assets

5.1. Property, plant and equipment

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

Reconciliation of property, plant and equipment owned and leased by the Department during 2022-23

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Bearer plants \$'000	ROU buildings \$'000	ROU vehicles \$'000	Total \$'000
Carrying amount at the beginning of the period	683 815	1 763	3 054	498	8 311	1 068	698 509
Prior period adjustments	-	-	-	-	-	71	71
Restated carrying amount at the beginning of the period	683 815	1 763	3 054	498	8 311	1 139	698 580
Acquisitions	10	-	141	-	-	651	802
Transfers from capital works in progress	178 435	344	1 000	-	-	-	179 779
Disposals	-	-	(20)	-	-	-	(20)
Re-Measurement	-	-	-	-	658	-	658
Revaluation increment	164 997	-	-	152	-	-	165 149
Depreciation and amortisation	(19 118)	(291)	(1 005)	-	(879)	(692)	(21 985)
Transfers between asset classes	4	-	(4)	-	-	-	-
Carrying amount at the end of the period	1 008 143	1 816	3 166	650	8 090	1 098	1 022 963
Gross carrying amount							
Gross carrying amount	1 679 497	13 514	9 730	650	11 351	2 319	1 717 061
Accumulated depreciation	(671 354)	(11 698)	(6 564)	-	(3 261)	(1 221)	(694 098)
Carrying amount at the end of the period	1 008 143	1 816	3 166	650	8 090	1 098	1 022 963

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

5.1. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment owned and leased by the Department during 2021-22

	Land and buildings	Leasehold improvements	Plant and equipment	Bearer plants	ROU buildings	ROU vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	697 489	1 055	2 099	498	8 774	1 191	711 106
Acquisitions	26	-	184	-	-	682	892
Transfers from capital works in progress	4 805	864	1 881	-	-	-	7 550
Disposals	-	-	(12)	-	-	(2)	(14)
Re-Measurement	-	-	-	-	348	-	348
Depreciation and amortisation	(18 505)	(156)	(1 098)	-	(811)	(803)	(21 373)
Carrying amount at the end of the period	683 815	1 763	3 054	498	8 311	1 068	698 509
Gross carrying amount							
Gross carrying amount	1 234 194	13 170	8 636	498	10 693	2 356	1 269 547
Accumulated depreciation	(550 379)	(11 407)	(5 582)	-	(2 382)	(1 288)	(571 038)
Carrying amount at the end of the period	683 815	1 763	3 054	498	8 311	1 068	698 509

Department for Correctional Services
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5.1. Property, plant and equipment (continued)

Depreciation

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

Land and bearer plants are not depreciated.

Useful life

Depreciation is calculated on a straight-line basis. Property, plant and equipment depreciation is calculated over the estimated useful life as follows:

Class of asset	Useful life (years)
Plant and equipment	4 - 15
Buildings (including prisons)	Up to 60
Leasehold improvements	Up to 20
Right-of-use buildings	11
Right-of-use vehicles	3 - 5

Review of accounting estimates

Asset's residual values and useful lives 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.

During the year, the Department reassessed the useful life of its assets and determined that no change was necessary. The useful lives of the assets were reassessed as part of the asset revaluation at 30 June 2023, the estimated impact on depreciation expense for 2023-24 is \$1.212 million.

The Department revalued its buildings at 30 June 2023, the estimated impact on depreciation expense for 2023-24 is \$3.520 million.

5.2. Property, plant and equipment owned by the Department

Property, plant and equipment owned by the Department with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Department is recorded at fair value. Detail about the Department's approach to fair value is set out in Note 10.2.

Impairment

Property, plant and equipment owned by the Department has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity.

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 10.2. 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.

Department for Correctional Services
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5.3. Property, plant and equipment leased by the Department

ROU assets for property, plant and equipment leased by the Department as lessee are measured at cost and during 2022-23 there were no indications of impairment.

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

The Department has a limited number of leases:

- 150 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.
- In 2017 the Department partnered with Anglicare SA for the lease of a building located at Port Adelaide for the 'Arches' bail accommodation support program. The Department may not use the building other than for the purpose as outlined in the lease agreement. The initial term of the lease is 15 years with the option to renew for a further 15 years. The option to renew has not been included in the calculation of the lease liability.

The lease liabilities related to the right-of-use assets are disclosed in Note 7.2. The Department's maturity analysis of its lease liabilities is disclosed in Note 10.3. Depreciation expense for right-of-use assets is disclosed in Note 5.1. Cash outflows related to leases are disclosed in Note 8.2.

5.4. Capital works in progress

	2023	2022
	\$'000	\$'000
Capital works in progress	7 985	147 812
Total capital works in progress	7 985	147 812

Reconciliation of capital works in progress

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	147 812	59 003
Additions	40 006	96 359
Transfers to property, plant and equipment	(179 779)	(7 550)
Expense of prior year capital costs	(54)	-
Carrying amount at the end of the period	7 985	147 812

Capital works in progress are recognised as the cumulative costs of capital projects to balance date. Projects completed during the year have been recognised as buildings, plant or equipment and are valued at cost.

The decrease in the carrying amount mainly reflects the completion of additional accommodation projects at the Adelaide Women's Prison and Yatala Labour Prison.

Expenditure on additional accommodation projects was \$10.6 million for Adelaide Women's Prison and \$21.5 million for Yatala Labour Prison. In addition, \$3.3 million was spent on the dairy at Cadell Training Centre and \$0.9 million on Audio Visual Link (AVL) upgrades.

These costs are offset by the completion of AVL upgrades of \$4.1 million and additional accommodation projects at Adelaide Women's Prison of \$22.5 million and Yatala Labour Prison of \$149.7 million.

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5.5. Intangible assets

The South Australian Government has issued water licences \$2.593 million (2022: \$2.593 million) to the Department under the *Landscape South Australia Act 2019*. The Department acquired the licences on 1 July 2009. The licences allow access to water from River Murray for stock, domestic and irrigation purposes at the Cadell Training Centre.

The water licences have an indefinite useful life and as such are not subject to amortisation.

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

5.6. Biological assets

Reconciliation of biological assets (livestock)

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	508	472
Increases due to purchases	81	52
Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	7	72
Gain arising from changes in fair value less estimated point-of-sale costs attributable to price changes	(14)	-
Decreases due to sales	(74)	(88)
Carrying amount at the end of the period	508	508

All biological assets consist of livestock.

Currently there are 426 (2022: 323) cattle held at Cadell Training Centre and Port Lincoln Prison for the purpose of milk and meat production for internal use within the prison system. The cattle are at various stages of life. As at reporting date there are no commitments for the development or acquisition of livestock.

Financial risk is considered to be extremely low with any losses being absorbed in the year of exposure.

Department for Correctional Services
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5.7. Inventories

	2023	2022
	\$'000	\$'000
Current - held for distribution:		
Stores	646	822
Total inventories held for distribution	646	822
Current - other than those held for distribution:		
Raw materials and work in progress	1 090	1 061
Finished goods	491	180
Stores	41	67
Total inventories other than those held for distribution	1 622	1 308
Total inventories	2 268	2 130

Inventories are predominantly measured at cost.

6. Financial assets

6.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer	19 929	63 839
Accrual Appropriation Excess Funds	75 508	48 401
Prison imprest accounts	27	27
Petty cash	12	12
Total cash and cash equivalents	95 476	112 279

Deposits with the Treasurer

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

Some of the Department's appropriation is deposited into the Accrual Appropriation Excess Funds account. Although the Department controls the money in the Accrual Appropriation Excess Funds account, its use must be approved by the Treasurer. The Department does not earn interest on its deposits with the Treasurer.

Department for Correctional Services
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6.2. Receivables

	2023	2022
	\$'000	\$'000
Current:		
Receivables	1 030	1 193
Less impairment loss on receivables	(211)	(296)
	819	897
Accrued revenue	275	23
GST receivable	3 819	4 413
Prepayments	387	900
Total current receivables	5 300	6 233
Total receivables	5 300	6 233

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.

Other than as recognised in the allowance for impairment loss on receivables, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk. Refer to Note 10.3 for further information on risk management.

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

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

Allowance for impairment on receivables

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

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	296	210
Amounts written off	(134)	-
Increase in the provision	49	86
Carrying amount at end of the period	211	296

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to Note 10.3 for details regarding credit risk and the methodology for determining impairment.

Department for Correctional Services
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7. Liabilities

7.1. Payables

	2023 \$'000	2022 \$'000
Current		
Creditors ⁽¹⁾	12 175	22 323
Accruals	9 024	6 479
Employment on-costs	5 305	3 977
Paid Parental Leave Scheme payable	24	46
Total current payables	26 528	32 825
Non-current		
Employment on-costs	2 917	2 821
Total non-current payables	2 917	2 821
Total payables	29 445	35 646

⁽¹⁾ Creditors include \$6.4 million (2022: \$13.9 million) for additional prisoner accommodation projects.

Payables are measured at nominal amounts.

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

Employment on costs

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

The Department 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 superannuation schemes.

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave has increased to 43% from 42% in 2022. The average factor for the calculation of employer superannuation on-costs has changed from the 2022 rate 10.6% to 11.1%. These rates are used in the employment on-cost calculation.

Department for Correctional Services
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7.2. Financial liabilities

	2023	2022
	\$'000	\$'000
Current		
Lease liabilities	1 403	1 481
Total current financial liabilities	1 403	1 481
Non-current		
Lease liabilities	8 113	8 234
Total non-current financial liabilities	8 113	8 234
Total financial liabilities	9 516	9 715

The Department measures lease liabilities at discounted future lease payments using DTF's incremental borrowing rate.

The Department has no leases it has entered into that have not yet commenced.

Interest expense paid on lease liabilities during 2022-23 was \$0.204 million (2022: \$0.188 million). The Department does not capitalise borrowing costs.

Refer to Note 5.1 for right-of-use assets and depreciation expense associated with these lease liabilities.

7.3. Provisions

	2023	2022
	\$'000	\$'000
Current		
Workers' compensation - medical and other costs	2 791	2 381
Workers' compensation - income maintenance	1 845	1 697
Additional compensation	168	144
Total current provisions	4 804	4 222
Non-current		
Workers' compensation - medical and other costs	15 811	13 711
Workers' compensation - income maintenance	7 192	7 306
Additional compensation	4 648	4 429
Total non-current provisions	27 651	25 446
Total provisions	32 455	29 668
Movement in provisions	2023	2022
	\$'000	\$'000
Workers' compensation:		
Carrying amount at the beginning of the period	25 095	26 698
Workers' compensation payments	(7 092)	(4 534)
Increase in provision	9 636	2 931
Carrying amount at the end of the period	27 639	25 095
Additional compensation:		
Carrying amount at the beginning of the period	4 573	5 171
Additional compensation payments	(116)	(1)
Increase/(Decrease) in provision	359	(597)
Carrying amount at the end of the period	4 816	4 573

Department for Correctional Services
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7.3. Provisions (continued)

Workers Compensation provision (statutory and additional compensation schemes)

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

Accordingly, a liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes).

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

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

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

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

Department for Correctional Services
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8. Other disclosures

8.1. Equity

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

The Prisoner Amenities Reserve reflects the funds available to purchase amenities, such as gym equipment, for the specific benefit and use of prisoners. Net proceeds from the sale of canteen goods to prisoners less any associated prisoner amenities expenditure incurred is transferred to or from the prisoner amenities reserve at year end.

Contributed capital received represents equity contributions from the SA Government under the *Appropriation Act* to fund the investing activities of the Department.

Prior period adjustments

Due to an error with unprocessed payables over a number of years, an adjustment of \$0.891 million was made in 2022-23. This was corrected by decreasing the unprocessed payables liability balance and increasing the opening retained earnings balance this year.

Due to an error in the prisoner amenities reserve movements in 2021-22, an adjustment of \$0.140 million was made in 2022-23. This was corrected by increasing the prisoner amenities reserve opening balance and decreasing the retained earning balance as at 30 June 2022.

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8.2. Cash flow reconciliation

	2023	2022
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	95 476	112 279
Balance as per the Statement of Cash Flows	95 476	112 279
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by operating activities	31 712	97 068
Add / (less) non-cash items		
Write off of non-current assets	(54)	-
Net (loss) from the disposal of non-current and other assets	(20)	(11)
Depreciation and amortisation	(21 985)	(21 373)
Impairment of receivables	(52)	(97)
Capital accruals	(6 779)	(18 755)
Resources received free of charge - income	2 148	1 996
Resources provided free of charge - expense	(2 148)	(1 996)
Movement in assets and liabilities		
(Decrease) in receivables	(881)	(496)
Increase/(decrease) in inventories	138	(63)
Increase in biological assets	-	36
Decrease in payables	5 311	863
(Increase)/decrease in employee benefits	(505)	7 329
(Increase)/decrease in provisions	(2 787)	2 201
Net result	4 098	66 702

Total cash outflows for leases were \$1.865 million (2022: \$1.734 million).

8.3. Trust funds

The Department holds prisoner monies in a trustee capacity. These monies are not recognised in the financial statements as the Department cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	2023	2022
	\$'000	\$'000
Balance at the beginning of the period	1 388	1 327
Prisoner monies receipts	9 312	9 079
Prisoner monies payments	(9 131)	(9 018)
Balance at the end of the period	1 569	1 388

Department for Correctional Services
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9. Outlook

9.1. Unrecognised commitments

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

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

Contract service commitments

	2023	2022
	\$'000	\$'000
Within one year	71 866	54 617
Later than one year but not later than five years	189 249	137 642
Later than five years	8 072	12 519
Total contract service commitments	269 187	204 778

The contract for prisoner movement and in-court management commenced 1 August 2021 and is due to expire 31 July 2027.

The electronic monitoring system contract was extended on 21 May 2022 for a 2 year period and is due to expire on 21 May 2024.

The contract for the management of Mount Gambier Prison was extended for a period of 5 years from 1 December 2022 and is due to expire on 30 November 2027.

The contract for the provision of vocational training and employment opportunities through Work Ready Release Ready, was extended for a further 2 years from 1 July 2023 and is due to expire on 30 June 2025.

The contract for the supply of Home Detention Integrated Support Services to further support offenders on Court Ordered and Release Ordered Home Detention was renewed during 2020-21 and will expire 31 October 2023.

The contract for the 'Arches' bail accommodation support program commenced on 15 May 2017 and will expire 14 May 2032.

The contract for the management of the Adelaide Remand Centre was entered into on 18 March 2019 and is due to expire on 13 August 2026.

The contract to implement a new information and communication technology (ICT) system, iSAFE, commenced 6 December 2021 and is due to expire November 2027.

The above contracts have provisions for termination by the Crown without penalty to the Crown. However, a termination for convenience by the Crown would attract variable payments and reimbursements specified in the contract depending on the circumstance and amount of the termination notice. The ongoing cancellable commitments (which have not been recognised as liabilities) are noted above.

The above figures are subject to an escalation based on indices not yet published by the Australian Bureau of Statistics, and as a result are not adjusted for inflation and where applicable are based on 2022-23 prisoner populations.

The Department's contract service commitments include MoAAs with DIT for accommodation.

Department for Correctional Services
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9.2. Contingent assets and liabilities

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

The Department has a number of common law claims made against it by various claimants. The maximum exposure facing the Department in respect of these claims is \$0.200 million (2022: \$0.230 million).

These contingent liabilities are not actual liabilities and have therefore not been included in the financial statements. They represent a potential financial obligation in circumstances which have been deemed to be possible but not probable.

9.3. Impact of standards and statements not yet effective

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

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

9.4. Events after the reporting period

There are no known events after balance date that affect these financial statements.

Department for Correctional Services
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10. Measurement and risk

10.1. Long service leave liability - measurement

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

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

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 3.5% (2022) to 4% (2023).

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

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and employee benefits expense of \$0.862 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

Current long service leave liability reflects the portion of leave expected to be settled within the next 12 months, based on the average proportion of long service leave taken or paid over the last 3 years.

10.2. Fair value

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

Initial recognition

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

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

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10.2. Fair value (continued)

Revaluation

Property, plant and equipment, other than ROU assets, are subsequently measured at fair value after allowing for accumulated depreciation. ROU assets are held at cost.

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

Revaluation is undertaken on a regular cycle as detailed below. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

Fair value hierarchy

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

- * Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- * Level 2 - not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- * Level 3 - not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Department at each reporting date.

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 described below.

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

In determining fair value, the Department has taken into account the characteristic of the asset (e.g. 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 (i.e. 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 \$1.5 million or had an estimated useful life that was less than three years are deemed to approximate fair value.

The Department does not recognise any financial assets or financial liabilities at fair value.

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10.2. Fair value (continued)

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:

Fair value classification – non-financial assets at 30 June 2023

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings - specialised	-	799 313	799 313
Buildings - non-specialised	948	-	948
Land	207 882	-	207 882
Leasehold improvements	-	1 816	1 816
Plant and equipment	-	3 166	3 166
Bearer plants	650	-	650
Biological assets	508	-	508
Total recurring fair value measurements	209 988	804 295	1 014 283
Total fair value measurements	209 988	804 295	1 014 283

Fair value classification – non-financial assets at 30 June 2022

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings - specialised	-	524 695	524 695
Buildings - non-specialised	856	-	856
Land	158 264	-	158 264
Leasehold improvements	-	1 763	1 763
Plant and equipment	-	3 054	3 054
Bearer plants	498	-	498
Biological assets	508	-	508
Total recurring fair value measurements	160 126	529 512	689 638
Total fair value measurements	160 126	529 512	689 638

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10.2. Fair value (continued)

Land and buildings

Every six years, sites are inspected and a full revaluation of the Department's land and buildings is performed. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then a full revaluation may be undertaken and the asset will be revalued regardless of when the last full 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.

A site valuation of land and buildings was performed by independent valuer, Martin Burns of Liquid Pacific as at 30 June 2023 due to an expected material increase in asset values.

The valuation of land utilised the direct comparison of sales approach which considered sales of similar or substitute properties and related market data. Several of the Department's land assets are located in regional locations for which few if any transactions occur, properties listed or offered for sale have been utilised in these cases.

The valuation of buildings was derived by analysing their added value to the property being valued. If assets were deemed so unique in nature such that no or limited markets existed to establish a market value, the assets were valued using the cost approach (depreciated replacement cost). The depreciated replacement cost of the improvements was then added to the land value of the site to derive a total asset value for the property. Where markets did provide reliable evidence of value; the property was valued as a whole asset from which the land value was deducted to provide a residual value.

In order to determine the depreciated replacement cost, the valuation utilised information from a number of key sources including: the Australian Bureau of Statistics – Producer Price Index, the Department's actual project construction and acquisition costs and SA Government property sales and information records.

Assets were defined as being valued using either Level 2 or Level 3 inputs in accordance with AASB 13 *Fair Value Measurement*. No assets were valued using Level 1 inputs.

Plant and equipment

All items of plant and equipment owned by the department that had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life that less than three years have not been revalued. The carrying value of these items is deemed to approximate fair value.

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10.2. Fair value (continued)

Bearer plants

The olive and citrus groves are measured at cost plus any gains arising from changes in fair value less estimated point-of-sale costs attributable to physical changes.

The olive grove is situated on approximately 10 hectares of land at the Cadell Training Centre. The grove has been developed to produce commercially viable olive oil.

The citrus grove is situated on approximately 20 hectares of land at the Cadell Training Centre. Younger trees are increasing yields each season.

Biological assets

Biological assets such as cattle are measured at fair value less estimated point-of-sales costs. The fair value is determined based on current market values of the biological assets.

Reconciliation of level 3 recurring fair value measurements at 30 June 2023

Unobservable inputs used in determining the fair value of plant and equipment and leasehold improvements are cost, useful lives and assessed condition as described in Note 5.1.

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

Reconciliation of level 3 recurring fair value measurements at 30 June 2023

	Specialised buildings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	524 695	1 763	3 054	529 512
Additions	10	-	141	151
Disposals	-	-	(20)	(20)
Transfer from work in progress	178 415	344	1 000	179 759
Transfers between asset classes	4	-	(4)	-
Losses for the period recognised in net result:				
Depreciation and amortisation	(19 054)	(291)	(1 005)	(20 350)
Total losses recognised in net result	(19 054)	(291)	(1 005)	(20 350)
Gains for the period recognised in other comprehensive income (OCI)				
Revaluation increments	115 243	-	-	115 243
Total gains recognised in OCI	115 243	-	-	115 243
Carrying amount at the end of the period	799 313	1 816	3 166	804 295

Reconciliation of level 3 recurring fair value measurements at 30 June 2022

	Specialised buildings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	538 285	1 055	2 099	541 439
Additions	26	-	184	210
Disposals	-	-	(12)	(12)
Transfer from work in progress	4 805	864	1 881	7 550
Losses for the period recognised in net result:				
Depreciation and amortisation	(18 421)	(156)	(1 098)	(19 675)
Total losses recognised in net result	(18 421)	(156)	(1 098)	(19 675)
Carrying amount at the end of the period	524 695	1 763	3 054	529 512

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10.3. Financial instruments

Financial risk management

Risk is managed by the Department. Departmental risk management policies are in accordance with the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

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

Liquidity risk

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

Refer to Notes 7.1 and 7.2 for further information.

Credit risk

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

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

Impairment of financial assets

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

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

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

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

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

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10.3. Financial instruments (continued)

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

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
2023			
Current (not past due)	402	2%	9
1 - 30 days past due	121	7%	9
31 - 60 days past due	35	14%	5
61 - 90 days past due	60	8%	5
More than 90 days past due	386	48%	183
Loss allowance	1 004		211

Market risk

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

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

Categorisation of financial instruments

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

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10.3. Financial instruments (continued)

Classification of financial instruments

The Department measures all financial instruments at amortised cost. All financial assets and liabilities carrying amount equals their fair value as at 30 June 2023 and are expected to be settled within one year excluding lease liabilities.

For information relating to the carrying amount of financial assets refer to notes 6.1 and 6.2. For the carrying amount of financial liabilities refer to notes 7.1 (excluding employment on-costs) and 7.2.

Maturity analysis for lease liabilities is presented below using the undiscounted cash flows.

	2023	2022
	\$'000	\$'000
Lease Liabilities		
within 1 year	1 595	1 568
1 to 5 years	5 718	4 336
More than 5 years	3 084	4 764
Total lease liabilities (undiscounted)	10 397	10 668

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11. Disclosure of administered items

The Department administers, but does not control, the Victims of Crime Levy on behalf of the Attorney-General, the Mobilong Inmate Charity Fund, Appropriations from Special Acts for the Minister's salary and the Prisoner Compensation Quarantine Fund. Transactions and balances relating to these administered resources are not recognised as Departmental income, expenses, cash inflows or cash outflows, assets or liabilities, but are disclosed below.

	2023 \$'000	2022 \$'000
Administered income		
Revenues from Victims of Crime Levy	223	230
Mobilong Inmate Charity Fund	-	1
Prisoner Compensation Quarantine Fund	48	-
Revenues from SA Government	439	369
Total administered income	710	600
Administered expenses		
Victims of Crime Levy payments	223	230
Employee benefit expense	439	369
Total administered expenses	662	599
Net result	48	1
 Administered current assets		
Cash	23	(25)
Receivables	51	48
Total administered assets	74	23
 Administered current liabilities		
Victims of Crime Levy payables	20	17
Total administered liabilities	20	17
 Net administered assets	54	6
 Administered equity		
Retained earnings	54	6
Total administered equity	54	6
 Changes in equity		
Balance at 1 July	6	5
Net result	48	1
Balance at 30 June	54	6

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11. Disclosure of administered items (continued)

	2023	2022
	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Victims of Crime Levy	223	230
Mobilong Inmate Charity Fund	-	1
Prisoner Compensation Quarantine Fund	48	-
Revenues from SA Government	434	363
Total administered income	705	594
Cash outflows		
Victims of Crime Levy payments	(220)	(231)
Employee benefit expense	(437)	(381)
Total administered expenses	(657)	(612)
Net cash used in / provided by operating activities	48	(18)
Net (decrease)/increase in cash	48	(18)
Cash at 1 July	(25)	(7)
Cash at 30 June	23	(25)