

HOUSE OF ASSEMBLY
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04 Dec 2019



**Government
of South Australia**

Department for Correctional Services 2018-19 Annual Report

Department for Correctional Services

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To:

The Honourable Corey Wingard, MP

Minister for Police, Emergency Services and Correctional Services

Minister for Recreation, Sport and Racing

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 25 October 2019

Signature

A handwritten signature in black ink, appearing to be 'DB', written over a horizontal line.

From the Chief Executive



I am pleased to provide this overview of the 2018-19 Department for Correctional Services Annual Report.

The past year has been a challenging and exciting year for the Department with the progression of a number of new and existing projects.

We have continued to deliver on public protection and reduced reoffending across all areas of our Agency while maintaining a strong strategic focus on future enhancement to the service we provide.

The Government's commitment to reducing reoffending and increasing rehabilitation was reflected in the 2018-19 State Budget with the launch of the Better Prisons program. Better Prisons aims to reduce reoffending by improving the quality, safety and efficiency of our prison system. The Government invested \$200 million (m) towards new high security infrastructure at the Adelaide Women's Prison (AWP) and Yatala Labour Prison (YLP) within the Northfield Precinct to better manage the diverse prisoner cohorts within our system, and to allow for greater structured spaces for tailored rehabilitation. By the end of 2018-19, detailed planning and design work for an additional 270 beds and critical infrastructure at YLP was well advanced and construction of an additional 40 beds at the AWP was underway.

The Department realised another significant Better Prisons initiative in transitioning the Adelaide Remand Centre (ARC) to a private provider. After a comprehensive procurement process, Serco Australia was awarded the contract in March 2019 with transition to the new operator of the ARC concluded in August 2019.

A new three year Electronic Monitoring services contract was awarded to G4S Custodial Services Pty Lid (G4S) in May 2019. Under this contract, G4S will introduce the latest technology to the state, bringing increased resilience and monitoring software functionality to continue to keep the community safe.

During 2018-19, we also commissioned 160 additional beds and supporting infrastructure at Mount Gambier Prison and supporting infrastructure and services at Port Augusta Prison. Construction of additional beds, a new health and wellbeing centre and admissions facility continued at AWP.

A number of the Government's Election Commitments were progressed during 2018-19. The Smokefree Prisons Strategy, aimed at improving safety and health outcomes for staff and prisoners commenced with AWP and YLP successfully transitioning to smokefree in the first half of 2019. All other sites are scheduled to transition to smokefree by the end of 2019.

Our work towards achieving a zero tolerance to drugs in prisons policy also progressed with Parliament passing the Correctional Services (Miscellaneous) Amendment Bill 2018. The Bill provides for amendments to the *Correctional Services Act 1982* to help increase the safety, security and integrity of the prison system by prohibiting members of outlaw motorcycle gangs and organised crime groups from visiting prisons, and by introducing workplace testing of DCS staff and contractors for alcohol and illegal drugs.

An independent evaluation of reforms implemented in 2016 to expand and improve the use of home detention (HD) in South Australia was completed this year. The Report confirms the positive results we are seeing including decreased demand for prison beds, substantial cost benefits to the state and significantly lower return to custody rates for prisoners completing their sentence on a Release Ordered and Court Ordered HD.

Whilst 2018-19 saw average prisoner numbers approximately five percent lower than the previous year, we remain committed to the continuous improvement of the rehabilitation and educational programs we provide.

In August 2018, the Work Ready, Release Ready (WRRR) Program was officially launched by the Minister for Correctional Services. WRRR aims to support offenders in making positive changes to enable a crime-free lifestyle, find sustainable employment post-release and to stop offending behaviour. The program has shown promising results already with over 69% of participants in the final Employment Phase of the program placed into paid employment, a significant achievement for the program.

A specialist Violence Prevention Program for Aboriginal Men was developed and implemented and incorporates a strong cultural focus to better target the needs of Aboriginal participants.

Work also progressed on the development of an Aboriginal Strategic Framework and Action Plan and in conjunction with this the Aboriginal Reference Group (ARG) was established. The ARG includes Aboriginal people from different regions across South Australia and provides direct input into the Framework and Action Plan's development. The Action Plan will build on the work DCS already undertakes to address the needs of Aboriginal people, as well as provide direction for new opportunities to improve rehabilitation outcomes for Aboriginal prisoners and offenders.

Strategies to promote Aboriginal employment opportunities within DCS are yielding good results with the Department well placed to increase the participation of Aboriginal people in the Department to six percent (currently four percent).

The Department has been instrumental in embedding a targeted women's centred approach with consultation undertaken to inform the 2019-24 Women Offender Framework and Action Plan. Development of a further five year action plan signifies the Department's and the Government's commitment to this work, recognising the need to continue to progress activity and service approaches that meet the unique needs of women intersecting with the correctional system.

The Department has continued its commitment to gender equality in the workplace and in particular ending violence against women. The Department has continued its support of White Ribbon.

A new Department for Correctional Services Strategic Plan was developed and released in 2018. The 2018-22 Plan upholds our vision for a safer community and reduced reoffending and outlines the key strategies and priorities that will guide our work for the next four years.

To meet increasing demands in relation to governance, investigations and professional standards, the Department established a new Office for Correctional Services Review in August 2018 to ensure we continue to meet the standards and expectations of a modern public sector agency.

One of the most important assets to DCS is the diversity of our staff who bring a wealth of knowledge and expertise to the management and rehabilitation of offenders. As a Department we remain committed to ensuring the wellbeing of our staff, through our partnership with the South Australian Health and Medical Research Wellbeing and Resilience Centre. This partnership sees the delivery of Wellbeing and Resilience training to DCS staff and won a Management and Staff Training award at the 2018 International Corrections and Prison Association Conference.

I would like to take this opportunity to acknowledge the efforts of the many stakeholders, volunteers and partner agencies that have supported the Department through the year. I also recognise the dedication of our staff who continue to tirelessly contribute to the Department's success in an increasingly challenging work environment - whose efforts in 2018-19 are reflected within this report.

I look forward to reporting on the continued development and progression of this Department in the future.



David Brown

Chief Executive

Department for Correctional Services

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Overview: about the agency

Our strategic focus

<p>Our Purpose</p>	<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 to DCS 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 DCS Strategic Plan 2018-22 outlines the Department’s vision, mission, values, key strategies and priorities and is available at www.corrections.sa.gov.au.</p>
<p>Our Vision</p>	<p>A safer community by protecting the public and reducing reoffending</p>
<p>Our Values</p>	<p>Honesty and integrity; Ethical and respectful behaviours; Professionalism and accountability; Commitment to service; Collaboration and engagement; Make a difference; and Equity, diversity and cultural inclusion.</p>
<p>Our functions, objectives and deliverables</p>	<p>Improved public protection; Reduced reoffending; Improved opportunities for rehabilitation and reintegration; Maintaining safe, secure and humane environments; Skilled, professional and valued workforce; Workplace health and safety; Improved outcomes for Aboriginal and Torres Strait Islander offenders; Improved and targeted service delivery for women offenders; and Accountable and better public services.</p>

Our organisational structure

- Governance and Executive Support
- Offender Development
- Office for Correctional Services Review
- People and Business Services
- Statewide Operations

The Department's organisational chart as at 30 June 2019 can be found at www.corrections.sa.gov.au

Changes to the agency

The Department established the Office for Correctional Services Review (OCSR) on 2 October 2018 replacing the Ethics, Intelligence and Investigations Unit.

The OCSR supports the 2018 election commitments to strengthen integrity and probity measures for employees of the DCS and reduce the impact of organised crime in prisons.

Our Minister



The Hon Corey Wingard MP was elected to the South Australian Parliament as the Member for Mitchell in March 2014. Following the 2018 State Election Mr Wingard was re-elected to the new seat of Gibson and became Minister for Police, Emergency Services and Correctional Services and Recreation, Sport and Racing.

Minister Wingard was born in South Australia and grew up in Oaklands Park and Brighton, suburbs that now form the electorate of Gibson. He attended Brighton Secondary School before studying at the University of South Australia. During High School and University, he played football locally and worked part time at Westfield Marion.

Before entering the Parliament, Minister Wingard worked as a journalist, firstly at Channel 9 in Sydney and Melbourne and later, in the Adelaide newsroom of Channel 10. While in the media, he produced and hosted a football show and a number of other major events including the AFL, IPL cricket and Delhi Commonwealth Games.

Our Executive team

David Brown - Chief Executive



Appointed as Chief Executive in September 2012, Mr Brown is responsible for the leadership of a diverse and committed team that is responsible for the custody of more than 2800 prisoners and the supervision of more than 6000 offenders in the community.

Since joining DCS, Mr Brown has played a key role in strengthening security and emergency management standards across the system; placing a 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.

Mr Brown is passionate about creating an integrated approach to offender management that involves meaningful activity combined with targeted rehabilitation. As the Chief Executive, he is dedicated to maintaining a safe, secure and humane prison system, while also delivering effective rehabilitation and reintegration initiatives in prisons and in the community to break the cycle of crime and reduce reoffending,

Leadership development and succession planning is also a key focus for Mr Brown with DCS well positioned with an experienced Executive and Senior Management group.

Jackie Bray - Deputy Chief Executive Statewide Operations



Ms Bray has been in the role of Deputy Chief Executive within DCS since May 2015 and is responsible for the management and operation of South Australia's nine prisons with oversight of the Mt Gambier Prison which is operated under contract by G4S, a private company.

Ms Bray also has oversight of the 16 community correctional centres located throughout the State.

Since commencing with the Department, Ms Bray has progressed significant reform in the area of protective security; strengthened access control including commissioning new technologies; managed growth in the prisoner population; expanded and developed prison industries; built capacity in emergency management and response; and introduced structured days.

Enjoying a reputation as a challenging and reformist leader, Ms Bray has been heavily involved in policy development and produced many reports influencing the outcome of improved services for both service users and communities.

Ryan Harber - Acting Executive Director Community Corrections and Specialist Prisons



Mr Harber was appointed to the position of Acting Executive Director in February 2019. Ms Hayley Mills held this position from 1 July 2018 until this time.

Mr Harber has been with the Department for 15 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.

The Executive Director is responsible for the management and operation of the State's four specialist prisons: Cadell Training Centre, Port Lincoln Prison, Adelaide Pre-release Centre and the AWP.

The position is also responsible for 16 community correctional centres which are located throughout the State. Community Corrections (CC) manages the supervision and monitoring of offenders in the community who are placed on Probation, Parole, Home Detention, Intensive Bail Supervision, Bail, and Community Service Orders. CC also provides information to the courts and the Parole Board to assist with sentencing and/or the setting of conditions of bonds and other orders.

Mr Harber has been instrumental in reforms to the HD program and oversees Australia's largest CC Electronic Monitoring program.

Darian Shephard-Bayly - Executive Director Better Prisons



Mr Shephard-Bayly was appointed as the Executive Director of the Department's Better Prisons Program in September 2018. Better Prisons is a major reform initiative announced by the Government in the 2018-19 State Budget, and is aimed at reducing reoffending by improving the quality, safety and efficiency of our prison system.

Mr Shephard-Bayly is responsible for implementing the four overarching strategies of Better Prisons - increased capacity with the construction of an additional 310 high security beds; improved competition with the operation of the ARC transferring to a private provider via a competitive procurement process; improved accountability by implementing a benchmarking framework to measure each prison's performance; and improved workforce flexibility with the introduction of part-time and casual correctional officers.

Mr Shephard-Bayly is well placed to execute the Better Prisons Program with ten years' experience in DCS including as the General Manager of several of the State's prisons.

Chris Sexton - Executive Director People and Business Services



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

Mr Sexton is responsible for a range of corporate functions including financial and budget management; procurement; asset planning and management; capital works infrastructure projects and information technology.

People and Business Services also 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, Mr Sexton participates in a number of interagency committees and liaises closely with government departments including the Department of Treasury and Finance, the Department of Planning, Transport and Infrastructure and the Office of the Commissioner for Public Sector Employment.

Vanessa Swan - Executive Director Offender Development



Ms Swan was appointed to the position of Executive Director in January 2015 and is responsible for the development, management and evaluation of services for prisoners and offenders.

The Offender Development directorate facilitates coordinated and integrated assessments, sentence planning, psychological services and rehabilitation programs to assist in the ongoing case management of offenders.

Prior to joining DCS, Ms Swan was previously a member of the Parole Board of South Australia for nine years and was the Director of the South Australian Office for Women for four and a half years.

Scharlene Lamont - Director Aboriginal Services



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 DCS are considered in terms of their impact on Aboriginal offenders, their families and the community. Ms Lamont 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.

Ms Lamont is a Kurna/Narungga woman and is the current Chairperson of NAIDOC SA.

Legislation administered by the agency

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

Bail Act 1985

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

- Entered into a contract with Serco Australia for the management and operation of the ARC;
- Commissioned supporting infrastructure and services at Port Augusta Prison and Mount Gambier Prison;
- Completed the procurement process and awarded a three year contract to G4S for electronic monitoring services;
- Successfully and safely transitioned the AWP and YLP to smokefree;
- Implemented the Work Ready, Release Ready Program;
- Expanded the delivery of rehabilitation programs for high risk offenders;
- Introduced new vocational training programs in partnership with TAFE SA and;
- Established the new Office for Correctional Services Review.

Agency contribution to whole of Government objectives

The State Government's major reform initiative, Better Prisons, was announced as part of the 2018-19 State Budget. The Better Prisons program is central to achieving the Government's commitment to improving the State's prison system in order to appropriately accommodate the prison population, strengthen security, improve productivity and system performance, and drive down the rate of reoffending.

Details about the Department's work as part of the Better Prisons program is included on the following pages.

Key objective	Agency's contribution
More jobs	<p><i>Better Prisons</i></p> <p>The Better Prisons Workforce Flexibility reforms will introduce casual Correctional Officers across all public prisons in South Australia and will offer staff the opportunity of part-time employment for the first time. A wider range of employment options will increase retention of staff, support staff work / life balance and assist with resourcing unplanned activity and absences. A Workforce Flexibility Principles document was developed during 2018-19 and consultation undertaken with staff and industrial associations.</p> <p><i>Work Ready Release Ready program</i></p> <p>The WRRR program was launched in August 2018. WRRR enhances prisoner education and training and provides reintegration employment support to medium to high risk offenders released from prison. The program has shown promising results with over 69% of participants in the Employment Phase of the program placed into paid employment, a significant achievement for the program.</p>

Lower costs

Better Prisons

During 2018-19, DCS continued the development of benchmarking targets for all South Australian prisons. Benchmarking will provide opportunities for efficiencies and improvements across the system through the setting of appropriate site level performance targets to assist in determining the required budget for each public prison. A more streamlined prisons system is projected to deliver around \$10m a year in savings to taxpayers through more effective operations. DCS began a phased consultation process during 2018-19 with site planning and implementation occurring locally.

In March 2019, Serco Australia was appointed as the new operator of the ARC commencing in August 2019. The transition to private sector management will contribute to improvements in the ARC's efficiency and effectiveness.

The introduction of casual and part-time Correctional Officers will improve the efficient deployment of resources to meet operational demand across all prisons. Extensive consultation was undertaken with staff and industrial associations on the Better Prisons Workforce Flexibility reforms during 2018-19.

Evaluation of SA Home Detention

An independent evaluation of the changes made in 2016 to South Australia's home detention was undertaken with the final report released in July 2019. The economic analysis indicates significant demonstrable cost offsets for the government.

The program cost of \$8.5m is generating \$38.8m of direct prison offsets with high confidence, plus a further estimated future offset beyond the study timeframe of \$18.0m, a total estimated cost offset of \$56.8m.

Non-costed positive outcomes were also identified such as an increased ability to retain housing, therefore reducing the risk of homelessness or reliance upon homelessness services.

Report findings are positive with a sample of Release Ordered Home Detention (ROHD) prisoners found to be significantly less likely to return to custody: 20% compared to 34.3% (comparable sample of prisoners discharged from prison).

The report also found that that breach numbers did not increase despite significantly longer ROHD sentences since 2016. Less than one-fifth (16.3%) breached the conditions during their Order and less than one-fifth (17.4%) returned to custody at some point following the conclusion of their ROHD order

The rate of Court Ordered Home Detention (COHD) breaches was approximately 10% with a similar proportion returned to custody.

<p>Better Services</p>	<p>Better Prisons</p> <p>Following the March 2019 announcement of the ARC contract, comprehensive planning was undertaken by the Department to ensure the smooth transition of all ARC services including custodial, health, intervention, educational, training, and asset maintenance services to Serco Australia in August 2019.</p> <p>Detailed planning and design work for an additional 270 high security beds and critical infrastructure at YLP including admissions, visits centre, kitchen and operational support facilities progressed during 2018-19 with construction commencing in 2019-20.</p> <p>At AWP, construction of a 40 bed secure unit, Health and Admissions Building and Offender Development building continued. Work also commenced on a new 40 Bed Residential Accommodation unit with a targeted completion date of December 2019. Planning and design work is being completed for a new secure gatehouse and visitor centre.</p> <p>Correctional Services (Miscellaneous) Amendment Bill 2018</p> <p>On 8 November 2018, the South Australian Parliament passed the Correctional Services (Miscellaneous) Amendment Bill 2018 (the Bill). The Bill provided amendments to be made to the <i>Correctional Services Act 1982</i> that will assist DCS to block potential avenues for drug incursion and increase the safety, security and integrity of the prison system.</p> <p>Workplace testing of staff and contractors for alcohol and illegal drugs will be enacted as part of these amendments. Work will be undertaken in 2019-20 to inform the drafting of regulations, procedures and how testing will occur.</p> <p>This Bill also included an amendment that recognises criminal organisations as defined in the <i>Criminal Law Consolidation Act 1935</i>. Domestic visitors identified as members, associates, or those who associate with criminal organisations may be prohibited from visiting prisoners. The amendment was enacted in all South Australian prisons with 349 individuals restricted under the Person of Interest flag since 22 March 2019.</p>
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<p>Better Services</p>	<p><i>Reduction in prisoner numbers</i></p> <p>Daily average prisoner numbers decreased by 5.3% to 2902 during 2018-19, the equivalent of 153 less prisoners.</p> <p><i>Capital works</i></p> <p>Supporting infrastructure and services including 128 new beds, at Port Augusta Prison and 160 beds at Mount Gambier Prison were commissioned in March 2019.</p> <p><i>Smokefree Strategy</i></p> <p>The Smokefree Prisons Strategy is an initiative aimed at improving the safety and health outcomes for staff and prisoners. Execution of the Strategy commenced with both AWP and YLP successfully and safely transitioning to smokefree in the first half of 2019.</p> <p><i>Evaluation of SA Home Detention</i></p> <p>An independent evaluation of changes made in 2016 to South Australia’s home detention was undertaken by the University of New South Wales in 2018-19 with the final report released in July 2019.</p> <p>Report findings are positive with a sample of ROHD prisoners found to be significantly less likely to return to custody: 20% compared to 34.3% (comparable sample of prisoners discharged from prison).</p> <p>The report also found that that breach numbers did not increase despite significantly longer ROHD sentences since 2016. Less than one-fifth (16.3%) breached the conditions during their Order and less than one-fifth (17.4%) returned to custody at some point following the conclusion of their ROHD order.</p> <p>The rate of COHD breaches was approximately 10% with a similar proportion returned to custody.</p> <p><i>Electronic Monitoring Contract</i></p> <p>A new three year electronic monitoring services contract was awarded to G4S and implementation planning undertaken during 2018-19. G4S will introduce the latest technology to South Australia, bringing increased resilience and monitoring software functionality to continue to keep the community safe.</p>
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<p>Better Services</p>	<p><i>Women Offenders Framework</i></p> <p>Consultation on a new Action Plan for the next Women Offenders Framework was undertaken. The 2014-19 Framework and Action Plan established a policy direction and change agenda for DCS in its work with women intersecting with prisons and community correctional centres. The next five year Action Plan will build on and further refine these reforms while also providing scope for new initiatives.</p> <p><i>Aboriginal Strategic Framework</i></p> <p>Work continued throughout 2018-19 on the development of an Aboriginal Strategic Framework and Action Plan to improve rehabilitation outcomes for Aboriginal prisoners and offenders. Consultation was undertaken with Aboriginal staff and prisoners, the DCS Executive Group and Shaping Corrections Regional Working Groups, and the ARG.</p> <p><i>Office for Correctional Services Review</i></p> <p>The OCSR was established in October 2018 to meet the pre-election commitments made by the State Government to strengthen integrity and probity measures for employees of the Department and reduce the impact of organised crime in prisons.</p>
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Agency specific objectives and performance

Agency objectives	Indicators	Performance
Rehabilitation and Reparation	<p>Offence focused programs:</p> <ul style="list-style-type: none"> • % of offenders/prisoners successfully completing offence focused programs <p>Educational/vocational programs:</p> <ul style="list-style-type: none"> • % of education and vocational programs successfully completed <p>Prisoner employment:</p> <ul style="list-style-type: none"> • % of eligible prisoners employed 	<p>Target: 80% Achieved: 82%</p> <p>Target: 60% Not achieved: 54%</p> <p>Target: 80% Not achieved: 73.5%</p>
Custodial Services	<ul style="list-style-type: none"> • Number of escapes (per annum): <ul style="list-style-type: none"> ○ Secure ○ Open • Unnatural deaths in custody per 100 prisoners • Assault rates in custody per 100 prisoners per quarter 	<p>Target: 0 Secure: Achieved: 0 Open: Not achieved: 2</p> <p>Target: 0.00 Achieved: 0.00</p> <p>Target: <5.0 Achieved: 3.79</p>
Community Based Services	<ul style="list-style-type: none"> • % of community based orders completed successfully: <p>Community service - Target: 60%</p> <p>Intensive bail supervision - Target: 70%</p> <p>Home detention - Target: 85%</p> <p>Bail supervision - Target: 70%</p> <p>Parole - Target 75%</p> <p>Probation - Target: 80%</p> <ul style="list-style-type: none"> • % of court ordered reports completed on time - Target: 90% 	<p>Achieved: 67.6%</p> <p>Achieved: 71.7%</p> <p>Not achieved: 84.0%*</p> <p>Not achieved: 54.8%**</p> <p>Not achieved: 73.9%*</p> <p>Not achieved: 77.3%*</p> <p>Not achieved: 89%*</p>

*Result is within three percentage points of the 2018-19 target.

**Coding issues negatively affected bail supervision completion rates in 2018-19. Work to resolve this issue is underway.

Corporate performance summary

During 2018-19, DCS realised a number of strategic achievements including the following:

- Increasing bed capacity across the system with a further 160 beds commissioned at Mount Gambier Prison;
- Securing new funding (part of the Department’s Better Prisons Program) for an additional 310 high security beds;
- Achieving better than expected alternative to custody and community based outcomes through the expansion in early release home detention and provision of additional supporting rehabilitation programs including prisoner education.
- Commencing the implementation of the Government’s Election Commitment to ban smoking in prisons.

Employment opportunity programs

Program name	Performance
South Australian Government Graduate Program / Flexibility for the Future	Recruitment of three Graduates in 2018-19.
Aboriginal Traineeship Program	<p>Recruitment of one trainee who identifies as Aboriginal and/or Torres Strait Islander commenced with DCS under the Aboriginal Traineeship Program in 2018-19.</p> <p>The agency has initiated selection processes to recruit additional trainees across the state, scheduled to commence in 2019-20.</p>

Agency performance management and development systems

Performance management and development system	Performance
<p>Performance Development Plans Systems (PDP)</p>	<p>The Department continues to promote and support the corporate approach to increase the number of meaningful performance development conversations and feedback with a reporting function occurring on a six monthly basis, through the CHRIS HR21 system.</p> <p>The Department implemented a revised plan for its operational areas which has seen an increase in PDPs.</p> <p>Training and development in this area is facilitated on a regular basis through the Department’s formal training programs, targeted information sessions, regular intranet communication bulletins to all staff and regular reports to senior managers to encourage ongoing discussions between managers and their staff.</p> <p>Recording of staff performance development plans for the period 1 July 2018 to 30 June 2019 identified 30.5% of staff had a valid PDP in place.</p>
<p>Compliance is measured through CHRIS21 reporting system</p>	<p>PDP discussions are reported through the CHRIS 21 reporting system. All staff undertaking any training or development opportunities must have a valid PDP in place. It is also expected that although there are PDP discussions that take place, reporting is not always followed through due to inadequacies of the CHRIS 21 payroll system. This continues to be a challenge for DCS particularly within the prison system, due to the nature of the 24/7 rostering system.</p>

Work health, safety and return to work programs

Program name	Performance
Occupational health, safety and rehabilitation programs	<p>DCS saw a decrease in the number of workplace injuries from 133 in 2017-18 to 129 in 2018-19. The total cost of claims increased by 3.98% in comparison to the previous financial year.</p> <p>This was in part due to the introduction of the new lump sum payment for economic loss under the <i>Return to Work Act 2014</i> which is now paid to employees who have a workplace injury that results in five percent or more whole person impairment. This payment is for the future loss of wages that work injured employees may or may not experience as a result of their injury. This payment has significantly increased and will continue to increase in the future.</p> <p>Early intervention, effective case management practices and the provision of rehabilitation and return to work services have continued to assist injured workers to recover and return to work in a safe and timely manner.</p> <p>DCS saw an increase in workers compensation liability from \$17.7m in 2017-18 to \$20.5m in 2018-19. This increase is a result of a change in economic assumptions and the methodology for estimating the liability for Serious Injured Workers (SIW). DCS has five known SIW claims which remains unchanged from 2017-18.</p> <p>DCS received two applications for Additional Compensation in 2018-19 compared to zero in 2017-18. Liability has been allocated based on the potential for DCS employees to be exposed to criminal and dangerous situations. DCS saw a decrease in Additional Compensation liability from \$10.5m in 2017-18 to \$9.5m in 2018-19 as a result of the reduced number of expected claims.</p>
Spotlight On Safety	Spotlight on Safety information provided to DCS staff included information on ergonomics, communicable diseases, managing hazardous chemicals and World No Tobacco Day.
R U OK Day	R U OK? events were held at various DCS sites including BBQ breakfasts and lunches to raise awareness for suicide.
Healthy Working Bodies SharePoint Page	Development of a SharePoint page to support wellness information for all staff. The page includes information on men's health checks, Influenza Vaccination Program, managing in extreme heat, staying fit and healthy in winter, shift work and sleep, and healthy sleeping habits. The page has direct links to wellness pages and provides resources for DCS walking and running groups.

Workplace injury claims	2018-19	2017-18	% Change (+ / -)
Total new workplace injury claims	129	133	-3.0%
Fatalities	0	0	0.0%
Seriously injured workers*	0	0	0.0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	19.51	29.65	-34.2%

*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	2018-19	2017-18	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	16	16	0.0%
Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	0	0	0.0%

Return to work costs**	2018-19	2017-18	% Change (+ / -)
Total gross workers compensation expenditure (\$)	\$3 782 597.44	\$3 637 888.55	+3.98%
Income support payments – gross (\$)	\$1 937 622.52	\$1 831 008.29	+5.82%

**before third party recovery

Data for previous years is available at: <https://data.sa.gov.au/data/organization/dept-for-correctional-services>

Executive employment in the agency

Executive classification	Number of executives
CEO099	1
SAES1	7
SAES2	1

Data for previous years is available at: <https://data.sa.gov.au/data/organization/dept-for-correctional-services>

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 2018-19 are attached to this report.

The Department recorded a net operating (surplus) of \$2.1m compared to the budgeted (allowable) operating net (surplus) of \$10m.

Salary expenditure was higher than budget and predominately relates to \$9.5m in targeted voluntary separation packages (TVSP's). As at 30 June 2019, 126 staff had accepted a TVSP. Salary expenditure accounted for around 61% of total expenditure.

Supplies and Services accounted for the remaining 39% of total operating expenditure. This includes payments to G4S for the operation of Mt Gambier Prison, Prisoner Movement and In-Court Management Services, and provision of goods and services under the Electronic Monitoring System contract.

Revenues were higher than budget reflecting the recognition of Shared Services SA services provided free of charge.

Total comprehensive result reflects the increase in the value of property plant and equipment following a full actuarial revaluation performed during the year.

Statement of Comprehensive Income	2018-19 Budget \$000s	2018-19 Actual \$000s	Variation \$000s	2017-18 Actual \$000s
Expenses	358 539	368 490	-9 951	357 214
Revenues	12 041	14 144	2 103	13 578
Net cost of providing services	346 498	354 346	-7 848	343 636
Net Revenue from SA Government	356 544	356 544	-	324 673
Net result	10 046	2 198	-7 848	-18 963
Total Comprehensive Result	-10 046	-62 582	52 536	-7 564

Statement of Financial Position	2018-19 Budget \$000s	2018-19 Actual \$000s	Variation \$000s	2017-18 Actual \$000s
Current assets	40 649	25 967	-14 682	34 410
Non-current assets	650 792	713 478	62 686	627 264
Total assets	691 441	739 445	48 004	661 674
Current liabilities	48 340	55 917	7 577	47 421
Non-current liabilities	64 666	67 374	2 708	60 587
Total liabilities	113 006	123 291	10 285	108 008
Net assets	578 435	616 154	37 719	553 666
Equity	578 435	616 154	37 719	553 666

Consultants disclosure

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

Consultancies with a contract value below \$10 000 each

Consultancies	Purpose	\$ Actual payment
All consultancies below \$10 000 each - combined	Various	\$0

Consultancies with a contract value above \$10 000 each

Consultancies	Purpose	\$ Actual payment
Price Waterhouse Coopers (Australia) Pty Ltd	Provision of a procurement strategy for the transition of the Adelaide Remand Centre to a private provider.	\$30 750
Community Matters	Delivery of an expert, independent evaluation of the 'The Arches', a bail accommodation support program.	\$ 40 000
University of New South Wales	Delivery of an expert independent evaluation on the impact that changes to Home Detention has had on the rate of return to prison.	\$ 80 000
	Total	\$150 750

Data for previous years is available at: <https://data.sa.gov.au/data/organization/dept-for-correctional-services>

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

Contractors disclosure

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

Contractors with a contract value below \$10 000

Contractors	Purpose	\$ Actual payment
All contractors below \$10 000 each - combined	Various	\$23 517.50

Contractors with a contract value above \$10 000 each

Contractors	Purpose	\$ Actual payment
Randstad Pty Ltd	Specialist Information Technology staff for Information Technology project development.	\$ 24 527.89
Hudson Global Resources (Aust) Pty Ltd	Specialist Accounting staff for accounting project development.	\$ 25 363.85
Randstad Pty Ltd	Specialist Records Management staff for records management administrative support.	\$ 28 539.51
Talent International (SA) Pty Ltd	Specialist Information Technology staff for Information Technology project management.	\$ 45 776.87
Hays Specialist Recruitment	Specialist Information Technology staff for Information Technology project management.	\$ 61 818.48
Mediserve Pty Ltd	Provision of health, personal and nursing care services to prisoners.	\$ 66 898.20
Manpower Services Australia Pty Ltd	Specialist Information Technology staff for Information Technology project development and Help Desk administrative roles.	\$102 002.55

Paxus Australia Pty Ltd	Specialist Information Technology staff for Information Technology Help Desk administrative roles.	\$142 641.85
Spark & Cannon Australasia Pty Ltd	Specialist staff required for the provision of transcription services for the Parole Board of South Australia.	\$165 348.04
	Total	\$ 686 434.75

Data for previous years is available at: <https://data.sa.gov.au/data/organization/dept-for-correctional-services>

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

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

Risk management

Risk and audit at a glance

The Risk and Performance Committee (the Committee), formerly the Audit and Risk Management Committee, supports the Chief Executive of the Department in meeting the principles of the South Australian Public Sector. This is done through the provision of objective oversight and assessment of the Department's ability to achieve or deliver its strategic objectives, while recognising that this outcome demands the effective management of risks.

To assist the Committee to achieve its objectives, the Risk Advisory Group (RAG) was formed and reports directly to this Committee. In addition to this, the Audit and Risk Management Unit (ARMU) tables its output at quarterly Committee meetings, giving this Committee further assurance that the proper controls, governance and risk management processes are in place.

Fraud detected in the agency

Category/nature of fraud	Number of instances
Misuse of JIS	3
Fraudulent Timesheets/ Attendance	3
Financial Gain	6
Personal Gain	2

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

Strategies implemented to control and prevent fraud

DCS is committed to the prevention, detection and reporting of fraud and corruption in connection with its activities.

All staff have an obligation to report any suspicion of fraud, corruption, maladministration and misconduct in accordance with the Code of Ethics for the South Australian Public Sector and the Directions and Guidelines issued by the Independent Commissioner against Corruption (ICAC).

The processes for preventing, detecting and responding to the risks of fraud are documented in the Department's Fraud and Corruption Prevention and Detection Policy. An annual review of this policy is currently underway.

The Department's Risk and Performance Committee is responsible for ensuring that an adequate and effective control framework is in place through:

- Ensuring all policies and procedures are in place and reviewed annually taking into account the across government Fraud and Corruption Policy, and
- Reviewing internal and external audit reports.

In addition to this, the formation of the OCSR combined business groups of Investigations, Intelligence and Audit for the purpose of upholding the professional and ethical conduct of all employees for DCS, while ensuring Agency effectiveness and supporting operational security across the system.

OCSR regularly analyses data to establish and report patterns and themes identifying opportunities for departmental improvement including:

- Serious threats to life, safety and security of prisons;
- Pattered or syndicated illegal activities in a correctional environment;
- Organised crime and radical and extreme political ideologies; and
- Risks to organisational compliance

On 1 July 2019 the *Public Interest Disclosure Act 2018* (the PID Act) commenced, repealing the *Whistleblowers Protection Act 1993*. The Public Interest Disclosure Regulations 2019 will also commence and the ICAC will issue Public Interest Disclosure (PID) Guidelines. The Department is currently preparing to implement the PID Act in accordance with the ICAC Guidelines and requirements. A draft policy and guideline have been developed and new webpages (internal and external) have been designed. The Chief Executive has nominated four Responsible Officers who will assume the appropriate responsibilities when the PID Act commences.

Data for previous years is available at: <https://data.sa.gov.au/data/organization/dept-for-correctional-services>

Whistle-blowers disclosure

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

- One occasion.

Data for previous years is available at: <https://data.sa.gov.au/data/organization/dept-for-correctional-services>

Reporting required under any other act or regulation

Act or Regulation	Requirement
<i>Correctional Services Act 1982</i>	Section 37 – Search of prisoners
<p>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.</p> <p>In this regard, General Managers of the State’s prisons reported that over 146 200 searches were conducted on prisoners, prisoner areas and their cells and property throughout the State’s prisons during 2018-19. During these searches, 1331 prohibited items were detected.</p>	

Act or Regulation	Requirement										
<i>Correctional Services Act 1982</i>	Section 85B – Power of search and arrest of non-prisoners										
<p>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 they are searched. Visitors who may present as a threat to the good order and safety of a correctional facility may have a visit restriction applied against them for a specified period pursuant to Section 34 of the <i>Correctional Services Act 1982</i>.</p> <table border="1" data-bbox="477 1283 1094 1491"> <thead> <tr> <th colspan="2">Prisoner visits in 2018-19</th> </tr> </thead> <tbody> <tr> <td>Total visit sessions</td> <td>44 955</td> </tr> <tr> <td>Total visitor numbers</td> <td>63 927</td> </tr> <tr> <td>Visitors banned</td> <td>215</td> </tr> <tr> <td>Visitors detained and searched</td> <td>574</td> </tr> </tbody> </table>		Prisoner visits in 2018-19		Total visit sessions	44 955	Total visitor numbers	63 927	Visitors banned	215	Visitors detained and searched	574
Prisoner visits in 2018-19											
Total visit sessions	44 955										
Total visitor numbers	63 927										
Visitors banned	215										
Visitors detained and searched	574										

Reporting required under the *Carers’ Recognition Act 2005*

Not applicable

Public complaints

Number of public complaints reported

The Department's Prisoner 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.

Prisoner Complaint and Advice Line

Complaint category	Number of complaints
Access to services	46
Case management	13
Complaint against DCS Officer	35
Custodial management	78
Disciplinary matter	33
Medical	36
Parole matters	13
Placements / transfers	100
Prison facilities or living conditions	91
Property	114
Seeking information	53
Other* <i>includes categories with minimal complaints</i>	135
Total	747

Data for previous years is available at: <https://data.sa.gov.au/data/organization/dept-for-correctional-services>

Service improvements that responded to customer complaints or feedback

Complaints received via the PCAL are referred to the applicable DCS area and/or business unit for investigation and appropriate outcomes.

Appendix: Audited financial statements 2018-19

For official use only



Government of South Australia
Auditor-General's Department

Our ref: A19/047

16 September 2019

Mr D Brown
Chief Executive
Department for Correctional Services
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Dear Mr Brown

**Audit of Department for Correctional Services
for the year to 30 June 2019**

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

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

1 Independent Auditor's Report

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

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

2 Audit management letters

During the year, we sent you audit management letters detailing the weaknesses we noted and improvements we considered you need to make 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 controls over buildings and improvements, including the need to develop asset management policy, strategy and plans, and assess the physical condition of correctional facilities.

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

For official use only

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:

- asset management
- contract procurement
- payroll
- accounts payable
- revenue
- general ledger
- fixed assets
- workers' compensation
- governance.

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

enc



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To the Chief Executive Department for Correctional Services

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

Opinion

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

The financial report comprises:

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

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

Responsibilities of the Chief Executive for the financial report

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

Andrew Richardson

Auditor-General

16 September 2019

Department for Correctional Services

Financial Statements

For the year ended 30 June 2019

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department for Correctional Services:

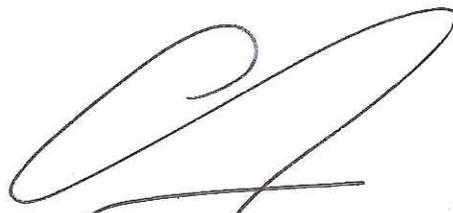
- comply with relevant Treasurer's Instructions issued under section 4.1 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Department; and
- present a true and fair view of the financial position of the Department for Correctional Services as at 30 June 2019 and the results of its operation and cash flows for the financial year.

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



David Brown
Chief Executive

9 September 2019



Chris Sexton
Executive Director, People & Business
Services

9 September 2019

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

	Note	2019 \$'000	2018 \$'000
Expenses			
Employee benefit expenses	2.3	225 590	224 474
Supplies and services	3.1	100 961	94 192
Depreciation and amortisation	3.2	21 632	20 681
Accommodation and associated lease costs		12 443	12 163
Payments to prisoners		4 309	4 227
Grants		292	626
Net loss from disposal of non-current assets	4.6	2 098	-
Impairment loss on receivables		320	-
Other expenses	3.3	845	851
Total expenses		368 490	357 214
Income			
Prison labour	4.2	5 802	5 194
Resources received free of charge	4.5	2 147	2 058
Salaries and goods and services recoups		1 957	1 933
Interest revenue		-	1
Commonwealth grants and payments	4.3	767	767
Canteen and kitchen sales	4.4	1 004	1 126
Net gain from the disposal of non-current and other assets	4.6	-	10
Other income	4.7	2 467	2 489
Total income		14 144	13 578
Net cost of providing services		354 346	343 636
Revenues from / (payments to) SA Government:			
Revenues from SA Government	4.1	356 544	362 041
Payments to SA Government	4.1	-	(37 368)
Net result		2 198	(18 963)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in revaluation surplus	5.1	60 384	11 399
Total comprehensive result		62 582	(7 564)

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 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	6.1	19 573	28 063
Receivables	6.2	4 498	4 503
Inventory	5.5	1 896	1 844
Total current assets		25 967	34 410
Non-current assets			
Property, plant and equipment	5.1	671 442	571 768
Capital works in progress	5.2	39 029	52 553
Intangible assets	5.3	2 593	2 593
Biological assets	5.4	414	350
Total non-current assets		713 478	627 264
Total assets		739 445	661 674
Current liabilities			
Payables	7.1	23 732	23 062
Employee benefits	2.4	28 874	21 241
Provisions	7.2	3 311	3 118
Total current liabilities		55 917	47 421
Non-current liabilities			
Payables	7.1	3 552	3 120
Employee benefits	2.4	37 108	32 418
Provisions	7.2	26 714	25 049
Total non-current liabilities		67 374	60 587
Total liabilities		123 291	108 008
Net assets		616 154	553 666
Equity			
Retained earnings	8.1	68 177	66 061
Prisoner amenities reserve	8.1	201	213
Asset revaluation surplus	8.1	382 308	321 924
Contributed capital	8.1	165 468	165 468
Total equity		616 154	553 666

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 2019

	Note	Prisoner amenities reserve	Asset revaluation surplus	Contributed capital	Retained earnings	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017		126	310 525	145 305	85 111	541 067
Net result for 2017-18		-	-	-	(18 963)	(18 963)
Gain on revaluation of land and buildings during 2017-18		-	11 394	-	-	11 394
Gain on revaluation of olives & citrus grove during 2017-18		-	5	-	-	5
Total comprehensive result for 2017-18		-	11 399	-	(18 963)	(7 564)
Net changes in reserves		87	-	-	(87)	-
Transactions with SA Government as owner:						
Capital contribution received		-	-	20 163	-	20 163
Balance at 30 June 2018	8.1	213	321 924	165 468	66 061	553 666
Adjustments on initial adoption of AASB 9		-	-	-	(94)	(94)
Adjusted balance at 1 July 2018		213	321 924	165 468	65 967	553 572
Net result for 2018-19		-	-	-	2 198	2 198
Gain on revaluation of land and buildings during 2018-19		-	60 104	-	-	60 104
Gain on revaluation of olives & citrus grove during 2018-19		-	280	-	-	280
Total comprehensive result for 2018-19		-	60 384	-	2 198	62 582
Net changes in reserves		(12)	-	-	12	-
Transactions with SA Government as owner:						
Balance at 30 June 2019	8.1	201	382 308	165 468	68 177	616 154

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 2019

		2019	2018
		(Outflows)	(Outflows)
		Inflows	Inflows
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(210 958)	(201 473)
Supplies and services		(125 778)	(119 088)
Prisoner payments		(4 309)	(4 227)
Grants		(292)	(626)
Payments for Paid Parental Leave Scheme		(288)	(156)
Other payments		(1 165)	(826)
Cash used in operations		(342 790)	(326 396)
Cash inflows			
Receipts from prison labour		5 802	5 194
Interest received		-	1
GST recovered from the ATO		13 300	13 486
Receipts for Paid Parental Leave Scheme		303	163
Other receipts		7 503	6 627
Cash generated from operations		26 908	25 471
Cash flows from SA Government			
Receipts from SA Government		356 544	362 041
Payments to SA Government		-	(37 368)
Cash generated from SA Government		356 544	324 673
Net cash provided by operating activities	8.2	40 662	23 748
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(49 224)	(66 802)
Cash used in investing activities		(49 224)	(66 802)
Cash inflows			
Proceeds from sale of property, plant and equipment		72	47
Cash generated from investing activities		72	47
Net cash used in investing activities		(49 152)	(66 755)
Cash flows from financing activities			
Cash inflows			
Capital contributions from SA Government		-	20 163
Cash generated from financing activities		-	20 163
Net cash provided by financing activities		-	20 163
Net (decrease) / increase in cash and cash equivalents		(8 490)	(22 844)
Cash and cash equivalents at the beginning of the reporting period		28 063	50 907
Cash and cash equivalents at the end of the reporting period	6.1	19 573	28 063

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 2019

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

1. About the Department for Correctional Services

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

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

1.1. Basis of preparation

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

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

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

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

Income, expenses and assets are recognised net of the amount of Goods and Services Tax except:

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

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

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

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.

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

1.2 Objectives and programs (continued)

- Community Based Services - The Department case manages and supervises offenders in the community on probation, parole or under home detention and bailees on supervised bail.
- Rehabilitation and Reparation Services - The Department provides a range of educational, vocational and rehabilitative activities designed to assist offenders to address their offending behaviour and provide them with opportunities to lead law abiding and productive lives.
- General / Not Attributable - Certain assets and liabilities of the Department are unable to be allocated reliably to activities.

The programs schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2018 and 30 June 2019.

Expenses and income by program

For the year ended 30 June

	Custodial Services		Community Based Services	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses				
Employee benefit expenses	158 551	163 765	35 234	31 791
Supplies and services	77 588	71 671	9 245	9 628
Depreciation and amortisation	20 283	19 339	608	608
Accommodation and associated lease costs	8 590	8 610	3 810	3 514
Payments to prisoners	3 624	3 486	-	-
Grants	-	-	-	-
Net gain/(loss) from disposal of non-current assets	2 092	-	-	-
Impairment loss on receivables	320	-	-	-
Other expenses	798	643	38	117
Total expenses	271 846	267 514	48 935	45 658
Income				
Prison labour	-	-	-	-
Resources received free of charge	1 584	1 526	285	271
Salaries and goods and services recoups	181	245	1 712	1 604
Interest revenue	-	1	-	-
Commonwealth grants and payments	-	-	100	100
Canteen and kitchen sales	1 004	1 126	-	-
Net gain/(loss) from the disposal of non-current and other assets	-	(25)	-	-
Other income	1 436	2 370	321	47
Total income	4 205	5 243	2 418	2 022
Net cost of providing services	267 641	262 271	46 517	43 636
Revenues from / (payments to) SA Government				
Revenues from SA Government	269 301	273 625	46 805	47 417
Payments to SA Government	-	(28 242)	-	(4 894)
Net result	1 660	(16 888)	288	(1 113)

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

Expenses and income by program (continued)

As at 30 June

	Rehabilitation and Reparation Services		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses				
Employee benefit expenses	31 805	28 918	225 590	224 474
Supplies and services	14 128	12 893	100 961	94 192
Depreciation and amortisation	741	734	21 632	20 681
Accommodation and associated lease costs	43	39	12 443	12 163
Payments to prisoners	685	741	4 309	4 227
Grants	292	626	292	626
Net gain/(loss) from disposal of non-current assets	6	-	2 098	-
Impairment loss on receivables	-	-	320	-
Other expenses	9	91	845	851
Total expenses	47 709	44 042	368 490	357 214
Income				
Prison labour	5 802	5 194	5 802	5 194
Resources received free of charge	278	261	2 147	2 058
Salaries and goods and services recoups	64	84	1 957	1 933
Interest revenue	-	-	-	1
Commonwealth grants and payments	667	667	767	767
Canteen and kitchen sales	-	-	1 004	1 126
Net gain/(loss) from the disposal of non-current and other assets	-	35	-	10
Other income	710	72	2 467	2 489
Total income	7 521	6 313	14 144	13 578
Net cost of providing services	40 188	37 729	354 346	343 636
Revenues from / (payments to) SA Government				
Revenues from SA Government	40 438	40 999	356 544	362 041
Payments to SA Government	-	(4 232)	-	(37 368)
Net result	250	(962)	2 198	(18 963)

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

Assets and liabilities by program

As at 30 June

	Custodial Services		Community Based Services		Rehabilitation and Reparation Services	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current assets						
Cash and cash equivalents	16	19	3	3	1	1
Receivables	642	339	-	-	-	-
Inventory	376	327	-	-	1 142	1 187
Total current assets	1 034	685	3	3	1 143	1 188
Non-current assets						
Property, plant and equipment	644 375	546 324	10 868	9 294	13 968	13 338
Capital works in progress	37 232	52 058	16	20	221	5
Intangible assets	2 593	2 593	-	-	-	-
Biological assets	-	-	-	-	414	350
Total non-current assets	684 200	600 975	10 884	9 314	14 603	13 693
Total assets	685 234	601 660	10 887	9 317	15 746	14 881
Current liabilities						
Payables	16 373	16 389	576	554	1 522	716
Employee benefits	22 665	16 210	4 335	3 167	1 874	1 864
Provisions	2 327	2 262	517	448	467	408
Total current liabilities	41 365	34 861	5 428	4 169	3 863	2 988
Non-current liabilities						
Payables	2 451	2 217	86	75	228	97
Employee benefits	26 081	22 879	5 796	4 995	5 231	4 544
Provisions	18 775	20 697	4 172	2 279	3 767	2 073
Total non-current liabilities	47 307	45 793	10 054	7 349	9 226	6 714
Total liabilities	88 672	80 654	15 482	11 518	13 089	9 702
Net assets	596 562	521 006	(4 595)	(2 201)	2 657	5 179

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

Assets and liabilities by program (continued)

As at 30 June

	General / Not Attributable		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current assets				
Cash and cash equivalents	19 553	28 040	19 573	28 063
Receivables	3 856	4 164	4 498	4 503
Inventory	378	330	1 896	1 844
Total current assets	23 787	32 534	25 967	34 410
Non-current assets				
Property, plant and equipment	2 231	2 812	671 442	571 768
Capital works in progress	1 560	470	39 029	52 553
Intangible assets	-	-	2 593	2 593
Biological assets	-	-	414	350
Total non-current assets	3 791	3 282	713 478	627 264
Total assets	27 578	35 816	739 445	661 674
Current liabilities				
Payables	5 261	5 403	23 732	23 062
Employee benefits	-	-	28 874	21 241
Provisions	-	-	3 311	3 118
Total current liabilities	5 261	5 403	55 917	47 421
Non-current liabilities				
Payables	787	731	3 552	3 120
Employee benefits	-	-	37 108	32 418
Provisions	-	-	26 714	25 049
Total non-current liabilities	787	731	67 374	60 587
Total liabilities	6 048	6 134	123 291	108 008
Net assets	21 530	29 682	616 154	553 666

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

1.3. Budget performance

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

As at 30 June

	Note	Original budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefit expenses	(a)	201 696	225 590	(23 894)
Supplies and services		112 049	100 961	11 088
Depreciation and amortisation		21 119	21 632	(513)
Accommodation and associated lease costs		7 830	12 443	(4 613)
Payments to prisoners		3 922	4 309	(387)
Grants		700	292	408
Net loss from disposal of non-current assets		-	2 098	(2 098)
Impairment loss on receivables		-	320	(320)
Other expenses		774	845	(71)
Total expenses		348 090	368 490	(20 400)
Income				
Prison labour		7 777	5 802	(1 975)
Resources received free of charge		-	2 147	2 147
Salaries and goods and services recoups		179	1 957	1 778
Commonwealth grants and payments		767	767	-
Canteen and kitchen sales		1 202	1 004	(198)
Other income		2 070	2 467	397
Total income		11 995	14 144	2 149
Net cost of providing services		336 095	354 346	(18 251)
Revenues from / (payments to) SA Government				
Revenues from SA Government		339 527	356 544	17 017
Total net revenues from SA Government		339 527	356 544	17 017
Net result		3 432	2 198	(1 234)
Other comprehensive income				
<i>Items that will not be reclassified to net results</i>				
Changes in revaluation surplus		-	60 384	60 384
Total other comprehensive income		-	60 384	60 384
Total comprehensive result		3 432	62 582	59 150

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 over expenditure of \$24.2 million in employee benefits expenses comprises the following:

- \$9.5 million relating to TVSP payments;
- \$6.5 million relating to revaluations of employee leave entitlements (\$5.2 million) and worker compensation related payments (\$1.3 million) based on actuarial assessments, refer note 11.1 and
- \$5.0 million in penalty and leave payments associated with unplanned activities in prisons with the majority relating to hospital watches, prison escorts and constant observations.

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

1.3. Budget performance (continued)

	Note	Original budget	Actual	Variance
		2019 \$'000	2019 \$'000	\$'000
Investing expenditure summary				
Total new projects		-	2 381	(2 381)
Total existing projects		38 350	40 620	(2 270)
Total Annual Programs		2 491	6 570	(4 079)
Total investing expenditure		40 841	49 571	(8 730)

Total new projects

- The variance primarily relates to early works expenditure associated with the Yatala Labour Prison 270 Bed expansion (\$1.8m), and transition of Electronic Security Systems from Analogue to Digital project (\$0.6m). The original budget was held centrally by the Department of Treasury and Finance.

Total existing projects

- The variance is primarily due to the additional costs associated with the Port Augusta 128 bed project (\$1.9m).

Total Annual Programs

- The variance is primarily due to the original budget not including an adjustment to the revised budget of \$1.2m, and addition costs associated with a number of capital projects including the Adelaide Women's Prison Accommodation refurbishment.

1.4. Significant transactions with government related entities

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

- Approximately 80% of lease payments relate to accommodation supplied by DPTI and cars supplies by Fleet SA.

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

2. Boards, Committees and Employees

2.1. Key management personnel

Key management personnel of the Department include the Minister, the Chief Executive and the six 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 for Correctional Services receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2019	2018
	\$'000	\$'000
Salaries and other short term employee benefits	1 558	1 315
Post-employment benefits	160	156
Total compensation	1 718	1 471

Transactions with key management personnel and other related parties

The Department had no significant transactions with government related entities except with the Department of Treasury and Finance for appropriation funding received. The Department has no significant transactions with key management person or other related parties.

2.2. Boards and committee members

Members during the 2019 financial year were.

Parole Board of South Australia

Frances Nelson QC (Presiding Member)	Terence Groom (retired October 2018)
Timothy Bourne (Deputy Presiding Member)	David Haebich (retired October 2018)
Stephen Ey (Deputy Presiding Member) (appointed September 2018)	Andrew Kyprianou
Kevin Hill (Deputy Member) (appointed September 2018)	Susan MacDonald *
Nora Bloor	Katherine McLachlan
Garth Dodd	Dr Maria Naso * (appointed September 2018)
Denis Edmonds	Dr Kenneth Peter O'Brien (retired October 2018)

Serious Offender Committee

Vanessa Swan * (Co-Chair)	Stacey McCallum *
Mignon Bruce * (appointed June 2019)	Hayley Mills * (Co-Chair) (retired February 2019)
Carmen Bryan *	Alicia Murphy * (retired June 2019)
Jane Farrin *	Jon Oliver * (retired June 2019)
Danielle Hamann * (retired June 2019)	Robert Richardson * (retired June 2019)
Ryan Harber * (Co-Chair) (appointed February 2019)	Trevor Richardson *
Caroline Holmstrom (appointed July 2018)	Emma Roesch *
Darren Hosking *	Anthony Shillabeer * (retired June 2019)
Rebecca Hughes * (appointed February 2019)	Jodie Sloan (retired June 2019)
Matt Jansons * (appointed June 2019)	Paul Taggart * (retired June 2019)
Joanne Leonello *	Brenton Williams * (retired November 2018)
Sylvia Lowczak * (appointed October 2018)	Kitlian Wong *
Andy Mangel * (appointed December 2018)	

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

2.2. Boards and committee members (continued)

DCS Audit and Risk Management Committee

Joe Ullianich (Independent Chairperson)	Michael Reynolds * (resigned May 2019)
Jacqui Casey *	Vanessa Swan *
Angela Gransden *	

Better Prisons Advisory Panel - established and members appointed January 2019

Paul Case (Chair)	James Koulouris
Janice Shuard (Deputy Chair)	Rick Persse *
Marie Boland	Erma Ranieri *
David Brown *	Nerida Saunders *
Stuart Hocking *	Darian Shephard-Bayly *

Smokefree Prison Strategy Stage 1 Panel - established and members appointed January 2019

David Brown * (Chair)	Annette McKee *
Tricia Blight *	Professor Paddy Phillips *
Marie Boland	Michelle Sced *
Jackie Bray *	Chris Sexton *
Paul Dickson *	

* In accordance with the Premier and Cabinet Circular No.016, government employees did not receive any remuneration for board/committee duties during the financial year, excepting Maria Naso (Parole Board of South Australia).

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

	2019	2018
\$0 - \$19 999	55	20
\$20 000 - \$39 999	2	6
\$40 000 - \$59 999	5	2
\$60 000 - \$79 999	-	1
\$80 000 - \$99 999	1	-
Total number of members	63	29

The total remuneration received or receivable by members was \$446 310 (\$350 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

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

2.3. Employee benefits expenses

Employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	159 807	155 756
Annual leave	17 156	16 394
Employment on-costs - superannuation ⁽¹⁾	16 601	16 408
Employment on-costs - payroll tax	10 023	9 692
Long service leave	8 520	5 564
TVSPs (refer below)	9 126	-
Workers compensation ⁽²⁾	4 695	9 588
Skills and experience retention leave	646	605
Additional Compensation	(984)	10 467
Total employee benefit expenses	225 590	224 474

⁽¹⁾ The superannuation employment on-cost charge represents the Department's contributions to superannuation plans in respect of current services of current employees.

⁽²⁾ Includes the movement in workers compensation liability of \$2.84 million (\$7.68 million) resulting from the annual actuarial assessment (refer also to Note 7.2).

Remuneration of employees

	Executive		Employees		Total	
	2019	2018	2019	2018	2019	2018
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number	Number	Number	Number	Number
\$149 000 to \$151 000*	N/A	-	N/A	2	-	2
\$151 001 to \$171 000	3	-	8	14	11	14
\$171 001 to \$191 000	3	4	4	2	7	6
\$191 001 to \$211 000	1	2	3	-	4	2
\$211 001 to \$231 000	2	1	-	-	2	1
\$251 001 to \$271 000	1	3	-	-	1	3
\$271 001 to \$291 000	-	-	1	-	1	-
\$291 001 to \$311 000	1	-	-	-	1	-
\$331 001 to \$351 000	-	1	-	-	-	1
\$351 001 to \$371 000	1	-	-	-	1	-
Total	12	11	16	18	28	29

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2017-18.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$5.47 million (\$5.33 million).

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

2.3. Employee benefits expenses (continued)

Targeted voluntary separation packages (TVSP)

As at 30 June 2019, 126 (0) had accepted a TVSP of which 34 had departed.

	2019	2018
	\$'000	\$'000
Amount paid to separated employees:		
Accrued Targeted Voluntary Separation Packages	6 946	
Targeted Voluntary Separation Packages	2 180	-
	9 126	
Leave paid to those employees	465	-
	<u>9 591</u>	<u>-</u>
Less:		
Recovery from the Department of Treasury and Finance	(9 617)	-
Net cost to the Department	<u>(26)</u>	<u>-</u>

2.4. Employee benefits liability

	2019	2018
	\$'000	\$'000
Current		
Annual leave	14 902	14 768
Accrued TVSP's	6 995	-
Accrued salaries and wages	3 328	3 582
Long service leave	3 069	2 318
Skills and experience retention leave	576	569
Unclaimed salaries and wages	4	4
Total current employee benefits	<u>28 874</u>	<u>21 241</u>
Non-current		
Long service leave	35 289	30 802
Annual leave	1 583	1 359
Skills and experience retention leave	236	257
Total non-current employee benefits	<u>37 108</u>	<u>32 418</u>
Total employee benefits	<u>65 982</u>	<u>53 659</u>

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.

Unclaimed salaries and wages have been included as a current liability for employee benefits.

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.

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.

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

2.4. Employee benefits liability (continued)

Long service leave

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

3. Expenses

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Contracts ⁽¹⁾	40 577	37 305
Offender related costs	10 834	10 827
Utilities	9 937	9 752
Cost of goods sold - prison industries	5 792	5 343
Works and equipment costs	6 498	6 031
IT costs	6 051	5 043
Workers compensation	2 491	2 275
Shared Services SA processing ⁽²⁾	2 274	2 077
Staff related costs	2 053	2 113
Insurance charges	1 816	1 710
Travel expenses	1 349	1 516
Cost of goods sold - canteen and kitchen sales	1 008	1 114
Materials and consumables	582	724
Contracted staff	700	541
Board and committee fees	410	320
Consultants	151	102
WHS expenses	296	273
Sundry other expenses ⁽³⁾	8 142	7 126
Total supplies and services	100 961	94 192

⁽¹⁾ The main contracts for the Department include the Mount Gambier prison management, prisoner movement and in-court management and Electronic Monitoring System South Australia.

⁽²⁾ Includes resources provided free of charge \$2.147 million (\$2.058 million) expensed at fair value.

⁽³⁾ Includes audit fees paid/payable to the Auditor-General's Department relating to work performed under the PFAA of \$147 800 (\$129 000). No other services were provided by the Auditor-General's Department.

The total supplies and services amount disclosed includes GST amounts not recoverable from the Australian Taxation Office due to the Department not holding a tax invoice or payments relating to third party arrangements.

Consultants

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

	No.	2019	No.	2018
		\$'000		\$'000
Above \$10 000	3	151	3	102
Total paid / payable to the consultants engaged	3	151	3	102

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

3.2. Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Depreciation		
Buildings	20 223	19 171
Plant and equipment	354	331
Total depreciation	20 577	19 502
Amortisation		
Leasehold improvements	1 055	1 042
Intangibles assets	-	137
Total amortisation	1 055	1 179
Total depreciation and amortisation	21 632	20 681

All non-current assets having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to leasehold improvements and intangible assets such as software licences, while depreciation is applied to tangible assets such as property, plant and equipment.

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

Land is not depreciated.

Review of accounting estimates

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

During the year, the Department reassessed the useful life of its assets and determined that no change was necessary.

Useful life

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

Class of asset	Useful life (years)
Plant and equipment	4-20
Buildings (including prisons)	Up to 60
Intangibles	3-5
Leasehold improvements	Life of lease

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.

3.3. Other expenses

	2019	2018
	\$'000	\$'000
Bank charges	23	23
Fringe benefits tax	503	426
Other	319	402
Total other expenses	845	851

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

4. Income

4.1. Revenues from / (payments to) SA Government

	2019 \$'000	2018 \$'000
Revenues from SA Government		
Appropriations from the Consolidated Account Pursuant to the <i>Appropriation Act</i>	339 527	321 338
Other revenues from the Consolidated Account	7 400	40 703
TVSP Recovery	9 617	-
Total revenues from SA Government	356 544	362 041
Payments to SA Government		
Return of surplus cash pursuant to the cash alignment policy	-	37 368
Total payments to SA Government	-	37 368

Appropriations

Appropriations are recognised on receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Department and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

Total revenues from Government consist of \$356.5 million (\$362.0 million) for operational funding and capital projects. For details on the expenditure associated with the operational funding received refer to Notes 2.3, 3.1 and 3.3. There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

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

4.2. Net income / (loss) from prison labour

	Yatala Labour Prison		Mobilong Prison		Cadell Training Centre		Adelaide Women's Prison/ Adelaide Pre-Release Centre	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales income								
Internal sales	499	426	637	783	782	866	400	507
External sales	529	527	579	421	431	331	2 270	2 419
Total sales income	1 028	953	1 216	1 204	1 213	1 197	2 670	2 926
Cost of goods sold	(432)	(440)	(772)	(661)	(574)	(528)	(2 266)	(2 359)
Gross profit	596	513	444	543	639	669	404	567
Other income	-	(4)	7	2	56	40	-	-
Other expenses	(1 984)	(2 101)	(1 926)	(2 395)	(1 439)	(1 475)	(993)	(1 082)
Net income / (loss)	(1 388)	(1 592)	(1 475)	(1 850)	(744)	(766)	(589)	(515)

	Port Augusta Prison		Port Lincoln Prison		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales income						
Internal sales	158	43	34	4	2 510	2 629
External sales	1 655	1 255	338	241	5 802	5 194
Total sales income	1 813	1 298	372	245	8 312	7 823
Cost of goods sold	(1 578)	(1 161)	(48)	(194)	(5 670)	(5 343)
Gross profit	235	137	324	51	2 642	2 480
Other income	1	1	3	18	67	57
Other expenses	(1 955)	(2 110)	(639)	(572)	(8 936)	(9 735)
Net income / (loss)	(1 719)	(1 972)	(312)	(503)	(6 227)	(7 198)

Internal sales include \$25 000 (\$42 000) resulting from work undertaken by prisoners for projects that are part of the capital works program.

Internal sales have been eliminated from consolidated income and are therefore not included in the Statement of Comprehensive Income.

Other expenses include employee benefits, supplies and services, offender related costs and depreciation associated with industry operations at each location.

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4.3. Commonwealth grants and payments

	2019	2018
	\$'000	\$'000
Commonwealth revenue	767	767
Total Commonwealth revenue	767	767

Commonwealth revenue is for the Remote Areas Program and the Women's Safety Package.

4.4. Canteen and kitchen sales

	2019	2018
	\$'000	\$'000
Canteen and kitchen sales	1 004	1 126
Cost of goods sold	(1 008)	(1 114)
Net result of canteen and kitchen sales	(4)	12

4.5. Resources received free of charge

	2019	2018
	\$'000	\$'000
Services received free of charge – Shared Services SA	2 147	2 058
Total resources received free of charge	2 147	2 058

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

	2019	2018
	\$'000	\$'000
Land and buildings		
Proceeds from disposal	-	-
Less net book value of assets disposed (written off)	(2 062)	-
Net gain/ (loss) from disposal of land and buildings	(2 062)	-
Plant and equipment		
Proceeds from disposal	4	47
Less net book value of assets disposed	(40)	(37)
Net gain/ (loss) from disposal of plant and equipment	(36)	10
Total assets		
Proceeds from disposal	4	47
Less net book value of assets disposed	(2 102)	(37)
Total net gain/ (loss) from disposal of non-current assets	(2 098)	10

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 cost of the asset from the proceeds at that time. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

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4.7. Other income

	2019	2018
	\$'000	\$'000
Other income received from SA Government entities		
Grants received	328	384
Revenue from recoveries	292	342
Internally generated assets	33	58
Total other income - SA Government entities	<u>653</u>	<u>784</u>
Other income received from entities external to the SA Government		
Prisoner telephone receipts	1 670	1 551
Net revaluation increment (decrement) from valuation of Biological Assets	23	-
Other	121	154
Total other income - Non-SA Government entities	<u>1 814</u>	<u>1 705</u>
Total other income	<u><u>2 467</u></u>	<u><u>2 489</u></u>

Other income is recognised on receipt.

5. Non-financial assets

5.1. Property, plant and equipment

	2019	2018
	\$'000	\$'000
Land and buildings		
Land at fair value (existing use)	158 264	90 370
Buildings at fair value	1 004 710	938 313
Accumulated depreciation	(497 195)	(463 293)
Total land and buildings	<u>665 779</u>	<u>565 390</u>
Leasehold improvements		
Leasehold improvements (deemed fair value)	12 570	12 529
Accumulated amortisation	(9 736)	(8 682)
Total leasehold improvements	<u>2 834</u>	<u>3 847</u>
Plant and equipment		
Plant and equipment at cost (deemed fair value)	6 434	6 203
Accumulated depreciation	(4 103)	(3 890)
Total plant and equipment	<u>2 331</u>	<u>2 313</u>
Bearer plants		
Bearer plants at cost (deemed fair value)	498	218
Total bearer plants	<u>498</u>	<u>218</u>
Total property, plant and equipment	<u><u>671 442</u></u>	<u><u>571 768</u></u>

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

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

Reconciliation of property, plant and equipment during 2018-19

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Bearer plants \$'000	Total \$'000
Carrying amount at the beginning of the period	565 390	3 847	2 313	218	571 768
Acquisitions	262	-	66	-	328
Transfers from capital works in progress	62 296	42	426	-	62 764
Disposals	(2 062)	-	(40)	-	(2 102)
Revaluation increment	60 104	-	-	280	60 384
Depreciation and amortisation	(20 223)	(1 055)	(354)	-	(21 632)
Other	-	-	(68)	-	(68)
Transfers between asset classes	12	-	(12)	-	-
Carrying amount at the end of the period	665 779	2 834	2 331	498	671 442

Reconciliation of property, plant and equipment during 2017-18

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Bearer plants \$'000	Total \$'000
Carrying amount at the beginning of the period	513 383	4 443	1 948	213	519 987
Acquisitions	50	-	637	-	687
Transfers from capital works in progress	59 734	446	96	-	60 276
Disposals	-	-	(37)	-	(37)
Revaluation increment/(decrement)	11 394	-	-	5	11 399
Depreciation and amortisation	(19 171)	(1 042)	(331)	-	(20 544)
Carrying amount at the end of the period	565 390	3 847	2 313	218	571 768

5.2. Capital works in progress

	2019 \$'000	2018 \$'000
Capital works in progress	39 029	52 553
Total capital works in progress	39 029	52 553

Reconciliation of capital works in progress during 2018-19

	2019 \$'000	2018 \$'000
Carrying amount at the beginning of the period	52 553	48 213
Additions	49 243	64 616
Transfers to property, plant and equipment	(62 764)	(60 276)
Expense of prior year capital costs	(3)	-
Carrying amount at the end of the period	39 029	52 553

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5.2. Capital works in progress (continued)

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 transfer of \$48 million for the completion of Mount Gambier Prison and \$8 million for Port Augusta Prison accommodation offset by works in progress expenditure for additional accommodation projects at Adelaide Women's Prison of \$22 million, Mount Gambier Prison of \$9 million and Port Augusta Prison of \$9 million.

5.3. Intangible assets

	2019 \$'000	2018 \$'000
Water licences		
Water licences	2 593	2 593
Total water licences	<u>2 593</u>	<u>2 593</u>
Total intangibles	<u>2 593</u>	<u>2 593</u>

An intangible asset is an identifiable non-monetary asset without physical substance. The useful lives of intangible assets are assessed to be either finite or indefinite.

Water licences

The South Australian Government has issued water licences to the Department under the *Natural Resources Management Act 2004*. 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.

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5.4. Biological assets

	2019	2018
	\$'000	\$'000
Livestock	414	350
Total biological assets	414	350

Reconciliation of biological assets (livestock)

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	350	330
Increases due to purchases	-	4
Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	97	50
Gain arising from changes in fair value less estimated point-of-sale costs attributable to price changes	17	-
Decreases due to sales	(50)	(34)
Carrying amount at the end of the period	414	350

Currently there are 259 (220) 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. No government grants have been issued in relation to the livestock.

5.5. Inventory

	2019	2018
	\$'000	\$'000
Current - held for distribution:		
Stores	754	658
Total inventories held for distribution	754	658
Current - other than those held for distribution:		
Raw materials and work in progress	753	769
Finished goods	128	121
Stores	261	296
Total current inventories other than those held for distribution	1 142	1 186
Total inventories	1 896	1 844

Inventory include goods and other property held either for sale or distribution at nominal cost in the ordinary course of business.

Inventory in institutional stores is held for distribution at cost and is adjusted when applicable for any loss of service potential.

Inventory held in prison canteens is held for sale at nominal cost and is assigned on the basis of average cost.

Inventory held by prison industries is measured at cost.

Lock and physical security items inventory is held for distribution at cost and adjusted when applicable for any loss of service potential.

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6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	19 538	28 027
Prison imprest accounts	27	27
Petty cash	8	9
Total cash and cash equivalents	19 573	28 063

Deposits with the Treasurer

The Department has two deposit accounts with the Treasurer: a general operating account and an Accrual Appropriation Excess Funds Account. Although the Department controls the money in the Accrual Appropriation Account, its use must be approved by the Treasurer. The Department does not earn interest on its deposits with the Treasurer.

6.2. Receivables

	2019	2018
	\$'000	\$'000
Current:		
Receivables	1 359	889
Less allowance for doubtful debts	(410)	-
	949	889
Accrued revenue	23	160
GST receivable	3 442	3 378
Prepayments	84	76
Total receivables	4 498	4 503

Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

The Department does not have any material interest bearing assets and liabilities and is not exposed to any interest rate risk.

Refer to Note 11 for further information on risk management.

Impairment of receivables

	2019	2018
	\$'000	\$'000
Balance at 30 June 2018 under AASB 139	-	-
Adjustments on initial adoption of AASB 9	94	-
Carrying amount at the beginning of the period	94	-
Increase/(decrease) in the provision	320	-
Amounts written off	(4)	-
Carrying amount at end of the period	410	-

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

Department for Correctional Services
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7. Liabilities

Employee Benefits Liabilities are discussed in Note 2.4

7.1. Payables

	2019	2018
	\$'000	\$'000
Current		
Creditors ⁽¹⁾	15 392	15 628
Accruals	4 366	3 550
Employment on-costs	3 943	3 856
Paid Parental Leave Scheme payable	31	28
Total current payables	23 732	23 062
Non-current		
Employment on-costs	3 552	3 120
Total non-current payables	3 552	3 120
Total payables	27 284	26 182

⁽¹⁾ Creditors include \$7.4 million (\$8.8 million) for additional prisoner accommodation projects.

Payables and accruals are raised 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, WorkCover levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged

The Department makes contributions to several State Government 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 South Australian Superannuation Board. The only liability outstanding at balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

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

Paid parental leave scheme

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

Department for Correctional Services
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7.2. Provisions

	2019	2018
	\$'000	\$'000
Current		
Workers' compensation - medical and other costs	2 021	1 958
Workers' compensation - income maintenance	1 135	951
Additional compensation	155	209
Total current provisions	3 311	3 118
Non-current		
Workers' compensation - medical and other costs	11 576	9 252
Workers' compensation - income maintenance	5 810	5 539
Additional compensation	9 328	10 258
Total non-current provisions	26 714	25 049
Total provisions	30 025	28 167
Movement In Provisions	2019	2018
	\$'000	\$'000
Workers' compensation:		
Carrying amount at the beginning of the period	17 700	10 017
Workers' compensation payments	(456)	(3 142)
Increase in provision	3 298	10 825
Carrying amount at the end of the period	20 542	17 700
Additional compensation:		
Carrying amount at the beginning of the period	10 467	-
(Decrease)/ increase in provision	(984)	10 467
Carrying amount at the end of the period	9 483	10 467

The Department is responsible for the payment of workers' compensation claims.

A liability has been reported to reflect unsettled workers' compensation claims. The workers' compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office for the Public Sector. The liability was calculated in accordance with Australian Accounting Standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June 2019. No risk margin is included in this estimate.

The increase in the workers' compensation liability in 2019 was impacted by:

- A significant reduction in the government bond rate,
- Increase in average claim size,
- Increased medical costs for known claims, and
- The reduction in the Department's relative share of incurred but not yet reported claims estimated by the actuary at a whole of government level.

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

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7.2. Provisions (continued)

Additional Compensation for Certain Work-Related Injuries or Illnesses (Additional Compensation provision)

Following changes in 2018 to relevant Public Sector Enterprise Agreements, the Department has recognised an Additional Compensation provision as at 30 June 2019.

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

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

Key assumptions in the estimate include:

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

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

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

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8. Other disclosures

8.1. Equity

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets to the extent that they offset one another. Relevant amounts are transferred to retained earnings when the 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. Proceeds from the sale of canteen goods to prisoners net of the cost of certain direct expenses less any associated prisoner amenities expenditure incurred during the financial year 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.

8.2. Cash flow

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

Cash Flow Reconciliation	2019	2018
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	19 573	28 063
Balance as per the Statement of Cash Flows	<u>19 573</u>	<u>28 063</u>
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	40 662	23 748
Less revenues from SA Government	(356 544)	(362 041)
Add payments to SA Government	-	37 368
Add / (less) non-cash Items		
Net gain/(loss) from the disposal of non-current and other assets	(2 098)	10
Depreciation and amortisation	(21 632)	(20 681)
Movement in assets and liabilities		
Increase in receivables	89	1 085
Increase in inventories	52	247
Increase in biological assets	64	20
(Increase) in payables	(758)	(1 125)
(Increase) in employee benefits	(12 323)	(4 117)
(Increase) in provisions	(1 858)	(18 150)
Net cost of providing services	<u>(354 346)</u>	<u>(343 636)</u>

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9. Changes in accounting policy

9.1. Treasurer's Instructions (Accounting Policy Statements)

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

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

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

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

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

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.4.

Department for Correctional Services
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9.2. AASB 9 Financial Instruments

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

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

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

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

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

The total impact on the Department's retained earnings at 1 July 2018 is reflected in the table below:

	2018
	\$'000
Closing retained earnings 30 June 2018 – AASB 139	-
Increase in provision for receivables	(94)
Opening retained earnings 1 July 2018 – AASB 9	(94)

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10. Outlook

10.1. Unrecognised contractual commitments

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

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

Contract service commitments

	2019	2018
	\$'000	\$'000
Within one year	54 418	35 401
Later than one year but not later than five years	167 067	92 987
Later than five years	49 161	16 085
Total contract service commitments	270 646	144 473

The prisoner movement and in-court management contract was extended for a further 5 years from 1 February 2016 and is due to expire on 31 January 2021.

The electronic monitoring system contract was renewed on 20 January 2019 for a 3 year period and is due to expire on 19 January 2022.

The management of the Mount Gambier prison contract was awarded for a period of 5 years from 1 December 2017 and is due to expire on 30 November 2022.

The contract for the provision of vocational training and employment opportunities through Work Ready Release Ready, commenced 1 January 2018 and is due to expire on 30 June 2021.

The contract for the supply of Home Detention Integrated Support Services to further support offenders on Court Ordered and Release Ordered Home Detention commenced on 1 November 2017 and is due to expire 31 October 2020.

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

A new contract for the management of the Adelaide Remand Centre operations was entered into on 18 March 2019 with SERCO Australia Pty Ltd. The contract was awarded for a period of 7 years to commence 14 August 2019 and will expire 13 August 2026.

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 2018-19 prisoner populations.
- are exclusive of GST.

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10.1. Unrecognised contractual commitments (continued)

Operating lease commitments

	2019 \$'000	2018 \$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	5 012	5 450
Later than one year but not later than five years	6 478	7 258
Later than five years	2 557	1 292
Total operating lease commitments	14 047	14 000

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement. The Department has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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

The Department's operating leases are for office accommodation and motor vehicles. Office accommodation is leased from Building Management - Accommodation and Property Services, a branch of the Department of Planning, Transport and Infrastructure. Motor vehicles are leased from the South Australian Government Financing Authority (SAFA) through its agent Leaseplan Australia. The leases are non-cancellable and are payable monthly in advance.

The Department does not have any finance lease arrangements.

10.2. Contingent assets and liabilities

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

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 \$240 000 (\$126 000).

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.

10.3. Trust funds

The Department holds prisoner monies in a trustee capacity. These monies are excluded from 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:

	2019 \$'000	2018 \$'000
Balance at the beginning of the period	1 067	740
Prisoner monies receipts	8 928	8 801
Prisoner monies payments	(8 963)	(8 474)
Balance at the end of the period	1 032	1 067

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10.4. Impact of standards and statements not yet effective

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

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

The impacts on the Department are outlined below.

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

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

Objective

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

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

Impact on 2019-20 financial statements

Adopting AASB 15 and AASB 1058 is not expected to have a material impact on the timing of recognition of revenue by the Department.

AASB 16 – Leases

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

Objective

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

Impact on 2019-20 financial statements

The Department has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the *Treasurer's Instructions (Accounting Policy Statements) 2019*.

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

AASB 16 is expected to have a material impact on the Statement of Financial Position. The Department has estimated the impact of this change and the results as at 1 July 2019. The amounts disclosed are current estimates only. The Department is continuing to refine its calculations of lease assets and liabilities for 2019-20 financial reporting purposes and expects that these figures will change. This includes accounting for non-lease components and clarifying lease terms and treatment of contractual rent increases.

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

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

The estimated impact is set out below.

	as at 1 July 2019 \$'000
<u>Assets</u>	
Right-of-use assets	30 421
<u>Liabilities</u>	
Lease liabilities	(30 421)
Net impact on equity	-

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

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

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

	2020 \$'000
Depreciation and amortisation	4 781
Supplies and services	(5 056)
Borrowing costs	636
Net impact on net cost of providing services	361

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

Related accounting policies

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

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

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

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

10.5. Events after the reporting period

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

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11. Measurement and risk

11.1. Long service leave liability - measurement

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

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

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

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

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$3.7 million and employee benefits expense of \$3.7 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and reduced the salary inflation rate from 3% to 2.2% for annual leave and skills, experience and retention leave liability.

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

11.2. Fair value

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

Initial recognition

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

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

Revaluation

Valuation of land and buildings

Every three years, sites are inspected and a full revaluation of the Department's land and buildings is performed. A 'desk-top' valuation is performed for the two interim years. This involves the use of existing asset values and the application of various indices. 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 2019.

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11.2. Fair value (continued)

The valuer arrived at fair value using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and buildings being valued such as size and location. Fair value of land classified as restricted in use was determined using an adjusted market price of surrounding unrestricted land.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature and restricted use of the assets; their size, condition and location. The valuation was based on an assessment of useful life and asset condition.

For revalued assets, an impairment loss is offset against the revaluation surplus.

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.

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 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.

Fair value hierarchy

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

Fair value classification – non-financial assets at 30 June 2019

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings - specialised	-	506 248	506 248
Buildings - non-specialised	1 267	-	1 267
Land	158 264	-	158 264
Leasehold improvements	-	2 834	2 834
Plant and equipment	-	2 331	2 331
Bearer plants	498	-	498
Biological assets	414	-	414
Total recurring fair value measurements	160 443	511 413	671 856
Total fair value measurements	160 443	511 413	671 856

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11.2. Fair value (continued)

Fair value classification – non-financial assets at 30 June 2018

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings - specialised	-	473 607	473 607
Buildings - non-specialised	1 413	-	1 413
Land	90 370	-	90 370
Leasehold improvements	-	3 847	3 847
Plant and equipment	-	2 313	2 313
Bearer plants	218	-	218
Biological assets	350	-	350
Total recurring fair value measurements	92 351	479 767	572 118
Total fair value measurements	92 351	479 767	572 118

The citrus and olive groves have been recorded as a separate class of assets under AASB 116 *Property, Plant and Equipment* and not accounted for under AASB 141 *Agriculture*.

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 in Note 5.1.

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

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

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 3.2.

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

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

	Specialised buildings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	473 607	3 847	2 313	479 767
Additions	262	-	66	328
Disposals	(2 062)	-	(40)	(2 102)
Transfer from work in progress	62 265	42	426	62 733
Transfer into level 3	12	-	(12)	-
Transfer out of level 3	-	-	(68)	(68)
Losses for the period recognised in net result:				
Depreciation and amortisation	(20 133)	(1 055)	(354)	(21 542)
Total losses recognised in net result	(20 133)	(1 055)	(354)	(21 542)
Gains for the period recognised in other comprehensive income (OCI)				
Revaluation increments	(7 703)	-	-	(7 703)
Total gains recognised in OCI	(7 703)	-	-	(7 703)
Carrying amount at the end of the period	506 248	2 834	2 331	511 413

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11.2. Fair value (continued)

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

	Specialised buildings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	423 144	4 443	1 948	429 535
Additions	50	-	637	687
Disposals	-	-	(37)	(37)
Transfer from work in progress	59 714	446	96	60 256
Losses for the period recognised in net result:				
Depreciation and amortisation	(19 071)	(1 042)	(331)	(20 444)
Total losses recognised in net result	(19 071)	(1 042)	(331)	(20 444)
Gains for the period recognised in other comprehensive income (OCI)				
Revaluation increments	9 770	-	-	9 770
Total gains recognised in OCI	9 770	-	-	9 770
Carrying amount at the end of the period	473 607	3 847	2 313	479 767

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 32 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 19 hectares of land at the Cadell Training Centre. The current plantation comprises 6.23 hectares of existing trees that are currently productive.

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.

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost.

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11.3. Financial instruments

Financial risk management

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

The Department is exposed to financial risk – liquidity risk, credit risk and market risk.

Liquidity risk

Liquidity risk arises from the possibility that the Department is unable to meet its financial obligations as they fall due to be settled. The continued existence of the Department is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution. The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Credit and market risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Department does not engage in high risk hedging for its financial assets. 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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11.3. Financial instruments (continued)

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

	Debtor gross carrying amount \$'000	Loss % \$'000	Lifetime expected losses \$'000
2019			
Current (not past due)	464	5%	25
1 - 30 days past due	190	14%	26
31 - 60 days past due	172	21%	36
61 - 90 days past due	64	75%	48
More than 90 days past due	463	59%	275
Loss allowance	1 353	30%	410
2018			
Current (not past due)	288	0%	-
1 - 30 days past due	102	0%	-
31 - 60 days past due	32	0%	-
61 - 90 days past due	263	0%	-
More than 90 days past due	-	0%	-
Loss allowance	685	0%	-

Market risk for the Department is primarily through interest rate risk. The Department currently holds no interest bearing financial instruments and is not exposed to any market risk.

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.

Fair value

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

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

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11.3. Financial instruments (continued)

Maturity analysis

The following table discloses the maturity analysis of financial assets and financial liabilities.

	Carrying amount \$'000	2019 Contractual maturities		
		Current \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets				
Cash and cash equivalents	19 573	19 573	-	-
Receivables ⁽¹⁾	562	562	-	-
Total financial assets	20 135	20 135	-	-
Financial liabilities				
Payables ⁽¹⁾	19 641	19 630	3	8
Total financial liabilities	19 641	19 630	3	8
	Carrying amount \$'000	2018 Contractual maturities		
		Current \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets				
Cash and cash equivalents	28 063	28 063	-	-
Receivables ⁽¹⁾	1 049	1 049	-	-
Total financial assets	29 112	29 112	-	-
Financial liabilities				
Payables ⁽¹⁾	19 073	19 062	3	8
Total financial liabilities	19 073	19 062	3	8

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables.

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12. Disclosure of administered items

	2019	2018
	\$'000	\$'000
Administered expenses		
Victims of Crime Levy payments	230	242
Prisoner Compensation Quarantine Fund	-	49
Total administered expenses	<u>230</u>	<u>291</u>
Administered income		
Revenues from Victims of Crime Levy	230	242
Mobilong Inmate Charity Fund	1	1
Prisoner Compensation Quarantine Fund	-	1
Total administered income	<u>231</u>	<u>244</u>
Net result	<u>1</u>	<u>(47)</u>
Administered current assets		
Cash	22	26
Total administered assets	<u>22</u>	<u>26</u>
Administered current liabilities		
Victims of Crime Levy payables	16	22
Total administered liabilities	<u>16</u>	<u>22</u>
Net administered assets	<u>6</u>	<u>4</u>
Administered equity		
Retained earnings	5	4
Total administered equity	<u>5</u>	<u>4</u>
Changes in equity		
Balance at 1 July	4	51
Net result	1	(47)
Balance at 30 June	<u>5</u>	<u>4</u>

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12. Disclosure of administered items (continued)

	2019 (Outflows) Inflows \$'000	2018 (Outflows) Inflows \$'000
Cash flows from operating activities		
Cash outflows		
Victims of Crime Levy payments	(235)	(241)
Prisoner Compensation Quarantine Fund	-	(49)
Total administered expenses	<u>(235)</u>	<u>(290)</u>
Cash inflows		
Victims of Crime Levy	230	242
Mobilong Inmate Charity Fund	1	1
Prisoner Compensation Quarantine Fund	-	1
Total administered income	<u>231</u>	<u>244</u>
Net cash used in operating activities	<u>(4)</u>	<u>(46)</u>
Net decrease in cash	(4)	(46)
Cash at 1 July	26	72
Cash at 30 June	<u>22</u>	<u>26</u>

The Department administers but does not control certain resources on behalf of the Attorney-General (Victims of Crime Levy), the Mobilong Inmate Charity Fund and Prisoner Compensation Quarantine Fund. It is accountable for the transactions involving these administered resources but does not have the discretion to deploy these resources for the achievement of the Department's objectives. 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 recognised as administered income, expenses, cash inflows, cash outflows, assets or liabilities.