

**HOUSE OF ASSEMBLY
LAID ON THE TABLE**

15 Nov 2022



**Government
of South Australia**

Department for Correctional Services 2021-22 Annual Report

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To:

Minister Joe Szakacs MP

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

This annual report will be presented to Parliament to meet the statutory reporting requirements of the *Public Sector Act 2009*, the *Public Finance and Audit Act 1987* and the *Correctional Services Act 1982* and the requirements of Premier and Cabinet Circular PC013 Annual Reporting.

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

Submitted on behalf of the Department for Correctional Services by:

David Brown

Chief Executive

Date 25/10/22 Signature 

From the Chief Executive



I am pleased to present the 2021-22 Department for Correctional Services' (DCS) Annual Report. The past 12 months has been a challenging, yet productive year with the progression of a number of key projects and initiatives – being all the more notable as we emerge from a two-year period of responding to challenges associated with the global pandemic.

DCS has continued to deliver on further reducing the rate of reoffending, and on ongoing community protection, through the maintenance of a strong and deliberate focus on the range of correctional and community services, and service enhancements, delivered across all sites.

The Department is committed to improved prisoner services through further expansion of the overall delivery of criminogenic rehabilitation programs. Highlights and significant rehabilitation-oriented achievements, included:

- the launch of the Aboriginal Strategic Framework: Action Plan 2021-2022 has strengthened the Department to better support and grow its Aboriginal workforce;
- the development and implementation of a new specialist domestic violence intervention program for Aboriginal men in custody – the Aboriginal Men's Family Violence Program;
- expanded delivery of the Violence Prevention Program for Aboriginal Men in line with our closing the gap commitment to reduce the rate of over-representation of Aboriginal people in custody;
- continued delivery of the Work Ready, Release Ready program with key partners;
- the creation of specialist Aboriginal Rehabilitation Clinician roles as designated positions for Aboriginal people within the Department;
- our ongoing creation of Healing Circles and safe Yarning Spaces to encourage healing and to promote physical, emotional, and spiritual wellbeing of Aboriginal people in custody; and
- an expansion of the overall delivery of criminogenic rehabilitation programs which resulted in an additional 26 program commencements.

Security-oriented initiatives required a significant commitment of resources, and the Department continues to demonstrate ongoing effectiveness in responding to alerts. Innovation remains an important feature in the management of offenders subject to electronic monitoring in the community.

Following a review of the practice of strip searching, X-Ray technology was identified as an improvement to this practice as it is less invasive. It has proved to be more effective in detecting contraband and less time-consuming. A device was installed at Yatala Labour Prison (YLP).

The Adelaide Women's Prison (AWP) achieved another milestone with the recently-implemented Mother and Baby Program accommodating its first mother and baby. Services and supports are in place for pregnant women in custody, and on return to community.

The Intensive Housing Support Team has supported more than 450 offenders, another major milestone reached within DCS. I congratulate the Team on achieving this through developing and strengthening relationships with housing providers, to identify appropriate accommodation which supports reintegration and decreases the risk of reoffending.

A dedicated DCS National Disability Insurance Scheme (NDIS) team has successfully referred over 400 people in custody to the NDIS program, ensuring people with a confirmed disability can access NDIS supports on release from custody.

The DCS Veteran Staff, Prisoners and Offenders Strategy and Action Plan 2021-2025 was launched in October, in conjunction with the DCS Veteran Services Pilot Program. The Department is strengthening its capacity to connect all ex-serving members of the Australian Defence Force within South Australia's correctional system and their families, with specialised veteran services.

Our iSAFE team completed the procurement and entered into an agreement with Fujitsu Australia Limited in December, to manage supply of Syscon's Integrated Offender Management System. This will replace our Justice Information System. 'Go live' is envisaged by December 2023.

Coming soon to DCS is a brand-new Records Management Solution which supports a seamless link between information and records management.

An 18-month pilot transition program 'Lemongrass Place', previously known as the Community Transition and Learning Centre, was launched in Port Augusta Prison (PAP) in January. Participants are Aboriginal men from regional and remote areas, and willing to take part while under DCS community supervision. This initiative aims to assist in transitioning successfully to community.

I warmly welcomed Minister Joe Szakacs MP following his appointment to the Portfolio after the March 2022 State Election, and am pleased to have accompanied the Minister to selected prisons and community corrections centres across the State. He has acknowledged our ongoing efforts in keeping the South Australian community safe and for this I am most appreciative.

The Department welcomed visiting Korean officials with an interest in rehabilitative services, thereby strengthening cooperation between Australian and Korean correctional services. This exercise between members of the Asian and Pacific Conference of Corrections Administrators' forum generated considerable goodwill and increased knowledge.

A second Aboriginal Traineeship Program commenced with five new participants. The Program is an SA Government-wide plan to increase employment Aboriginal people in the public sector and to provide mentoring and leadership opportunities for Aboriginal public sector employees.

In closing, I take this opportunity to thank former Correctional Services Minister Tarzia for his strong support for our Department and of the work undertaken during his tenure. I wish him the very best.

In our ongoing quest to maintain downward pressure on the recidivism rate, and to introduce a range of new and effective rehabilitation programs and key initiatives over the next few years, the Department looks forward to progressing its new, refreshed 2022-26 DCS Strategic Plan.

Finally, I wish to acknowledge the tremendous support and dedication of the DCS family across the State, our stakeholders, volunteers and partner agencies. It has only been through their sustained commitment and professionalism that the Department was able to achieve what it set out to do.



Chief Executive
Department for Correctional Services

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Overview: about the agency

Our strategic focus

Our Purpose	<p>The Department for Correctional Services (DCS) contributes to public safety through the safe, secure and humane management of offenders and the provision of opportunities for rehabilitation and reintegration.</p> <p>Of paramount consideration is public protection and community safety. The Department's objective is to improve outcomes for the community through determined efforts to reduce offender recidivism and provide for successful reintegration back into the community. This includes the use of meaningful and targeted rehabilitation and education programs, in addition to effective partnerships with other Government agencies, community-based organisations, volunteers and the private sector.</p> <p>The DCS Strategic Plan 2018-22 outlines its vision, mission, values, key strategies and priorities and is available at www.corrections.sa.gov.au.</p>
Our Vision	A safer community by protecting the public and reducing reoffending.
Our Values	<p>Honesty and integrity;</p> <p>Ethical and respectful behaviours;</p> <p>Professionalism and accountability;</p> <p>Commitment to service;</p> <p>Collaboration and engagement;</p> <p>Make a difference; and</p> <p>Equity, diversity and cultural inclusion.</p>
Our functions, objectives and deliverables	<p>Improved public protection;</p> <p>Reduced reoffending;</p> <p>Improved opportunities for rehabilitation and reintegration;</p> <p>Maintaining safe, secure and humane environments;</p> <p>Skilled, professional and valued workforce;</p> <p>Workplace health and safety;</p> <p>Improved outcomes for Aboriginal and Torres Strait Islander offenders;</p> <p>Improved and targeted service delivery for women offenders; and</p> <p>Accountable and better public services.</p>

Our organisational structure

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

iSAFE & End-to-End Case Management is a key departmental strategic project.

The DCS organisational chart as at 3 May 2021 can be found at www.corrections.sa.gov.au.

Changes to the agency

During 2021-22, there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

Our Minister



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

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

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

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

Our Executive team

Chief Executive – David Brown



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

He has played a key role in strengthening security and emergency management standards across the system; placing 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.

The South Australian Department for Correctional Services has pursued the ambitious goal of reducing re-offending by 10% by 2020.

That target has not only been reached, but exceeded, with South Australia now having the lowest recidivism rate in the country (39.3%).

Mr Brown is focused on implementing strategies that drive down the rate of re-offending including increased investment in rehabilitation programs, strengthening alternatives to custody such as Home Detention and building better prison services. Leadership development and succession planning has been a key focus during his time in South Australia and he believes the Department for Correctional Services is well positioned with an experienced Executive and Senior Management group.

Prior to joining the Department, David worked for G4S, a multi-national security, care and justice company. Based in Canberra, he had responsibility for leading the operation of immigration detention services across Australia. David worked as both the General Manager of Maryborough Correctional Centre in Queensland, and as the Assistant General Manager of Acacia Prison in Western Australia.

Jackie Bray - Deputy Chief Executive, Statewide Operations



Ms Bray was Deputy Chief Executive between May 2015 and September 2021, during which time she was responsible for the management and operation of South Australia's nine prisons with oversight of the Mount Gambier Prison (MGP) and Adelaide Remand Centre (ARC) which are operated and managed by private companies. She also enjoyed oversight of the 16 community correctional centres located throughout the State.

Jackie 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, Jackie was heavily involved in policy development and produced many reports influencing the outcome of improved services for both service users and communities.

Hayley Mills – Deputy Chief Executive



Hayley was Executive Director, Community Corrections & Specialist Prisons until mid-January 2022, at which time she was appointed Deputy Chief Executive and is responsible for the strategic development and delivery of community-based correctional and specialist custodial services within South Australia.

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

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

Cramond Clinic primarily working with clients with Borderline Personality Disorder.

Hayley is a proud South Australian and committed to serving the South Australian community with a keen interest in regional services and opportunities. Hayley has a Master of Psychology (Forensic), Master of Business Administration and Graduate Certificate Public Sector Management and is committed to delivering a high-quality service that balances the operational compliance needs of the organisation with delivering rehabilitative outcomes for offenders and victims of crime. She maintains her registration with the Psychology Board of Australia and professional relationships with the universities in South Australia and continues to provide input into course content, delivers workshops and, at times, provides supervision of psychology students and PhD candidates.

Chris Sexton - Executive Director, People & 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.

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

People & Business Services includes the human resources functions of workforce management, employee relations, injury management and prevention, employee assistance program, workforce planning and development and Trainee Correctional Officer training. As Executive Director, he participates in a number of inter-agency committees and liaises closely with government departments including the Department of Treasury and Finance, the

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

Darian Shephard-Bayly - Executive Director, Offender Development

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

As Executive Director for Offender Development, Darian leads the Department's focus on reducing reoffending through the development, operation and evaluation of targeted, evidence-based rehabilitation, education and vocational training programs for people in custody or under community supervision; high quality assessment, sentence planning and case management to support reintegration into the community; and the design, oversight and

implementation of strategic policies and projects, such as the 10by20 Strategy. Darian is committed to maintaining a gender responsive approach to the rehabilitation and reintegration of women, champions the Department's Veterans Strategy and leads on the Department's work with community partners and volunteers.

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

Scharlene Lamont – Executive Director, Aboriginal Services Directorate

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

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

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

(NAIDOC) SA.

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

Annette was appointed to this role in February 2020.

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

She has 18 years working in various SA Government departments joining DCS in 2014 as the Director Strategic Policy, Projects and Partnerships and has led a number of key strategic reform projects, including the Reducing Reoffending: 10% by 2020 Strategy. Annette has held a various senior policy and project roles in Youth Justice, Asset and Facility Services and Information and Knowledge Management as well project and community development roles in

the non-Government sector.

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

Bill Kelsey – Executive Director, Office for Correctional Services Review

Mr Kelsey was appointed to lead the Office for Correctional Services Review (OCSR) in July 2020, following a review of the role and function of the Office, and the re-alignment of business unit functions within Governance and Executive Support. Bill has been with DCS since January 2011, performing the role of Manager, Intelligence and Investigations, Director Ethics, Intelligence and Investigations, and Director OCSR. Prior to joining the department, Bill had another career in SAPOL as a Detective, specialising in child abuse investigations.

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

DCS more broadly through a key advisory role.

Bill is a department lead on matters of National Security and a member of strategic internal and external governance committees, supporting a number of key initiatives for the Department and State and Federal Government.

Legislation administered by the agency

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

Bail Act 1985

Children and Young People (Safety) Act 2017

Child Safety (Prohibited Persons) Act 2016

Community Based Sentences (Interstate Transfer) Act 2015

Correctional Services Act 1982

Criminal Law (High Risk Offenders) Act 2015

Equal Opportunity Act 1984

Freedom of Information Act 1991

Independent Commissioner against Corruption Act 2012

Industrial and Employee Relations Act 1994

International Transfer of Prisoners (South Australia) Act 1998

Intervention Orders (Prevention of Abuse) Act 2009

Mental Health Act 2009

Parole Orders (Transfer) Act 1983

Prisoners (Interstate Transfer) Act 1982

Public Finance and Audit Act 1987

Public Sector Act 2009

Public Sector (Honesty and Accountability) Act 1995

Public Sector Management Act 1995

Sentencing Act 2017

State Records Act 1997

Victims of Crime Act 2001

Work Health and Safety Act 2012

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

Parole Board of South Australia

South Australia Police (SAPOL)

The agency's performance

Performance at a glance

- Procurement for the iSAFE offender and intelligence management system (Tranche 1) was completed.
- The Violence Prevention Program — Aboriginal Men was implemented.
- The Aboriginal Men's Family Violence Program (AMFVP) was implemented.
- A Community Transition and Learning Centre pilot (now known as 'Lemongrass Place') was implemented in Port Augusta.
- A new staffing model for the Aboriginal Services Directorate was implemented, and the training and development of new staff commenced.
- The High Intensity Treatment (HIT) Program continues to deliver a high and individualised level of service for clients, and positive outcomes have been observed.
- Continued to implement a range of key actions in accordance with the 2019-2024 Women's Action Plan: Strong Foundations and Clear Pathways².
- Services were implemented in partnership with Aboriginal community-controlled organisations that specialise in alcohol and other drug interventions.
- Procurement for an electronic document records management system was completed.
- An Aboriginal Strategic Framework was implemented, and an Action Plan for 2022-23 is under development.
- Infrastructure and electronic security upgrades were implemented at the ARC.
- Progressed analogue-to-digital electronic security system upgrades at the AWP and YLP, and improved access to courts and legal services through audio-visual link upgrades.
- Implemented a short-stay residential Mother and Infant program service model with partner agencies.
- Reviewed and re-designed the trainee correctional officer program, with four Correctional Officer Training Schools delivered under the new model.
- Procured a vendor for a new workforce management (rostering) system, with configuration of the new system scheduled for late-2022.
- The redevelopment (Stage 4) of the AWP mainstream dormitory was completed.
- Further progressed the implementation of key amendments contained within the Correctional Services (Accountability and Other Measures) Amendment Act 2021.
- Implemented the Keeping Victims Informed strategy through the enhanced Victim Support Unit.
- Increased opportunities for partnerships with Aboriginal community-controlled organisations.

Agency response to COVID-19

We have emerged from COVID-19 and its disruptive impacts as a stronger, more resilient and robust Department. Our response was based largely on the retention of the range of key preventative strategies introduced in 2020-21, to reduce the risk of COVID-19 infection across our worksites.

Significant initiatives included the introduction of a Response Model to drive DCS' COVID-19 response within prison environments, including a number of key public health and social measures, visit restrictions, protective quarantining requirements and activity restrictions, and a continued focus on workplace cleaning and staff hygiene measures. The Department continues to work closely with the SA Prison Health Service and SA Health in managing aspects of this health emergency.

Agency contribution to whole-of-Government objectives

Agency's contribution	Outcome, aligned with 2018-22 Strategic Plan
Offender Management & Rehabilitation	
<ol style="list-style-type: none"> 1. Develop a full business case for a new rehabilitation prison to inform an investment decision. 2. Finalise an end-to-end case management policy framework to underpin the design and procurement of a new intelligence and offender management system. 3. Engage Aboriginal public servants to drive an Aboriginal Affairs focus across government in policy and strategy. 	<ol style="list-style-type: none"> 1. Completed. 2. A contract was executed with a supplier. 3. DCS participated in regular Aboriginal Affairs Executive Committee meetings to address: <ul style="list-style-type: none"> • Aboriginal over-representation in the Criminal Justice Sector, and ii) in vulnerable families, and to • iii) build capacity in Aboriginal-controlled organisations, and iv) in economic and employment participation.
Innovation, Leadership & Engagement	
<ol style="list-style-type: none"> 4. Continue to implement the 2019-2024 Women's Action Plan: Strong Foundations and Clear Pathways². 5. Improve digitally-enabled communications for prison staff, visitors and prisoners 	<ol style="list-style-type: none"> 4. Implementation is ongoing to meet diverse needs of incarcerated women, reduce re-offending and create pathways to support reintegration into community. 5. The deployment of prisoner self-serve kiosk express devices was completed.
Support for Victims of Crime	
<ol style="list-style-type: none"> 6. Implement the Keeping the Victims Informed strategy through the enhanced Victim Services Unit. 	<ol style="list-style-type: none"> 6. DCS worked collaboratively across government and the community sector to enable information-sharing and referral pathways.
Agency-specific priorities	
<ol style="list-style-type: none"> 7. Delivery of the Reducing Reoffending: 10% by 2020 strategy to achieve a 10% reduction in the number of people who return to corrective services by 2020. 8. Implement a Stronger Performance, Better Teams KPI framework. 9. Improve prison infrastructure - YLP 10. Implement key amendments within the Correctional Services (Accountability and Other Measures) Amendment Act 2021. 11. Implement infrastructure and security upgrades at the ARC. 12. Implement a pilot to support Aboriginal men in custody in their transition back to regional and remote communities. 	<ol style="list-style-type: none"> 7. Findings published by the Productivity Commission (January 2022). 8. Quarterly data reviewed by Executive to drive continuous improvement. 9. Completion & operational commissioning in 2022. 10. Implementation is on-going. 11. Completed. 12. Completed and launched as 'Lemongrass Place'.

Agency-specific objectives and performance

Objectives	Performance measures	Performance
Rehabilitation & Reparation	<ul style="list-style-type: none"> Offence-focused programs: % of offenders / prisoners successfully completing offence-focused programs Educational / vocational programs: % of education and vocational programs successfully completed Prisoner employment: % of eligible prisoners employed 	<ul style="list-style-type: none"> Target 80% (Actual 86%) Target 60% (Actual 87%) Target 80% (Actual 78%)
Custodial Services	<p>No. of escapes (per annum):</p> <ul style="list-style-type: none"> secure open <p>Unnatural deaths in custody per 100 prisoners</p> <p>Assault rates in custody per 100 prisoners, per quarter – averaged by quarter</p>	<p>Target 0</p> <ul style="list-style-type: none"> secure (Actual 1) open (Actual 0) <p>Target 0 (Actual 0.03)</p> <p>Target < 5 (Actual 2.8)</p>
Community-based Services	<p>% of community-based orders completed successfully:</p> <ul style="list-style-type: none"> community service intensive bail supervision home detention bail supervision parole probation % of court-ordered reports completed on time 	<ul style="list-style-type: none"> Target 60% (Actual 58%) Target 70% (Actual 82%) Target 85% (Actual 83%) Target 70% (Actual 81%) Target 75% (Actual 77%) Target 80% (Actual 77%) Target 90% (Actual 89%)

Corporate performance summary

- Construction of an additional 270 beds and supporting infrastructure at the YLP continued, with completion and operational commissioning expected by mid-2023.
- Construction of the new reception and visits centre at the AWP is under way, and completion is expected by early-2023.
- DCS has successfully installed Audio-Visual Link suites across the prison network, including regional sites, and currently finalising suites at the ARC, resulting in reduced prisoner movement and an increase in court attendances and access to professional services.
- Critical Security upgrades have been completed at the ARC.
- Design and documentation planning for the Cadell Training Centre's (CTC) dairy has commenced with construction due to commence in 2022-23, funding secured.
- Contract awarded to Ventia Australia Pty Ltd for the SA Prisoner Movement and In-Court Management services. Services successfully transitioned from G4S to Ventia.
- Completion of a procurement process and contract awarded to WorkForce Software Australia for the provision of a Workforce Management System.
- Implementation of a new DCS internal procurement framework in accordance with Treasurer's Instruction 18.
- Significantly increased opportunities for Aboriginal Business Participation by increasing DCS' total procurement spend (with Aboriginal-controlled businesses) from \$417,607 in 2020-21 to \$1,140,220 in 2021-22, an increase of 173%, covering industry areas as diverse as cleaning, waste management, printing, training, and drug and alcohol abuse prevention.
- Increased its Aboriginal participation share of the Department's workforce from 4% in 2021-21 to 5.01% in 2021-22.

Employment opportunity programs

Program name	Performance
Graduate Program	<p>The DCS 12-month Graduate Program allows DCS to attract new talent whilst providing an opportunity for individuals who have recently completed university, to enter the workforce. Graduates receive mentoring from within DCS and through the Office of the Commissioner for Public Sector Employment (OCPSE), whilst completing a Certificate IV Project Management.</p> <p>17 graduates commenced with DCS. Each undertook workplace and professional development activities, preparing them for a Public Sector career, as well as gaining expertise specific to DCS.</p>
Aboriginal Traineeship Program	<p>In line with the 2021-22 Business Plan to increase the employment of Aboriginal people in DCS to 6%, DCS is committed to increasing the employment of Aboriginal people and values the contribution and cultural diversity that Aboriginal people bring to DCS.</p> <p>The 18-month Aboriginal Traineeship Program provides Aboriginal people with an opportunity to start their career, undertake a pre-employment program and receive mentoring support while completing Certificate III Business Administration.</p> <p>Four trainees commenced with the Department as part of the Aboriginal Traineeship Program, also contributing to the State Government's Aboriginal Affairs Action Plan to place 100 Aboriginal trainees in the South Australian public sector by 30 December 2022.</p>
Trainee Correctional Officer Recruitment	<p>During 2021-2022, 170 trainee correctional officer applications were processed, with 84 positions offered (in courses 199 to 202 inclusive). Of those positions, 42 offered were from regional areas. The Department recognises the need to increase the focus of achieving gender equity, particularly in the custodial environment, and 38% of correctional officers recruited were female. Successful applicants represented a diverse range of ethnicity and the 5 Aboriginal applicants were successful (5.9%) in gaining employment in courses 199 to 202, inclusive.</p>
Skilling SA	<p>A target of 17 employees was allocated to the Department. The response from the agency was strong with DCS exceeding the target. A total of 17 were recruited through Pathway 1 – Directly employing a new trainee / graduate on a contract of training; all 17 were graduates and 1 of whom identified as Aboriginal and / or Torres Strait Islander.</p> <p>A further 20 commencements were achieved through Pathway 3 – Upskilling an existing employee; 11 of whom are completing Certificate IV Correctional Practice (CSC40115), eight of whom are completing Certificate IV in Training and Assessment (TAE40116) and one is completing Certificate IV in Cyber Security (22334VIC).</p>

Agency performance management and development systems

Performance management and development system	Performance
DCS's Performance Development Plan (PDP) process is a manual form process, with completions being recorded in HR21 for all staff. The Learning Academy provides administrative support for operational staff to enter data onto HR21.	24.4% of staff have a current PDP recorded on the system.
Staff eligibility for Training.	Staff eligibility for advanced training programs, that provide opportunities for advancement and career progression, requires a valid PDP to be in place for the individual applicant.

Work health, safety and return to work programs

Program name	Performance
Rehabilitation Programs	<p>The Department noted a 3.4% increase in the number of workplace injury claims, being 118 claims in 2021-22 (114 in 2020-21).</p> <p>Early intervention, effective case management practices and the provision of rehabilitation and return-to-work services continued to assist injured workers to recover and to return to work in a safe and timely manner. This is reflected in the decrease of weekly payment compensation from \$2.3 million to \$2.16 million.</p> <p>Lump-sum compensation payments for economic and non-economic loss decreased by 1.6% at \$2.11 million (\$2.35 million in 2020-21).</p> <p>DCS noted a 6.0% decrease in workers compensation liability from \$26.7 million (2020-21) to \$25 million.</p> <p>DCS' portion of the total Scheme liability dropped from 5.1% (2020-21) to 4.4%.</p> <p>In 2021-22, DCS has five known SIW claims (six in 2020-21). Decrease by one due to reaching retirement age. Decrease in liability by 15.7% at \$14.7 million (\$17.5 million in 2020-21).</p> <p>The DCS liability for Additional Compensation has decreased by 11.6% from \$5.17 million to \$4.57 million reflects the experience to date of this industrial entitlement scheme within DCS.</p>
Internal WHS Audit Programs	Internal WHS audits were conducted at eight Community Correctional Centres and one prison site focussing on chemical management, electrical safety and contractor management.
Food Audit Program	Internal food safety audits continue to be completed twice per year at all DCS kitchens and distribution centres. An external Hazard Analysis and Critical Control Point audit was also completed which included an audit of the DCS Food Safety Program and Manual. DCS has maintained its HACCP accreditation.
Influenza Vaccination Program	An influenza vaccination program for the 2022 influenza season was completed. 730 staff were vaccinated.

Workplace injury claims	2021-22	2020-21	% Change (+ / -)
Total new workplace injury claims	118	114	+ 3.5%
Fatalities	0	0	-
Seriously injured workers*	0	1	-
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1,000 FTE)	27.17	29.66	- 8.4%
Work health and safety regulations	2021-22	2020-21	% Change (+ / -)
Number of notifiable incidents (Work Health and Safety Act 2012, Part 3)	11	14	- 21.43%
Number of provisional improvement, improvement and prohibition notices (Work Health and Safety Act 2012 Sections 90, 191 and 195)	6	6	0%

Return to work costs**	2021-22	2020-21	% Change (+ / -)
Total gross workers compensation expenditure (\$)	\$4,545,953	\$5,060,779	- 10.17%
Income support payments – gross (\$)	\$2,160,093	\$2,304,526	- 6.27%

**before third-party recovery

Executive employment in the agency

Executive classification	Number of executives
CEO099	1
SAES1	12
SAES2	1

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

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2021-2022 are attached to this report.

DCS recorded a net operating surplus of \$66.7 million. The result is \$7.8 million favourable compared with the 2021-22 budgeted (allowable) operating surplus. Overall revenues were higher due to the inclusion of resources received free of charge as AAS revenue which represents in kind services provided by Shared Services SA and the Department for Premier and Cabinet (\$1.96 million).

Overall operating expenditure was lower than budget and primarily due to favourable salary and workers compensation expenses. Employees leave entitlements were lower than expected which had a favourable impact on associated leave liabilities and revaluations of around \$3.3 million (consistent with the department's Better Prisons Program which ended in the previous financial year). Workers' compensation expenditure was also lower than budget by \$1.9 million primarily due to the overall reduction in the department's liability.

Employee expenses during 2021-22 accounted for 54% of total expenditure and includes salaries and wages, superannuation, payroll tax and accrued leave liabilities.

Supplies and Services accounted for 46%. This includes payments to G4S Custodial Services Pty. Ltd. for the operation of MGP and provision of goods and services under the Electronic Monitoring System Contract, Ventia Australia Pty. Ltd. for the Prisoner Movement and In Court Management Services. Also included in Supplies and Services expenditure are payments to SERCO Pty. Ltd. Australia for the operation of the ARC and numerous other non-government organisations providing a range of rehabilitation and reparation support services.

Statement of Comprehensive Income	2021-22 Budget \$000s	2021-22 Actual \$000s	Variation \$000s	2020-21 Actual \$000s
Total Income	430,757	432,706	1,949	484,108
Total Expenses	371,907	366,003	5,904	356,156
Net Result	58,850	66,703	7,853	127,952
Total Comprehensive Result	58,850	66,703	7,853	127,952

Statement of Financial Position	2021-22 Budget \$000s	2021-22 Actual \$000s	Variation \$000s	2020-21 Actual \$000s
Current assets	112,963	120,665	30,976	159,935
Non-current assets	883,376	849,422	46,824	773,174
Total assets	996,339	970,087	77,800	933,109
Current liabilities	81,552	58,516	13,819	80,436
Non-current liabilities	74,763	63,627	-11,022	71,498
Total liabilities	156,315	122,143	2,797	151,934
Net assets	840,024	847,944	75,003	781,175
Equity	840,024	847,944	75,003	781,175

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
BDO Advisory (SA) Pty Ltd.	Completion of internal audits	\$114,610.10
	Total	\$114,610.10

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	\$ 15,041.26

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

Contractors	Purpose	\$ Actual payment
Talent International (SA) Pty Ltd	Specialist Information Technology staff for Information Technology project management	\$ 398,125.24
Hays Specialist Recruitment (Australia) Pty	Specialist Information Technology staff for Information Technology project management and Information Technology Help Desk	\$ 293,253.28
Paxus Australia Pty Ltd	Specialist Information Technology staff for Information Technology project management and Information Technology Help Desk	\$ 160,437.47
ArcBlue Consulting Pty Ltd	Specialist Information Technology staff for Information Technology project management	\$ 157,350.91
VIQ Solutions Pty Ltd	Specialist staff for the provision of transcription services for the Parole Board of South Australia	\$ 148,797.50
Mediserve Pty Ltd	Provision of health, personal and nursing care services to prisoners	\$ 53,565.41
MEGT Australia Ltd	Specialist Information Technology staff for Information Technology Help Desk	\$ 42,109.63
Modis Staffing Pty Ltd	Specialist Information Technology staff for Information Technology project management	\$ 33,656.89
	Total	\$ 1,287,296.33

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

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

Other financial information

Nil

Other information

Nil

Risk management

Risk and audit at a glance

The Risk and Performance Committee supports the Chief Executive in meeting the principles of the South Australian Public Sector. This is achieved 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.

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

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

Non-cyclical audits are undertaken in relation to specified operational and corporate functions identified through a risk assessment, which for 2021-22 included prisoner separations, access controls and visits, leave management and construction procurement governance.

Fraud detected in the agency

Category / nature of fraud	Number of instances
Misuse of JIS	3

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

Strategies implemented to control and prevent fraud

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

Public interest disclosure

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

One.

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

Reporting required under any other act or regulation

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

Act or Regulation	Requirement
<i>Correctional Services Act 1982</i>	Section 37 – Search of prisoners
<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. In this regard, General Managers of the State's prisons reported that over 76,000 searches were conducted on prisoners, prisoner areas and their cells and property throughout the State's prisons during 2021-22.</p> <p>During these searches, 665 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>	
Prisoner visits in 2021-22	
Total visit sessions	29,428
Total visitor numbers	28,297
Visitors banned	64
Visitors detained and searched	230

Reporting required under the *Carers' Recognition Act 2005* N/A

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Number of Complaints 2021-22
Conduct	Physical / Sexual Assault, Bullying / Harassment	22
Property	Lost Property, Incoming / Outgoing Mail	4
Procedure	Access to Services / Programs, Adherence to Departmental SOPs / Policies	20
Medical	Provision of Medication, Access to Medical Equipment	8
Placement	Safety Concerns, Access to Visitations, DCS decision making processes (Case Reviews, SOC)	3
Criminal	Criminal Offences	3
	Total	60

Service improvements

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

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

In line with PC039 - Complaint Management in the South Australian Public Sector, the Department is conducting an assessment of the performance of the current Complaint Management Systems in place to identify trends, measure service quality and develop recommendations for service improvements.

Compliance Statement

The Department for Correctional Services is compliant with Premier and Cabinet	Y
Circular 039 – complaint management in the South Australian public sector	Y

Appendix: Audited financial statements 2021-22



Our ref: A22/047

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

Dear Mr Brown

**Audit of the Department for Correctional Services
for the year to 30 June 2022**

We have completed the audit of your accounts for the year ended 30 June 2022. Two key outcomes from the audit are the:

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

1 Independent Auditor's Report

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

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

2 Audit management letters

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

Significant matters related to controls over buildings and improvements, and controls over supplies procurement.

We have received responses to our letters and will follow these up in the 2022-23 audit.

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

What the audit covered

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

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

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

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

19 September 2022

enc

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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**To the Chief Executive
Department for Correctional Services**

Opinion

I have audited the financial report of the Department for Correctional for the financial year ended 30 June 2022.

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 2022, its financial performance and its cash flows for the year then ended in accordance with the relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Executive Director — Finance, 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 (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department for Correctional Services for the financial year ended 30 June 2022.

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's internal control

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

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

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



Andrew Richardson
Auditor-General

19 September 2022

Department for Correctional Services

Financial Statements

For the year ended 30 June 2022

Department for Correctional Services
Statement of Certification
For the year ended 30 June 2022

Certification of the Financial Statements

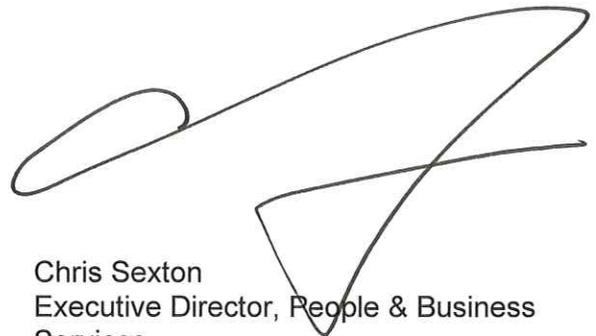
We certify that the:

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



David Brown
Chief Executive

13 September 2022



Chris Sexton
Executive Director, People & Business
Services

13 September 2022

Department for Correctional Services
Statement of Comprehensive Income
For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Appropriation	2.1	416 252	466 745
Sale of goods	2.2	7 020	6 889
Grants, subsidies and transfers	2.3	3 193	3 685
Resources received free of charge	2.4	1 996	2 055
Prisoner telephone receipts		1 854	2 024
Other income	2.5	718	1 106
Salaries and goods and services recoups		1 673	1 604
Total income		432 706	484 108
Expenses			
Employee benefits expenses	3.3	197 474	192 911
Supplies and services	4.1	141 802	132 862
Depreciation and amortisation	5.1	21 373	21 939
Payments to prisoners		4 527	4 515
Grants and subsidies		262	113
Borrowing costs		188	211
Net loss from disposal of non-current assets	4.2	11	1 460
Cash alignment transfer to Consolidated Account		-	1 666
Other expenses		366	479
Total expenses		366 003	356 156
Net result		66 703	127 952
Total comprehensive result		66 703	127 952

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 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	6.1	112 254	150 875
Receivables	6.2	6 281	6 867
Inventories	5.7	2 130	2 193
Total current assets		120 665	159 935
Non-current assets			
Property, plant and equipment	5.1	698 509	711 106
Capital works in progress	5.4	147 812	59 003
Intangible assets	5.5	2 593	2 593
Biological assets	5.6	508	472
Total non-current assets		849 422	773 174
Total assets		970 087	933 109
Current liabilities			
Payables	7.1	32 842	52 240
Employee benefits	3.4	19 971	22 627
Provisions	7.3	4 222	4 108
Financial liabilities	7.2	1 481	1 395
Total current liabilities		58 516	80 370
Non-current liabilities			
Payables	7.1	2 821	3 175
Employee benefits	3.4	27 126	31 799
Provisions	7.3	25 446	27 761
Financial liabilities	7.2	8 234	8 763
Total non-current liabilities		63 627	71 498
Total liabilities		122 143	151 868
Net assets		847 944	781 241
Equity			
Retained earnings	8.1	299 990	233 290
Prisoner amenities reserve	8.1	178	175
Asset revaluation surplus	8.1	382 308	382 308
Contributed capital	8.1	165 468	165 468
Total equity		847 944	781 241

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 2022

		Prisoner amenities reserve	Asset revaluation surplus	Contributed capital	Retained earnings	Total equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020		116	382 308	165 468	105 331	653 223
Prior period adjustments	8.1	-	-	-	66	66
Adjusted balance at 1 July 2020		116	382 308	165 468	105 397	653 289
Net result for 2020-21		-	-	-	127 952	127 952
Total comprehensive result for 2020-21		-	-	-	127 952	127 952
Net changes in reserves		59	-	-	(59)	-
Balance at 30 June 2021	8.1	175	382 308	165 468	233 290	781 241
Net result for 2021-22		-	-	-	66 703	66 703
Total comprehensive result for 2021-22		-	-	-	66 703	66 703
Net changes in reserves		3	-	-	(3)	-
Balance at 30 June 2022	8.1	178	382 308	165 468	299 990	847 944

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 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Cash inflows			
Appropriation		416 252	466 745
Receipts from sale of goods		7 020	6 889
Receipts from grants, subsidies and transfers		3 193	3 685
Prisoner telephone receipts		1 854	2 024
GST recovered from the ATO		22 470	13 317
Other receipts		3 598	4 006
Cash generated from operations		454 387	496 666
Cash outflows			
Employee benefit payments		(207 047)	(192 382)
Supplies and services		(163 632)	(142 330)
Prisoner payments		(4 527)	(4 515)
Grants		(262)	(113)
Interest paid		(188)	(211)
Cash alignment transfer to Consolidated Account		-	(1 666)
Other payments		(436)	(932)
Cash used in operations		(376 092)	(342 149)
Net cash provided by operating activities	8.2	78 295	154 517
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of property, plant and equipment		1	14
Cash generated from investing activities		1	14
Cash outflows			
Purchase of property, plant and equipment		(115 446)	(25 527)
Cash used in investing activities		(115 446)	(25 527)
Net cash used in investing activities		(115 445)	(25 513)
Cash flows from financing activities			
Cash outflows			
Repayment of principal portion of lease liabilities		(1 471)	(1 600)
Cash used in financing activities		(1 471)	(1 600)
Net cash used in financing activities		(1 471)	(1 600)
Net (decrease)/increase in cash and cash equivalents		(38 621)	127 404
Cash and cash equivalents at the beginning of the reporting period		150 875	23 471
Cash and cash equivalents at the end of the reporting period	6.1	112 254	150 875

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 2022

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Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1. About the Department for Correctional Services

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

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

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

1.1. Basis of preparation

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

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

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

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

Significant accounting policies are set out throughout the notes.

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

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

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

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

The Department has early adopted AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* which clarifies the requirements for disclosure of material accounting policy information and clarifies the distinction between accounting policies and accounting estimates. There has been no impact on the Department's financial statements.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.2. Objectives and programs

The Department's objectives are:

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

The Department undertakes the following programs:

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

The program schedules present income, expenses, assets and liabilities information attributable to each of the activities for the years ended 30 June 2021 and 30 June 2022.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.2. Objectives and programs (continued)

Income and expenses by program

For the year ended 30 June

	Custodial Services		Community Based Services		Rehabilitation and Reparation Services		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Income								
Appropriation	303 940	353 459	62 434	64 944	49 878	48 342	416 252	466 745
Sale of goods	799	796	-	-	6 221	6 093	7 020	6 889
Grants, subsidies and transfers	1 540	1 964	417	461	1 236	1 260	3 193	3 685
Resources received free of charge	1 429	1 509	299	291	268	255	1 996	2 055
Prisoner telephone receipts	1 854	2 024	-	-	-	-	1 854	2 024
Other income	386	960	41	5	291	141	718	1 106
Salaries and goods and services recoups	81	63	1 575	1 525	17	16	1 673	1 604
Total income	310 029	360 775	64 766	67 226	57 911	56 107	432 706	484 108
Expenses								
Employee benefit expenses	126 278	126 742	37 976	35 435	33 220	30 734	197 474	192 911
Supplies and services	112 298	108 045	15 466	13 101	14 038	11 716	141 802	132 862
Depreciation and amortisation	19 306	19 676	1 205	1 424	862	839	21 373	21 939
Payments to prisoners	3 807	3 826	-	-	720	689	4 527	4 515
Grants and subsidies	-	-	-	-	262	113	262	113
Borrowing costs	9	13	177	196	2	2	188	211
Net loss from disposal of non-current assets	11	1 447	-	28	-	(15)	11	1 460
Cash alignment transfer to Consolidated Account	-	1 262	-	232	-	172	-	1 666
Other expenses	406	499	-	-	(40)	(20)	366	479
Total expenses	262 115	261 510	54 824	50 416	49 064	44 230	366 003	356 156
Net result	47 914	99 265	9 942	16 810	8 847	11 877	66 703	127 952

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.2. Objectives and programs (continued)
Assets and liabilities by program as at 30 June

	Custodial Services			Community Based Services			Rehabilitation and Reparation Services			General / Not Attributable			Total		
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000
Current assets															
Cash and cash equivalents	10	14	4	3	-	-	112 240	150 858	112 254	150 875					
Receivables	347	498	-	-	-	-	5 934	6 369	6 281	6 867					
Inventory	441	402	-	-	1 308	1 400	381	391	2 130	2 193					
Total current assets	798	914	4	3	1 308	1 400	118 555	157 618	120 665	159 935					
Non-current assets															
Property, plant and equipment	664 632	678 322	19 071	18 980	13 289	12 954	1 517	850	698 509	711 106					
Capital works in progress	147 032	56 650	44	422	-	-	736	1 931	147 812	59 003					
Intangible assets	2 593	2 593	-	-	-	-	-	-	2 593	2 593					
Biological assets	-	-	-	-	508	472	-	-	508	472					
Total non-current assets	814 257	737 565	19 115	19 402	13 797	13 426	2 253	2 781	849 422	773 174					
Total assets	815 055	738 479	19 119	19 405	15 105	14 826	120 808	160 399	970 087	933 109					
Current liabilities															
Payables	25 202	42 350	1 318	1 972	1 268	196	5 054	7 722	32 842	52 240					
Employee benefits	12 770	14 866	3 841	4 156	3 360	3 605	-	-	19 971	22 627					
Provisions	2 700	2 698	812	755	710	655	-	-	4 222	4 108					
Financial liabilities	505	488	882	824	94	83	-	-	1 481	1 395					
Total current liabilities	41 177	60 402	6 853	7 707	5 432	4 539	5 054	7 722	58 516	80 370					
Non-current liabilities															
Payables	2 165	2 570	113	124	109	12	434	469	2 821	3 175					
Employee benefits	17 346	20 892	5 217	5 841	4 563	5 066	-	-	27 126	31 799					
Provisions	16 271	18 239	4 894	5 099	4 281	4 423	-	-	25 446	27 761					
Financial liabilities	320	392	7 854	8 305	60	66	-	-	8 234	8 763					
Total non-current liabilities	36 102	42 093	18 078	19 369	9 013	9 567	434	469	63 627	71 498					
Total liabilities	77 279	102 495	24 931	27 076	14 445	14 106	5 488	8 191	122 143	151 868					
Net assets	737 776	635 984	(5 812)	(7 671)	660	720	115 320	152 208	847 944	781 241					

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.3. Impact of COVID-19 pandemic on the Department

The COVID-19 pandemic continued to impact the operations of the Department during 2021-22, the impacts of which are included under the relevant disclosure notes.

The key financial impacts in 2021-22 were additional expenditure of \$3.81 million (2021: \$2.74 million) comprising mainly of:

- \$1.46 million salary and wages (2021: \$0.85 million),
- \$1.07 million offender related expenditure, mainly COVID-19 testing, vaccination programs and maintaining adequate essential food supply inventory (2021: \$0.26 million),
- \$0.74 million cleaning (2021: \$0.91 million),
- \$0.44 million protective equipment, (2021: \$0.18 million), and
- \$0.10 million information technology equipment (2021: \$0.45 million).

The key operational impacts in 2021-22 were:

- development of a COVID-19 Response Model, including the introduction of a number of key public health and social measures, visit restrictions, protective quarantining requirements and activity restrictions,
- comprehensive screening of new admissions and transfers by SA Prison Health Services,
- continued focus on workplace cleaning and staff hygiene measures,
- use of additional workspaces and technology, and improved training and preparation, and
- continued vaccine rollout strategy across the Department's Custodial sites.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.4. Budget performance

The budget performance table compares the Department's outcomes against budget information presented to Parliament (2021-22 Budget Paper 4). Appropriation reflects appropriation issued to special deposit accounts controlled by the Department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

For year ending 30 June 2022

	Original budget	Actual	Variance
	2022	2022	
	\$'000	\$'000	\$'000
Statement of Comprehensive Income			
Income			
Appropriation	412 822	416 252	3 430
Sale of goods	7 946	7 020	(926)
Grants, subsidies and transfers	2 940	3 193	253
Resources received free of charge	-	1 996	1 996
Prisoner telephone receipts	1 860	1 854	(6)
Other income	126	718	592
Salaries and goods and services recoups	1 769	1 673	(96)
Total income	427 463	432 706	5 243
Expenses			
Employee benefit expenses	198 808	197 474	(1 334)
Supplies and services	131 924	141 802	9 878
Depreciation and amortisation	23 468	21 373	(2 095)
Payments to prisoners	5 164	4 527	(637)
Grants and subsidies	560	262	(298)
Borrowing costs	336	188	(148)
Net loss from disposal of non-current assets	-	11	11
Other expenses	868	366	(502)
Total expenses	361 128	366 003	4 875
Net result	66 335	66 703	368
Total comprehensive result	66 335	66 703	368

The variances are minor and do not exceed the higher of 10% of the original budgeted amount and 5% of the original budgeted total expenses.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.4. Budget performance (continued)

	Original budget	Actual	Variance
	2022	2022	
	\$'000	\$'000	\$'000
Investing expenditure summary			
Total existing projects	109 514	93 380	16 134
Total Annual Programs	6 720	3 191	3 529
Total investing expenditure	116 234	96 571	19 663

Total existing projects

- The variance is primarily due to the original budget not including the approved reclassification to operating of \$10.564 million for iSAFE with the balance relating to general under expenditure in other major projects due to cashflow timing.

Total Annual Programs

- The variance is mainly due to the original budget not including the transfer of \$3.8 million from Annual Programs to major projects (iSAFE \$1.0 million and Cadell Dairy \$2.8 million).

1.5. Significant transactions with government related entities

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

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2. Income

2.1. Appropriation

	2022	2021
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	416 252	462 445
Other revenues from the Consolidated Account	-	4 300
Total Appropriation	416 252	466 745

Appropriation

Appropriation revenue is recognised on receipt.

Appropriation revenue consists of \$344.97 million (2021: \$334.23 million) for operational funding and \$71.29 million (2021: \$128.20 million) for capital projects. This appropriation comprises money issued and applied to the Department pursuant to Schedule 1 of the *Appropriation Act*.

2.2. Sale of goods

	2022	2021
	\$'000	\$'000
Sale of goods produced by prisoners	3 005	2 887
Canteen sales	4 015	4 002
Total sale of goods	7 020	6 889

Revenue from the sales of goods is recognised upon receipt.

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

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2.3. Grants, subsidies and transfers

	2022	2021
	\$'000	\$'000
Grants, subsidies and transfers		
Commonwealth revenue	852	992
SA Government grants	2 341	695
Recovery from the Department of Treasury and Finance (DTF) for TVSPs	-	1 998
Total grants, subsidies and transfers	3 193	3 685

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

Commonwealth revenue is received for Remote Areas Program.

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

2.4. Resources received free of charge

	2022	2021
	\$'000	\$'000
Services received free of charge - Shared Services SA	1 739	1 804
Services received free of charge - Department of Premier and Cabinet (DPC)	257	251
Total resources received free of charge	1 996	2 055

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

The Department receives Financial Accounting, Taxation, Payroll, Accounts Payable, and Accounts Receivable services from Shared Services SA free of charge, and ICT services from DPC.

2.5. Other income

	2022	2021
	\$'000	\$'000
Revenue from recoveries SA Government	134	278
Revenue from recoveries external	193	446
Internally generated assets	210	11
Reversal of impairment loss on receivables	-	165
Other	181	206
Total other income	718	1 106

All other income is recognised on receipt.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3. Boards, Committees and Employees

3.1. Key management personnel

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

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

	2022	2021
	\$'000	\$'000
Compensation		
Salaries and other short-term employee benefits	1 623	1 994
Post-employment benefits	196	209
Other long-term employment benefits	4	-
Total compensation	1 823	2 203

Transactions with key management personnel and other related parties

The Department did not enter into any transactions with key management personnel or their close family members during the reporting period that were not consistent with normal procurement arrangements.

3.2. Boards and committee members

Members during the 2022 financial year were.

Parole Board of South Australia

Frances Nelson QC (Presiding Member)
 William Boucaut QC (First Deputy Presiding Member)
 Nicholas Floreani (Second Deputy Presiding Member)
 Kevin Hill (Deputy Member)
 Nora Bloor
 Garth Dodd
 Denis Edmonds (reappointed Sept 2021)

Andrew Kyprianou (Deputy Member)
 Susan MacDonald
 Katherine McLachlan * (reappointed Sept 2021)
 Dr Maria Naso * (reappointed Sept 2021)
 Vanessa Swan (Deputy Member) (appointed Sept 2021)
 Trevor Lovegrove (Deputy Member) (appointed Sept 2021)

Parole Administrative Review Commissioner

David Bleby (reappointed July 2021)

Serious Offender Committee

Hayley Mills (Chair) * (resigned July 2021)
 Darian Shephard -Bayly * (Co-Chair)
 Darren Hosking * (Co-Chair) (appointed July 2021)
 Jennifer White * (resigned July 2021)
 Mignon Bruce * (resigned July 2021)
 Vicki Dodd * (resigned July 2021)
 Sue Dighton * (resigned July 2021)

Craig Maxfield * (resigned July 2021)
 Emma Roesch *
 Henry Pharo * (Co-Chair) (appointed July 2021)
 Kymberly McKay * (appointed Sept 2021)
 Rachel Court * (appointed July 2021)
 Michael Dent * (appointed July 2021)
 Luci Lovelock (Relationships Australia) (appointed July 2021)
 Sophie McEvoy (Relationships Australia) (appointed July 2021)
 Scott Simpson * (appointed July 2021)
 Melissa Gibbs * (appointed July 2021)
 Belinda Hirschbichler * (appointed July 2021)

Jamie Goldsmith *

Emily Kelly * (resigned July 2021)
 Rebecca Hughes * (resigned July 2021)
 Charles Jackson *

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.2. Boards and committee members (continued)

Serious Offender Committee (continued)

Matt Jansons * (resigned July 2021)
Memoona Rafique (Relationships Australia)
Luke Smith *
Ben Everitt *
Kitlian Wong * (resigned July 2021)
Andy Mangel *

Sheena McMullen * (appointed July 2021)
Shakila Williams * (appointed July 2021)
Chantal Henley * (appointed July 2021)
Natalie Giles * (appointed July 2021)
Judy Cole * (appointed July 2021)

Risk and Performance Committee

Bret Morris * (Independent Chairperson)
Julie-Anne Burgess *
Ryan Harber *

Lea Hague *
Annette McKee *
Jan Shuard

iSAFE Program Steering Group

David Brown * (Chair)
Jackie Bray * (resigned Apr 2022)
Chris Sexton *
Annette McKee *
Stacey Bennett * (resigned Apr 2022)
Tanya Georgiou *
Oshim Somers * (resigned Apr 2022)

Stephanie Flint * (resigned Apr 2022)
Billie Grady *
Jan Shuard (resigned Apr 2022)
Ida Petraccaro * (appointed Apr 2022)
Eva Balan-Vnuk * (appointed Apr 2022)
Bret Morris * (appointed Apr 2022)
Tricia Blight * (appointed Apr 2022)

ICAC Executive Oversight Committee

Jan Shuard (Chair) (appointed Sept 2021)
David Brown * (Deputy Chair) (appointed Sept 2021)
Jodeen Carney * (appointed Sept 2021)
Erma Ranieri * (appointed Sept 2021)

Martyn Campbell * (appointed Sept 2021)
Hayley Mills * (appointed Sept 2021)
Scharlene Lamont * (appointed Sept 2021)
Kristen Walter * (appointed Sept 2021)

New Prison Operational Model Advisory Group

David Brown * (appointed Oct 2021)
Darian Shephard-Bayly * (Chair) (appointed Oct 2021)
Scharlene Lamont * (appointed Oct 2021)
Natalie Boal * (appointed Oct 2021)
Dr Henry Pharo * (appointed Oct 2021)
Dr Andrew Day (appointed Oct 2021)

Jan Shuard (appointed Oct 2021)
Dr Astrid Birgden (appointed Oct 2021)
Jeffery Newchurch (appointed Oct 2021)
Dr Devon Polaschek (appointed Oct 2021)
Carol Daws (appointed Oct 2021)
Terry Runciman (appointed Oct 2021)

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.2. Boards and committee members (continued)

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

	2022	2021
\$0 - \$19 999	76	38
\$20 000 - \$39 999	1	3
\$40 000 - \$59 999	-	7
\$60 000 - \$79 999	7	-
\$80 000 - \$99 999	-	1
\$100 000 - \$119 999	2	-
>\$120 000	1	-
Total number of members	87	49

The total remuneration received or receivable by members was \$0.959 million (2021: \$0.495 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, and fringe benefits and any related fringe benefits tax paid.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.3. Employee benefits expenses

Employee benefits expenses

	2022	2021
	\$'000	\$'000
Salaries and wages	153 025	146 379
Annual leave	16 452	15 446
Employment on-costs - superannuation ⁽¹⁾	16 173	14 947
Employment on-costs - payroll tax	9 149	8 774
Targeted voluntary separation packages	608	1 906
Workers compensation ⁽²⁾	1 261	5 231
Long service leave ⁽³⁾	(213)	(66)
Skills and experience retention leave	579	560
Fringe benefits tax	163	222
Board and committee fees ⁽⁴⁾	875	453
Additional compensation ⁽²⁾	(598)	(941)
Total employee benefits expenses	197 474	192 911

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

(2) Includes the movement in workers compensation liability of (\$1.60) million (2021: \$2.77 million) and additional compensation of (\$0.60) million (2021: \$0.94 million) resulting from the annual actuarial assessment (refer also to Note 7.3).

(3) The decrease in the long service leave expense is due to the reduction in the outstanding liability and lower revaluation adjustment associated with TVSPs taken in previous years.

(4) Excludes superannuation.

Remuneration of employees

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, and any related fringe benefits tax paid.

	Executive		Employees		Total	
	2022	2021	2022	2021	2022	2021
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number	Number	Number	Number	Number
\$154 001 to \$157 000 *	N/A	-	N/A	2	N/A	2
\$157 001 to \$177 000	-	-	21	14	21	14
\$177 001 to \$197 000	-	4	4	3	4	7
\$197 001 to \$217 000	4	4	1	-	5	4
\$217 001 to \$237 000	5	3	1	-	6	3
\$237 001 to \$257 000	-	1	-	-	-	1
\$257 001 to \$277 000	1	-	-	-	1	-
\$277 001 to \$297 000	1	1	-	-	1	1
\$317 001 to \$337 000	-	1	-	-	-	1
\$397 001 to \$417 000	1	-	-	-	1	-
\$417 001 to \$437 000	-	1	-	-	-	1
Total	12	15	27	19	39	34

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2020-21.

The total remuneration received by these employees for the year was \$7.60 million (2021: \$6.69 million).

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.3. Employee benefits expenses (continued)

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

During the year 15 employees received a TVSP offer (2021: 21). All TVSPs for 2022 were made under the Public Sector Workforce Rejuvenation Scheme.

	2022	2021
	\$'000	\$'000
Amount paid to separated employees:		
TVSP / Public Sector Workforce Rejuvenation Scheme	1 065	1 867
Leave paid to separated employees	529	711
Recovery from DTF	-	(1 998)
Net cost to the Department	1 594	580

3.4. Employee benefits liability

	2022	2021
	\$'000	\$'000
Current		
Annual leave	15 483	15 005
Accrued TVSPs	-	457
Accrued salaries and wages	653	4 786
Long service leave	3 311	1 875
Skills and experience retention leave	520	500
Unclaimed salaries and wages	4	4
Total current employee benefits	19 971	22 627
Non-current		
Long service leave	24 284	29 381
Annual leave	2 653	2 242
Skills and experience retention leave	189	176
Total non-current employee benefits	27 126	31 799
Total employee benefits	47 097	54 426

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

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

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

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

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

Long service leave

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

4. Expenses

4.1. Supplies and services

	2022	2021
	\$'000	\$'000
Contracts	61 236	59 980
Accommodation	14 354	12 402
Offender related costs	12 259	11 293
Utilities	8 397	8 702
Cost of goods sold - sale of goods produced by prisoners	2 938	2 501
Cost of goods sold - canteen sales	3 623	3 684
Works and equipment costs	5 000	5 903
Information technology and communication charges	8 186	7 504
Fees	8 948	4 320
Short-term leases	9	14
Low-value leases	55	28
Workers compensation	2 527	3 703
Shared Services SA processing	1 773	1 909
Staff related costs	2 314	1 362
Insurance charges	2 364	2 051
Travel expenses	1 358	767
Materials and consumables	747	767
Contracted staff	1 270	731
WHS expenses	750	430
Sundry other expenses ⁽¹⁾	3 694	4 811
Total supplies and services	141 802	132 862

⁽¹⁾ Includes audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$0.181 million (2021: \$0.160 million). No other services were provided by the Auditor-General's Department.

Contracts

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

Accommodation

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

Leases

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

4.2. Net loss from the disposal of property, plant and equipment

	2022	2021
	\$'000	\$'000
Land and buildings		
Less carrying amount of assets disposed	-	(1 475)
Net (loss) from disposal of land and buildings	<u>-</u>	<u>(1 475)</u>
Plant and equipment		
Net proceeds from disposal	1	14
Less carrying amount of assets disposed	(12)	-
Net (loss)/gain from disposal of plant and equipment	<u>(11)</u>	<u>14</u>
Total assets		
Net proceeds from disposal	1	14
Less total carrying amount of assets disposed	(12)	(1 475)
Net (loss) on disposal of owned assets	<u>(11)</u>	<u>(1 461)</u>
Net gain on modification of right-of-use assets	<u>-</u>	<u>1</u>
Total net (loss) from disposal of non-current assets	<u><u>(11)</u></u>	<u><u>(1 460)</u></u>

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

Gains/losses on modification of right-of-use (ROU) assets include derecognition of the ROU assets (Note 5.3) and associated lease liabilities (Note 5.3) where the lease terms and conditions were modified during the current year.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

5. Non-financial assets

5.1. Property, plant and equipment

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

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

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Bearer plants \$'000	ROU buildings \$'000	ROU vehicles \$'000	Total \$'000
Carrying amount at the beginning of the period	697 489	1 055	2 099	498	8 774	1 191	711 106
Acquisitions	26	-	184	-	-	682	892
Transfers from capital works in progress	4 805	864	1 881	-	-	-	7 550
Disposals	-	-	(12)	-	-	(2)	(14)
Re-Measurement	-	-	-	-	348	-	348
Depreciation and amortisation	(18 505)	(156)	(1 098)	-	(811)	(803)	(21 373)
Carrying amount at the end of the period	683 815	1 763	3 054	498	8 311	1 068	698 509

Gross carrying amount

Gross carrying amount	1 234 194	13 170	8 636	498	10 693	2 356	1 269 547
Accumulated depreciation	(550 379)	(11 407)	(5 582)	-	(2 382)	(1 288)	(571 038)

Carrying amount at the end of the period

683 815	1 763	3 054	498	8 311	1 068	698 509
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Reconciliation of property, plant and equipment owned and leased by the Department during 2020-21

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Bearer plants \$'000	ROU buildings \$'000	ROU vehicles \$'000	Total \$'000
Carrying amount at the beginning of the period	687 828	2 034	2 317	498	8 836	1 505	703 018
Acquisitions	-	-	121	-	-	590	711
Transfers from capital works in progress	29 935	85	55	-	-	-	30 075
Disposals	(1 447)	(28)	-	-	-	(7)	(1 482)
Re-Measurement	-	-	-	-	723	-	723
Depreciation and amortisation	(18 827)	(1 036)	(394)	-	(785)	(897)	(21 939)
Carrying amount at the end of the period	697 489	1 055	2 099	498	8 774	1 191	711 106

Gross carrying amount

Gross carrying amount	1 229 362	12 306	6 749	498	10 345	2 325	1 261 585
Accumulated depreciation	(531 873)	(11 251)	(4 650)	-	(1 571)	(1 134)	(550 479)

Carrying amount at the end of the period

697 489	1 055	2 099	498	8 774	1 191	711 106
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Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

5.1 Property, plant and equipment (continued)

Depreciation

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

Land and bearer plants are not depreciated.

Useful life

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

Class of asset	Useful life (years)
Plant and equipment	4 - 20
Buildings (including prisons)	Up to 60
Leasehold improvements	10 - 20
Right-of-use buildings	11
Right-of-use vehicles	3 - 5

Review of accounting estimates

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

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

5.2. Property, plant and equipment owned by the Department

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

Impairment

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

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 10.2. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

ROU assets for property, plant and equipment leased by the Department as lessee are measured at cost and during 2021-22 there were no indications of impairment.

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

The Department has a limited number of leases:

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

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

5.4. Capital works in progress

	2022	2021
	\$'000	\$'000
Capital works in progress	147 812	59 003
Total capital works in progress	147 812	59 003

Reconciliation of capital works in progress during 2021-22

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	59 003	33 250
Additions	96 359	56 212
Transfers to property, plant and equipment	(7 550)	(30 075)
Expense of prior year capital costs	-	(384)
Carrying amount at the end of the period	147 812	59 003

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 increase in the carrying amount mainly reflects expenditure on additional accommodation projects at Adelaide Women's Prison of \$11.3 million and Yatala Labour Prison of \$79.8 million.

These costs are offset by the completion of accommodation projects at Adelaide Women's Prison of \$1.8 million, completion of Port Adelaide Community Corrections Centre office fit out of \$0.8 million and recognition of the Office for Correctional Services Review Intel Management System of \$1.5 million.

Department for Correctional Services
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For the year ended 30 June 2022

5.5. Intangible assets

The South Australian Government has issued water licences \$2.593 million (2021: \$2.593 million) to the Department under the *Landscape South Australia Act 2019*. The Department acquired the licences on 1 July 2009. The licences allow access to water from River Murray for stock, domestic and irrigation purposes at the Cadell Training Centre.

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

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

5.6. Biological assets

Reconciliation of biological assets (livestock)

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	472	414
Increases due to purchases	52	-
Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	72	103
Decreases due to sales	(88)	(45)
Carrying amount at the end of the period	508	472

All biological assets consist of livestock.

Currently there are 323 (2021: 293) cattle held at Cadell Training Centre and Port Lincoln Prison for the purpose of milk and meat production for internal use within the prison system. The cattle are at various stages of life. As at reporting date there are no commitments for the development or acquisition of livestock.

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

5.7. Inventories

	2022	2021
	\$'000	\$'000
Current - held for distribution:		
Stores	822	793
Total inventories held for distribution	822	793
Current - other than those held for distribution:		
Raw materials and work in progress	1 061	1 083
Finished goods	180	237
Stores	67	80
Total inventories other than those held for distribution	1 308	1 400
Total inventories	2 130	2 193

Inventories are predominantly measured at cost.

There was minimal impact on inventory held for distribution resulting from the COVID-19 pandemic.

6. Financial assets

6.1. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Deposits with the Treasurer	63 814	128 215
Accrual Appropriation Excess Funds	48 401	22 621
Prison imprest accounts	27	27
Petty cash	12	12
Total cash and cash equivalents	112 254	150 875

Deposits with the Treasurer

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

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

Department for Correctional Services
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6.2. Receivables

	2022	2021
	\$'000	\$'000
Current:		
Receivables	1 193	1 206
Less impairment loss on receivables	(296)	(210)
	897	996
Accrued revenue	69	39
GST receivable	4 413	5 758
Prepayments	902	74
Total current receivables	6 281	6 867
Total receivables	6 281	6 867

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

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

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

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

Allowance for impairment on receivables

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

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	210	376
Increase/(decrease) in the provision	86	(166)
Carrying amount at end of the period	296	210

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

7. Liabilities

7.1. Payables

	2022	2021
	\$'000	\$'000
Current		
Creditors ⁽¹⁾	22 323	43 773
Accruals	6 496	4 357
Employment on-costs	3 977	4 082
Paid Parental Leave Scheme payable	46	28
Total current payables	32 842	52 240
Non-current		
Employment on-costs	2 821	3 175
Total non-current payables	2 821	3 175
Total payables	35 663	55 415

⁽¹⁾ Creditors include \$13.9 million (2021: \$32.6 million) for additional prisoner accommodation projects.

Payables are measured at nominal amounts.

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.

The net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this Payables note.

Employment on costs

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

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

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave has remained at 42%. The average factor for the calculation of employer superannuation on-costs has changed from the 2021 rate 10.1% to 10.6%. These rates are used in the employment on-cost calculation.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

7.2. Financial liabilities

	2022	2021
	\$'000	\$'000
Current		
Lease liabilities	1 481	1 395
Total current financial liabilities	<u>1 481</u>	<u>1 395</u>
Non-current		
Lease liabilities	8 234	8 763
Total non-current financial liabilities	<u>8 234</u>	<u>8 763</u>
Total financial liabilities	<u><u>9 715</u></u>	<u><u>10 158</u></u>

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

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

Interest expense paid on lease liabilities during 2021-22 was \$0.188 million (2021: \$0.211 million). The Department does not capitalise borrowing costs.

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

7.3. Provisions

	2022	2021
	\$'000	\$'000
Current		
Workers' compensation - medical and other costs	2 381	2 647
Workers' compensation - income maintenance	1 697	1 329
Additional compensation	144	132
Total current provisions	<u>4 222</u>	<u>4 108</u>
Non-current		
Workers' compensation - medical and other costs	13 711	15 847
Workers' compensation - income maintenance	7 306	6 875
Additional compensation	4 429	5 039
Total non-current provisions	<u>25 446</u>	<u>27 761</u>
Total provisions	<u><u>29 668</u></u>	<u><u>31 869</u></u>
Movement in provisions		
	2022	2021
	\$'000	\$'000
Workers' compensation:		
Carrying amount at the beginning of the period	26 698	23 924
Workers' compensation payments	(4 534)	(5 055)
Increase in provision	2 931	7 829
Carrying amount at the end of the period	<u><u>25 095</u></u>	<u><u>26 698</u></u>
Additional compensation:		
Carrying amount at the beginning of the period	5 171	6 112
Additional compensation payments	(1)	(6)
(Decrease) in provision	(597)	(935)
Carrying amount at the end of the period	<u><u>4 573</u></u>	<u><u>5 171</u></u>

Department for Correctional Services
Notes to and forming part of the financial statements
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7.3. Provisions (continued)

Workers Compensation provision (statutory and additional compensation schemes)

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

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

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

Measurement of the provision for worker's compensation as at 30 June 2022 includes the impacts of the decision of the Full Court of the Supreme Court of South Australia in *Return to Work Corporation of South Australia vs Summerfield* (Summerfield decision). The Summerfield decision increased the liabilities of the Return to Work Scheme (the Scheme) and the provision for workers compensation across government.

Legislation to reform the *Return to Work Act 2014* was proclaimed in July 2022, with the reforms expected to reduce the overall liability of the Scheme. The impacts of these reforms on the provision for workers compensation across government will be considered when measuring the provision as at 30 June 2023.

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

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

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

Department for Correctional Services
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8. Other disclosures

8.1. Equity

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

The Prisoner Amenities Reserve reflects the funds available to purchase amenities, such as gym equipment, for the specific benefit and use of prisoners. Proceeds from the sale of canteen goods to prisoners net off 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.

	2022	2021
	\$'000	\$'000
Retained earnings	299 990	233 290
Prisoner amenities reserve	178	175
Asset revaluation surplus	382 308	382 308
Contributed capital	165 468	165 468
Carrying amount at the end of the period	847 944	781 241

Prior period adjustments

Due to an error in the accrued depreciation workings for ROU buildings an adjustment of \$0.066 million was made in 2019-20. This was corrected by decreasing the accrued expenses balance and increasing the retained earnings balance as at 30 June 2020.

Department for Correctional Services
Notes to and forming part of the financial statements
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8.2. Cash flow reconciliation

	2022	2021
	\$'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	112 254	150 875
Balance as per the Statement of Cash Flows	<u>112 254</u>	<u>150 875</u>
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	78 295	154 517
Add / (less) non-cash items		
Net (loss) from the disposal of non-current and other assets	(11)	(1 460)
Depreciation and amortisation	(21 373)	(21 939)
Impairment of receivables	(97)	165
Resources received free of charge - income	1 996	2 055
Resources provided free of charge - expense	(1 996)	(2 055)
Movement in assets and liabilities		
(Decrease)/increase in receivables	(489)	2 867
(Decrease)/increase in inventories	(63)	125
Increase in biological assets	36	58
Decrease/(increase) in payables	875	(5 998)
Decrease in employee benefits	7 329	1 450
Decrease/(increase) in provisions	2 201	(1 833)
Net result	<u>66 703</u>	<u>127 952</u>

Total cash outflows for leases was \$1.734 million (2021: \$1.819 million).

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

9. Outlook

9.1. Unrecognised commitments

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

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

Contract service commitments

	2022	2021
	\$'000	\$'000
Within one year	54 617	63 700
Later than one year but not later than five years	137 642	163 961
Later than five years	12 519	15 752
Total contract service commitments	204 778	243 413

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

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

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, was extended for a further 2 years from 30 June 2021 and is due to expire on 30 June 2023.

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

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

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

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

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

The above figures:

- are subject to an escalation based on indices not yet published by the Australian Bureau of Statistics, and as a result are not adjusted for inflation and where applicable are based on 2021-22 prisoner populations.
- are exclusive of GST.

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

9.2. Contingent assets and liabilities

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

The Department has a number of common law claims made against it by various claimants. The maximum exposure facing the Department in respect of these claims is \$0.230 million (2021: \$0.190 million).

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

9.3. 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:

	2022	2021
	\$'000	\$'000
Balance at the beginning of the period	1 327	1 230
Prisoner monies receipts	9 079	9 324
Prisoner monies payments	(9 018)	(9 227)
Balance at the end of the period	1 388	1 327

9.4. Impact of standards and statements not yet effective

The Department continues to assess the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer.

Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. The Department continues to assess liabilities eg LSL and whether or not the Department has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

9.5. COVID-19 pandemic outlook for the Department

The COVID-19 pandemic will continue to impact the operations of the Department in 2022-23. The key expected impacts are to:

- retaining the current COVID-19 Response Model and the proactive monitoring of developments with regards to the pandemic, and
- continue to manage COVID-19 operations including expenditure on cleaning, protective equipment, information technology improvements, and training costs.

9.6. Events after the reporting period

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2022

10. Measurement and risk

10.1. Long service leave liability - measurement

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

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

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2021 (1.25%) to 2022 3.5%.

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and employee benefits expense of \$4.6 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 DTF has maintained the salary inflation rate at 2.5% for long service leave liability and reduced the rate to 1.5% from 2% in 2021 for annual leave and skills, experience and retention leave liabilities. These assumptions have had little impact in the employee liabilities calculations.

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

10.2. Fair value

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

Initial recognition

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

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

Department for Correctional Services
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10.2. Fair value (continued)

Revaluation

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

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

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

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

Fair value hierarchy

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

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

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

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

During 2022 and 2021, the Department had no valuations categorised into Level 1; there were no transfers of assets between Level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

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

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

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1.5 million or had an estimated useful life that was less than three years are deemed to approximate fair value.

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

Department for Correctional Services
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10.2. Fair value (continued)

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

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

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

Fair value classification – non-financial assets at 30 June 2021

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings - specialised	-	538 285	538 285
Buildings - non-specialised	940	-	940
Land	158 264	-	158 264
Leasehold improvements	-	1 055	1 055
Plant and equipment	-	2 099	2 099
Bearer plants	498	-	498
Biological assets	472	-	472
Total recurring fair value measurements	160 174	541 439	701 613
Total fair value measurements	160 174	541 439	701 613

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*.

Land and buildings

Every six years, sites are inspected and a full revaluation of the Department's land and buildings is performed. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then a full revaluation may be undertaken and the asset will be revalued regardless of when the last full valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

A site valuation of land and buildings was performed by independent valuer, Martin Burns of Liquid Pacific as at 30 June 2019.

Bearer plants

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

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

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

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10.2. Fair value (continued)

Biological assets

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

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

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

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

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

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

Reconciliation of level 3 recurring fair value measurements at 30 June 2021

	Specialised buildings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	528 541	2 034	2 317	532 892
Additions	-	-	121	121
Disposals	(1 447)	(28)	-	(1 475)
Transfer from work in progress	29 935	85	55	30 075
Losses for the period recognised in net result:				
Depreciation and amortisation	(18 744)	(1 036)	(394)	(20 174)
Total losses recognised in net result	(18 744)	(1 036)	(394)	(20 174)
Total gains recognised in OCI	-	-	-	-
Carrying amount at the end of the period	538 285	1 055	2 099	541 439

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10.3. Financial instruments

Financial risk management

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

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

Liquidity risk

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

Refer to Notes 7.1 and 7.2 for further information.

Credit risk

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

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

Impairment of financial assets

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

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

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

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

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

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

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
2022			
Current (not past due)	505	4%	20
1 - 30 days past due	93	6%	6
31 - 60 days past due	59	15%	9
61 - 90 days past due	21	29%	6
More than 90 days past due	499	51%	255
Loss allowance	1 177	25%	296

The impact of the COVID-19 pandemic on the expected credit loss estimates is insignificant.

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10.3. Financial instruments (continued)

Market risk

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

Exposure to interest rate risk may arise through its interest-bearing liabilities, including borrowings. The Department's interest-bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

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

Categorisation of financial instruments

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

Classification of financial instruments

The Department measures all financial instruments other than lease liabilities at amortised cost. All financial assets and liabilities carrying amount equals their fair value as at 30 June 2022 and are expected to be settled within one year excluding financial liabilities.

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

	2022	2021
	\$'000	\$'000
Lease Liabilities		
within 1 year	1 568	1 566
1 to 5 years	4 336	4 222
More than 5 years	4 764	5 493
Total lease liabilities (undiscounted)	10 668	11 281

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11. Disclosure of administered items

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

	2022	2021
	\$'000	\$'000
Administered income		
Revenues from Victims of Crime Levy	230	223
Mobilong Inmate Charity Fund	1	2
Revenues from SA Government	369	341
Total administered income	600	566
Administered expenses		
Victims of Crime Levy payments	231	223
Mobilong Inmate Charity Fund	-	4
Employee benefit expense	369	341
Total administered expenses	600	568
Net result	-	(2)
Administered current assets		
Cash	20	33
Receivables	47	28
Total administered assets	67	61
Administered current liabilities		
Victims of Crime Levy payables	17	18
Minister's salary payable	47	28
Total administered liabilities	64	46
Net administered assets	3	15
Administered equity		
Retained earnings	4	4
Total administered equity	4	4
Changes in equity		
Balance at 1 July	4	6
Net result	-	(2)
Balance at 30 June	4	4

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11. Disclosure of administered items (continued)

	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Victims of Crime Levy	230	223
Mobilong Inmate Charity Fund	1	2
Revenues from SA Government	369	341
Total administered income	600	566
Cash outflows		
Victims of Crime Levy payments	(231)	(223)
Mobilong Inmate Charity Fund	-	(4)
Employee benefit expense	(382)	(330)
Total administered expenses	(613)	(557)
Net cash used in / provided by operating activities	(13)	9
Net (decrease)/increase in cash	(13)	9
Cash at 1 July	33	24
Cash at 30 June	20	33