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To the Chief Executive Department for Correctional Services

Qualified opinion

I have audited the financial report of the Department for Correctional Services for the financial year ended 30 June 2024.

In my opinion, except for the possible effects of the matter described in the 'Basis for qualified opinion' section of my report, the accompanying financial report gives a true and fair view of the financial position of the Department for Correctional Services as at 30 June 2024, its financial performance and its cash flows for the year then ended in accordance with 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 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chief Executive and the Executive Director, People and Business Services.

Basis for qualified opinion

Procurement reporting disclosure

The Department for Correctional Services was required by the Treasurer's Instructions (Accounting Policy Statements) to include a disclosure reporting the value of procurement with South Australian and non-South Australian businesses for 2023-24.

This requirement uses a framework established by the Treasurer's Instructions (Accounting Policy Statements) and definitions within Treasurer's Instruction 18 *Procurement*. The Department for Correctional Services included that disclosure in note 4.1 to the financial report.

My review of the processes used by the Department for Correctional Services identified that it did not have an effective process to meet the requirements of the framework which has been established for procurement reporting under the Treasurer's Instructions.

As such, I am not able to obtain sufficient appropriate audit evidence for the amounts disclosed in note 4.1.

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 qualified 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 Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

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 2024.

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.

A handwritten signature in blue ink, appearing to read 'Andrew Blaskett', with a stylized flourish at the end.

Andrew Blaskett
Auditor-General

19 September 2024

Department for Correctional Services

Financial Statements

For the year ended 30 June 2024

Department for Correctional Services
Statement of Certification
For the year ended 30 June 2024

Certification of the Financial Statements

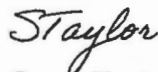
We certify that the:

- 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

12 September 2024



Sarah Taylor
Executive Director, People & Business
Services

12 September 2024

Department for Correctional Services
Statement of Comprehensive Income
For the year ended 30 June 2024

| | Note | 2024 \$'000 | 2023 \$'000 |
|--|------|----------------|----------------|
| Income | | | |
| Appropriation | 2.1 | 404 983 | 376 426 |
| Sale of goods | 2.2 | 7 580 | 7 121 |
| Resources received free of charge | 2.3 | 2 466 | 2 148 |
| Salaries and goods and services recoups | | 1 867 | 2 286 |
| Prisoner telephone receipts | | 1 771 | 1 863 |
| Grants, subsidies and transfers | 2.4 | 1 401 | 1 992 |
| Other income | 2.5 | 1 188 | 941 |
| Total income | | 421 256 | 392 777 |
| Expenses | | | |
| Employee related expenses | 3.3 | 213 048 | 214 150 |
| Supplies and services | 4.1 | 161 772 | 146 772 |
| Depreciation and amortisation | 5.1 | 33 268 | 21 985 |
| Payments to prisoners | | 4 732 | 4 716 |
| Grants and subsidies | | 285 | 330 |
| Borrowing costs | | 232 | 204 |
| Net loss from disposal of non-current assets | 4.2 | 37 | 20 |
| Other expenses | | 715 | 502 |
| Total expenses | | 414 089 | 388 679 |
| Net result | | 7 167 | 4 098 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to net result</i> | | | |
| Changes to asset revaluation reserve | | - | 165 149 |
| Total other comprehensive income | | - | 165 149 |
| Total comprehensive result | | 7 167 | 169 247 |

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 2024

| | Note | 2024 \$'000 | 2023 \$'000 |
|--------------------------------------|------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 6.1 | 113 091 | 95 476 |
| Receivables | 6.2 | 6 460 | 5 300 |
| Inventories | 5.7 | 2 002 | 2 268 |
| Total current assets | | 121 553 | 103 044 |
| Non-current assets | | | |
| Property, plant and equipment | 5.1 | 1 022 604 | 1 022 963 |
| Capital works in progress | 5.4 | 6 972 | 7 985 |
| Intangible assets | 5.5 | 2 593 | 2 593 |
| Biological assets | 5.6 | 536 | 508 |
| Total non-current assets | | 1 032 705 | 1 034 049 |
| Total assets | | 1 154 258 | 1 137 093 |
| Current liabilities | | | |
| Payables | 7.1 | 35 721 | 21 223 |
| Employee related liabilities | 3.4 | 26 667 | 25 992 |
| Provisions | 7.2 | 5 572 | 4 804 |
| Financial liabilities | 7.3 | 1 705 | 1 403 |
| Total current liabilities | | 69 665 | 53 422 |
| Non-current liabilities | | | |
| Employee related liabilities | 3.4 | 30 754 | 29 832 |
| Provisions | 7.2 | 20 533 | 27 651 |
| Financial liabilities | 7.3 | 8 064 | 8 113 |
| Total non-current liabilities | | 59 351 | 65 596 |
| Total liabilities | | 129 016 | 119 018 |
| Net assets | | 1 025 242 | 1 018 075 |
| Equity | | | |
| Retained earnings | 8.1 | 311 985 | 304 784 |
| Prisoner amenities reserve | 8.1 | 332 | 366 |
| Asset revaluation surplus | 8.1 | 547 457 | 547 457 |
| Contributed capital | 8.1 | 165 468 | 165 468 |
| Total equity | | 1 025 242 | 1 018 075 |

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 2024

| | Note | Prisoner amenities reserve \$'000 | Asset revaluation surplus \$'000 | Contributed capital \$'000 | Retained earnings \$'000 | Total equity \$'000 |
|--|------|--------------------------------------|-------------------------------------|-------------------------------|-----------------------------|------------------------|
| Balance at 1 July 2022 | | 178 | 382 308 | 165 468 | 299 984 | 847 938 |
| Error correction | 8.1 | 140 | - | - | 750 | 890 |
| Adjusted balance at 1 July 2022 | | 318 | 382 308 | 165 468 | 300 734 | 848 828 |
| Net result for 2022-23 | | - | - | - | 4 098 | 4 098 |
| Gain on revaluation of land and buildings during 2022-23 | 5.1 | - | 164 997 | - | - | 164 997 |
| Gain on revaluation of bearer plants during 2022-23 | 5.1 | - | 152 | - | - | 152 |
| Total comprehensive result for 2022-23 | | - | 165 149 | - | 4 098 | 169 247 |
| Transfer between equity components | | 48 | - | - | (48) | - |
| Balance at 30 June 2023 | | 366 | 547 457 | 165 468 | 304 784 | 1 018 075 |
| Net result for 2023-24 | | - | - | - | 7 167 | 7 167 |
| Total comprehensive result for 2023-24 | | - | - | - | 7 167 | 7 167 |
| Transfer between equity components | | (34) | - | - | 34 | - |
| Balance at 30 June 2024 | | 332 | 547 457 | 165 468 | 311 985 | 1 025 242 |

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 2024

| | | 2024 | 2023 |
|---|------|------------------|------------------|
| | | (Outflows) | (Outflows) |
| | | Inflows | Inflows |
| | Note | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Cash inflows | | | |
| Appropriation | | 404 983 | 376 426 |
| Receipts from sale of goods | | 7 580 | 7 121 |
| Receipts from grants, subsidies and transfers | | 1 401 | 1 992 |
| Interest received | | 2 | 1 |
| Prisoner telephone receipts | | 1 771 | 1 863 |
| GST recovered from the ATO | | 16 153 | 17 339 |
| Other receipts | | 2 888 | 3 568 |
| Cash generated from operations | | 434 778 | 408 310 |
| Cash outflows | | | |
| Employee related payments | | (217 628) | (209 317) |
| Supplies and services | | (164 621) | (161 409) |
| Prisoner payments | | (4 732) | (4 716) |
| Grants and subsidies | | (285) | (330) |
| Interest paid | | (232) | (204) |
| Other payments | | (785) | (622) |
| Cash used in operations | | (388 283) | (376 598) |
| Net cash provided by operating activities | 8.2 | 46 495 | 31 712 |
| Cash flows from investing activities | | | |
| Cash outflows | | | |
| Purchase of property, plant and equipment | | (27 178) | (46 936) |
| Cash used in investing activities | | (27 178) | (46 936) |
| Net cash used in investing activities | | (27 178) | (46 936) |
| Cash flows from financing activities | | | |
| Cash outflows | | | |
| Repayment of principal portion of lease liabilities | | (1 702) | (1 579) |
| Cash used in financing activities | | (1 702) | (1 579) |
| Net cash used in financing activities | | (1 702) | (1 579) |
| Net increase/(decrease) in cash and cash equivalents | | 17 615 | (16 803) |
| Cash and cash equivalents at the beginning of the reporting period | | 95 476 | 112 279 |
| Cash and cash equivalents at the end of the reporting period | 6.1 | 113 091 | 95 476 |

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 2024

NOTES TO THE FINANCIAL STATEMENTS

| | |
|--|-----------|
| Statement of Comprehensive Income | 1 |
| Statement of Financial Position | 2 |
| Statement of Changes in Equity | 3 |
| Statement of Cash Flows | 4 |
| 1. About the Department for Correctional Services | 6 |
| 1.1. Basis of preparation | 6 |
| 1.2. Objectives and programs | 7 |
| 1.3. Budget performance | 10 |
| 1.4. Significant transactions with government related entities | 11 |
| 2. Income | 12 |
| 2.1. Appropriation | 12 |
| 2.2. Sale of goods | 12 |
| 2.3. Resources received free of charge | 13 |
| 2.4. Grants, subsidies and transfers | 13 |
| 2.5. Other income | 13 |
| 3. Boards, committees and employees | 14 |
| 3.1. Key management personnel | 14 |
| 3.2. Boards and committee members | 14 |
| 3.3. Employee related expenses | 16 |
| 3.4. Employee related liabilities | 17 |
| 4. Expenses | 19 |
| 4.1. Supplies and services | 19 |
| 4.2. Net loss from the disposal of non-current assets | 20 |
| 5. Non-financial assets | 22 |
| 5.1. Property, plant and equipment | 22 |
| 5.2. Property, plant and equipment owned by the Department | 24 |
| 5.3. Property, plant and equipment leased by the Department | 25 |
| 5.4. Capital works in progress | 25 |
| 5.5. Intangible assets | 26 |
| 5.6. Biological assets | 26 |
| 5.7. Inventories | 26 |
| 6. Financial assets | 27 |
| 6.1. Cash and cash equivalents | 27 |
| 6.2. Receivables | 27 |
| 7. Liabilities | 29 |
| 7.1. Payables | 29 |
| 7.2. Provision | 29 |
| 7.3. Financial liabilities | 30 |
| 8. Other disclosures | 31 |
| 8.1. Equity | 31 |
| 8.2. Cash flow reconciliation | 32 |
| 8.3. Trust funds | 32 |
| 9. Outlook | 33 |
| 9.1. Unrecognised commitments | 33 |
| 9.2. Contingent assets and liabilities | 34 |
| 9.3. Impact of standards and statements not yet effective | 34 |
| 9.4. Events after the reporting period | 34 |
| 10. Measurement and risk | 35 |
| 10.1. Long service leave liability - measurement | 35 |
| 10.2. Fair value | 35 |
| 10.3. Financial instruments | 40 |
| 11. Disclosure of administered items | 42 |

Department for Correctional Services

Notes to and forming part of the financial statements

For the year ended 30 June 2024

1. About the Department for Correctional Services

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

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

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

1.1. Basis of preparation

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

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

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

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

Material accounting policy information is set out throughout the notes.

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

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

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

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

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 2023 and 30 June 2024.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

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 | |
|--|--------------------|----------------|--------------------------|----------------|--|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Income | | | | | | | | |
| Appropriation | 298 951 | 273 913 | 56 380 | 55 175 | 49 652 | 47 338 | 404 983 | 376 426 |
| Sale of goods | 1 578 | 821 | - | - | 6 002 | 6 300 | 7 580 | 7 121 |
| Resources received free of charge | 1 793 | 1 534 | 342 | 315 | 331 | 299 | 2 466 | 2 148 |
| Salaries and goods and services recoups | 244 | 375 | 1 497 | 1 723 | 126 | 188 | 1 867 | 2 286 |
| Prisoner telephone receipts | 1 771 | 1 863 | - | - | - | - | 1 771 | 1 863 |
| Grants, subsidies and transfers | 453 | 742 | 192 | 251 | 756 | 999 | 1 401 | 1 992 |
| Other income | 926 | 630 | - | (18) | 262 | 329 | 1 188 | 941 |
| Total income | 305 716 | 279 878 | 58 411 | 57 446 | 57 129 | 55 453 | 421 256 | 392 777 |
| Expenses | | | | | | | | |
| Employee related expenses | 136 929 | 136 934 | 39 421 | 40 425 | 36 698 | 36 791 | 213 048 | 214 150 |
| Supplies and services | 128 728 | 116 503 | 16 233 | 15 003 | 16 811 | 15 266 | 161 772 | 146 772 |
| Depreciation and amortisation | 30 655 | 19 788 | 1 577 | 1 311 | 1 036 | 886 | 33 268 | 21 985 |
| Payments to prisoners | 3 951 | 3 866 | - | - | 781 | 850 | 4 732 | 4 716 |
| Other expenses | 693 | 498 | - | - | 22 | 4 | 715 | 502 |
| Grants and subsidies | - | - | - | - | 285 | 330 | 285 | 330 |
| Borrowing costs | 40 | 14 | 185 | 187 | 7 | 3 | 232 | 204 |
| Net loss from disposal of non-current assets | 10 | 20 | - | - | 27 | - | 37 | 20 |
| Total expenses | 301 006 | 277 623 | 57 416 | 56 926 | 55 667 | 54 130 | 414 089 | 388 679 |
| Net result | 4 710 | 2 255 | 995 | 520 | 1 462 | 1 323 | 7 167 | 4 098 |

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

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 | |
|--------------------------------------|--------------------|----------------|--------------------------|----------------|---|----------------|-------------------------------|----------------|------------------|------------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Current assets | | | | | | | | | | |
| Cash and cash equivalents | 22 | 7 | - | 3 | - | - | 113 069 | 95 466 | 113 091 | 95 476 |
| Receivables | 420 | 220 | - | - | - | - | 6 040 | 5 080 | 6 460 | 5 300 |
| Inventory | 208 | 334 | - | - | 1 490 | 1 622 | 304 | 312 | 2 002 | 2 268 |
| Total current assets | 650 | 561 | - | 3 | 1 490 | 1 622 | 119 413 | 100 858 | 121 553 | 103 044 |
| Non-current assets | | | | | | | | | | |
| Property, plant and equipment | 968 199 | 984 184 | 21 107 | 21 776 | 32 508 | 15 490 | 790 | 1 513 | 1 022 604 | 1 022 963 |
| Capital works in progress | 6 694 | 7 607 | 213 | 273 | - | - | 65 | 105 | 6 972 | 7 985 |
| Intangible assets | 2 593 | 2 593 | - | - | - | - | - | - | 2 593 | 2 593 |
| Biological assets | - | - | - | - | 536 | 508 | - | - | 536 | 508 |
| Total non-current assets | 977 486 | 994 384 | 21 320 | 22 049 | 33 044 | 15 998 | 855 | 1 618 | 1 032 705 | 1 034 049 |
| Total assets | 978 136 | 994 945 | 21 320 | 22 052 | 34 534 | 17 620 | 120 268 | 102 476 | 1 154 258 | 1 137 093 |
| Current liabilities | | | | | | | | | | |
| Payables | 26 952 | 15 195 | 1 589 | 1 414 | 830 | 444 | 6 350 | 4 170 | 35 721 | 21 223 |
| Employee related liabilities | 17 138 | 17 690 | 4 935 | 4 458 | 4 594 | 3 844 | - | - | 26 667 | 25 992 |
| Provisions | 3 581 | 3 072 | 1 031 | 907 | 960 | 825 | - | - | 5 572 | 4 804 |
| Financial liabilities | 576 | 391 | 1 023 | 936 | 106 | 76 | - | - | 1 705 | 1 403 |
| Total current liabilities | 48 247 | 36 348 | 8 578 | 7 715 | 6 490 | 5 189 | 6 350 | 4 170 | 69 665 | 53 422 |
| Non-current liabilities | | | | | | | | | | |
| Employee related liabilities | 19 767 | 19 663 | 5 690 | 5 385 | 5 297 | 4 784 | - | - | 30 754 | 29 832 |
| Provisions | 13 197 | 17 681 | 3 799 | 5 219 | 3 537 | 4 751 | - | - | 20 533 | 27 651 |
| Financial liabilities | 799 | 401 | 7 117 | 7 634 | 148 | 78 | - | - | 8 064 | 8 113 |
| Total non-current liabilities | 33 763 | 37 745 | 16 606 | 18 238 | 8 982 | 9 613 | - | - | 59 351 | 65 596 |
| Total liabilities | 82 010 | 74 093 | 25 184 | 25 953 | 15 472 | 14 802 | 6 350 | 4 170 | 129 016 | 119 018 |
| Net assets | 896 126 | 920 852 | (3 864) | (3 901) | 19 062 | 2 818 | 113 918 | 98 306 | 1 025 242 | 1 018 075 |

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

1.3. Budget performance

The budget performance table compares the Department's outcomes against budget information presented to Parliament (2023-24 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 2024

| | Original budget | Actual | Variance |
|--|--------------------|----------------|----------------|
| | 2024 | 2024 | |
| | \$'000 | \$'000 | \$'000 |
| Statement of Comprehensive Income | | | |
| Income | | | |
| Appropriation | 400 308 | 404 983 | 4 675 |
| Sale of goods | 8 986 | 7 580 | (1 406) |
| Resources received free of charge | - | 2 466 | 2 466 |
| Salaries and goods and services recoups | 1 230 | 1 867 | 637 |
| Prisoner telephone receipts | 1 955 | 1 771 | (184) |
| Grants, subsidies and transfers | 950 | 1 401 | 451 |
| Other income | 124 | 1 188 | 1 064 |
| Total income | 413 553 | 421 256 | 7 703 |
| Expenses | | | |
| Employee related expenses | 223 386 | 213 048 | (10 338) |
| Supplies and services | 149 586 | 161 772 | 12 186 |
| Depreciation and amortisation | 23 498 | 33 268 | 9 770 |
| Payments to prisoners | 5 378 | 4 732 | (646) |
| Other expenses | 896 | 715 | (181) |
| Grants and subsidies | 612 | 285 | (327) |
| Borrowing costs | 295 | 232 | (63) |
| Net loss from disposal of non-current assets | - | 37 | 37 |
| Total expenses | 403 651 | 414 089 | 10 438 |
| Net result | 9 902 | 7 167 | (2 735) |
| Total comprehensive result | 9 902 | 7 167 | (2 735) |

The variances 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 2024

1.3. Budget performance (continued)

| | Original budget | Actual | Variance |
|--------------------------------------|--------------------|---------------|-----------------|
| | 2024 | 2024 | |
| | \$'000 | \$'000 | \$'000 |
| Investing expenditure summary | | | |
| Total new projects | 8 754 | 2 945 | 5 809 |
| Total existing projects | 4 004 | 23 805 | (19 801) |
| Total annual programs | 7 178 | 3 230 | 3 948 |
| Total investing expenditure | 19 936 | 29 980 | (10 044) |

Total new projects

- Expenditure on new projects was \$5.8 million lower than the original budget due to delays in securing an appropriate premises for the Port Augusta Community Corrections Centre and cash flow timing of the Port Augusta Prison high security upgrade.

Total existing projects

- Expenditure on existing projects was \$19.8 million higher than the original budget primarily due to cash flow timing of the Yatala Labour Prison 270 bed expansion and the Cadell Training Centre Dairy redevelopment. The original budget does not reflect the 2022-23 year-end carryovers for these projects.

Total annual programs

- The variance is due to the original budget not including the transfer of a \$4 million from annual programs to existing projects primarily for the Cadell Training Centre Dairy redevelopment.

1.4. Significant transactions with government related entities

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

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

2. Income

2.1. Appropriation

| | 2024 | 2023 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i> | 400 308 | 370 762 |
| Appropriation from the Governor's Appropriation Fund | 4 571 | 5 663 |
| Other revenues from the Consolidated Account | 104 | 1 |
| Total Appropriation | 404 983 | 376 426 |

Appropriation revenue is recognised on receipt.

Appropriation revenue consists of \$380.25 million (2023: \$348.80 million) for operational funding and \$24.73 million (2023: \$27.63 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

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Canteen sales | 4 167 | 4 111 |
| Sale of goods produced by prisoners - other | 3 392 | 2 988 |
| Sale of goods produced by prisoners - kitchen | 21 | 22 |
| Total sale of goods | 7 580 | 7 121 |

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 2024

2.3. Resources received free of charge

| | 2024 | 2023 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Services received free of charge - Shared Services SA | 1 921 | 1 862 |
| Services received free of charge - Department of the Premier and Cabinet | 545 | 286 |
| Total resources received free of charge | 2 466 | 2 148 |

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

The Department receives Financial Accounting, Taxation, Payroll, Accounts Payable, and Accounts Receivable services from Shared Services SA free of charge. ICT services and media monitoring services valued at \$521 000 (\$263 000) and \$24 000 (\$23 000) respectively, are provided free of charge from the Department of the Premier and Cabinet.

2.4. Grants, subsidies and transfers

| | 2024 | 2023 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| SA Government grants | 734 | 601 |
| Commonwealth revenue | 667 | 836 |
| Recovery from the Department of Treasury and Finance (DTF) for TVSPs | - | 555 |
| Total grants, subsidies and transfers | 1 401 | 1 992 |

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

Commonwealth revenue was received for Cross Borders Family Violence Program.

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

2.5. Other income

| | 2024 | 2023 |
|---------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Revenue from recoveries SA Government | 663 | 15 |
| Revenue from recoveries external | 273 | 619 |
| Internally generated assets | 14 | 123 |
| Interest | 2 | 1 |
| Other | 236 | 183 |
| Total other income | 1 188 | 941 |

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

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.

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Compensation | | |
| Salaries and other short-term employee benefits | 2 058 | 1 908 |
| Post-employment benefits | 312 | 227 |
| Total compensation | 2 370 | 2 135 |

Transactions with key management personnel and other related parties

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

3.2. Boards and committee members

Members during the 2024 financial year were:

Parole Board of South Australia

| | |
|--|-----------------------------|
| Frances Nelson KC (Presiding Member) | Susan MacDonald * |
| William Boucaut KC (First Deputy Presiding Member) | Katherine McLachlan |
| Nicholas Floreani (Second Deputy Presiding Member) | Dr Maria Naso * |
| Kevin Hill | Vanessa Swan |
| Garth Dodd | Trevor Lovegrove |
| Janina Gipslis (Deputy Member) | Gregory May (Deputy Member) |
| Andrew Kyprianou | |

Parole Administrative Review Commissioner

Hon. Michael David KC

Serious Offender Committee

| | |
|---|---------------------|
| Darian Shephard -Bayly * (Co-Chair) | Judy Cole * |
| Ryan Harber * (Co-Chair) | Luke Smith * |
| Jane Farrin * (Co-Chair) | Paul Oldacre * |
| Annette McKee * (A/Co-Chair) | Kim Nejman * |
| Michael Dent * | Angela Giles * |
| Melissa Gibbs * | Tara Liddy * |
| David Lodge * | Renee Pietrosanti * |
| Rowan Walling * | Taylor Swain * |
| Luci Lovelock (Relationships Australia) | Frank McCann * |
| Sophie McEvoy (Relationships Australia) | Hayden Brooker * |

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

3.2. Boards and committee members (continued)

Serious Offender Committee (continued)

| | |
|----------------------|-------------------|
| Clinton Bennell * | Jake Field * |
| Erica Harvey * | Shannon Seiler * |
| Stephanie Flint * | Sian Litchfield * |
| Rebecca Lofthouse * | Chelsea Dunn * |
| Tegan Cotton * | Dwaylene Brown * |
| Shakila Williams * | Kahlia Gibson * |
| Rachel Court * | Emily Kelly * |
| Tim Jarrad * | Lauren Hawkshaw * |
| Darren Hosking * | Daniel Sumner * |
| Madeleine Thatcher * | Emily Butler * |
| Andy Mangle * | Kymerley McKay * |
| Lizzie Van Hout * | Mark Goode * |
| Scott Simpson * | Chris Wilson * |
| Daniel Morrison * | Ejay Elia * |

Risk and Performance Committee

| | |
|---|-----------------|
| Bret Morris * (Independent Chairperson) | Kate Muslera * |
| Julie-Anne Burgess * | Annette McKee * |
| Ryan Harber * | Jan Shuard |

**ICAC Executive Oversight Committee
(ceased operation September 2023)**

| | |
|------------------------------|--------------------|
| Jan Shuard (Chair) | Loretta Romeo * |
| David Brown * (Deputy Chair) | Hayley Mills * |
| Jodeen Carney * | Scharlene Lamont * |
| Erma Ranieri * | |

* 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.

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

| | 2024 | 2023 |
|--------------------------------|-------------|-------------|
| \$0 - \$19 999 | 60 | 67 |
| \$20 000 - \$39 999 | - | 3 |
| \$40 000 - \$59 999 | 2 | 1 |
| \$60 000 - \$79 999 | 7 | 6 |
| \$140 000 - \$159 999 | 2 | 2 |
| \$220 000 - \$239 999 | - | 1 |
| \$240 000 - \$259 999 | 1 | - |
| Total number of members | 72 | 80 |

The total remuneration received or receivable by members was \$1.191 million (2023: \$1.132 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, 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 2024

3.3. Employee related expenses

| | 2024 | 2023 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Salaries and wages | 160 186 | 155 291 |
| Employment on-costs - superannuation ⁽¹⁾ | 18 987 | 17 764 |
| Annual leave | 17 071 | 17 074 |
| Employment on-costs - payroll tax | 10 026 | 9 627 |
| Long service leave | 5 075 | 3 318 |
| Workers compensation ⁽²⁾ | 3 370 | 8 471 |
| Board and committee fees ⁽³⁾ | 1 075 | 1 027 |
| Skills and experience retention leave | 718 | 666 |
| Fringe benefits tax | 179 | 116 |
| Targeted voluntary separation packages | 48 | 553 |
| Additional compensation ⁽²⁾ | (3 687) | 243 |
| Total employee related expenses | 213 048 | 214 150 |

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

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

⁽²⁾ Includes movements in the workers compensation and additional compensation provision, both of which decreased in 2024. Refer to Note 7.2.

⁽³⁾ Excludes superannuation.

Remuneration of employees

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

| | Executive | | Employees | | Total | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| The number of employees whose remuneration received or receivable falls within the following bands: | | | | | | |
| \$160 001 to \$166 000 * | n/a | 1 | n/a | 4 | n/a | 5 |
| \$166 001 to \$186 000 | - | 1 | 16 | 11 | 16 | 12 |
| \$186 001 to \$206 000 | 1 | 2 | 2 | 4 | 3 | 6 |
| \$206 001 to \$226 000 | 4 | 6 | - | - | 4 | 6 |
| \$226 001 to \$246 000 | 6 | 2 | - | - | 6 | 2 |
| \$306 001 to \$326 000 | 1 | 2 | - | - | 1 | 2 |
| \$326 001 to \$346 000 | 1 | - | - | - | 1 | - |
| \$406 001 to \$426 000 | - | 1 | - | - | - | 1 |
| \$426 001 to \$446 000 | 1 | - | - | - | 1 | - |
| Total | 14 | 15 | 18 | 19 | 32 | 34 |

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2022-23.

The total remuneration received by these employees for the year was \$7.11 million (2023: \$6.82 million).

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

3.3. Employee related expenses (continued)

Targeted voluntary separation packages (TVSP)

During the year 1 employee received a TVSP (2023: 5).

| | 2024 | 2023 |
|-------------------------------------|-----------|------------|
| | \$'000 | \$'000 |
| Amount paid to separated employees: | | |
| TVSP | 48 | 553 |
| Leave paid to separated employees | 22 | 138 |
| Recovery from DTF | - | (555) |
| Net cost to the Department | 70 | 136 |

3.4. Employee related liabilities

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Annual leave | 16 529 | 16 276 |
| Accrued salaries and wages | 325 | 268 |
| Long service leave | 4 008 | 3 579 |
| Skills and experience retention leave | 621 | 560 |
| Employment on-costs | 5 180 | 5 305 |
| Unclaimed salaries and wages | 4 | 4 |
| Total current employee related liabilities | 26 667 | 25 992 |
| Non-current | | |
| Long service leave | 24 458 | 23 747 |
| Annual leave | 2 987 | 2 964 |
| Skills and experience retention leave | 226 | 204 |
| Employment on-costs | 3 083 | 2 917 |
| Total non-current employee related liabilities | 30 754 | 29 832 |
| Total employee related liabilities | 57 421 | 55 824 |

Employee related liabilities accrue as a result of services provided up to the reporting date that remain unpaid. Non-current employee related liabilities are measured at present value and current employee related liabilities are measured at nominal amounts.

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

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

The annual leave liability and the SERL liability is generally expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid, amounts expected to be payable beyond 12 months are classified as non-current. The salary inflation rate applied to the annual leave and SERL liabilities increased to 2.4% in 2024 from 2% in 2023.

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

3.4 Employee related liabilities (continued)

Long service leave

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

Employment on costs

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

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

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave has increased to 44% from 43% in 2023. The average factor for the calculation of employer superannuation on-costs has changed from the 2023 rate 11.1% to 11.5%. 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 2024

4. Expenses

4.1. Supplies and services

| | 2024 | 2023 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Contracts | 74 410 | 66 737 |
| Accommodation | 16 370 | 15 058 |
| Offender related costs | 14 158 | 12 869 |
| Information technology and communication charges | 11 535 | 9 961 |
| Utilities | 9 223 | 8 816 |
| Minor works, maintenance and equipment | 5 879 | 5 707 |
| Fees | 5 353 | 4 624 |
| Cost of goods sold - canteen sales | 3 847 | 3 735 |
| Cost of goods sold - sale of goods produced by prisoners | 3 443 | 2 828 |
| Travel expenses | 3 203 | 2 397 |
| Insurance charges | 2 925 | 2 830 |
| Staff related costs | 2 823 | 2 779 |
| Shared Services SA processing | 1 960 | 1 918 |
| Contracted staff | 1 698 | 1 628 |
| Legal costs | 966 | 959 |
| Materials and consumables | 598 | 687 |
| WHS expenses | 312 | 328 |
| Low-value leases | 67 | 82 |
| Short-term leases | 38 | - |
| Sundry other expenses ⁽¹⁾ | 2 964 | 2 829 |
| Total supplies and services | 161 772 | 146 772 |

⁽¹⁾ Includes audit fees paid/payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* of \$0.153 million (2023: \$0.167 million). No other services were provided by the Audit Office of South Australia.

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 2024

4.1. Supplies and services (continued)

Expenditure – SA Business and Non-SA Business

The following table includes all expenditure in relation to contracts above \$55,000 (GST inclusive) resulting from a procurement as defined in Treasurer's Instructions 18 – Procurement (TI 18). Arrangements between public authorities and arrangements with other governments are not included.

Expenditure is inclusive of non-recoverable GST.

| Expenditure summary | 2024 \$'000 | Proportion SA and non-SA businesses |
|--|------------------------|--|
| Total expenditure with South Australian businesses | 117 611 | 86% |
| Total expenditure with non-South Australian businesses | 18 944 | 14% |
| | 136 555 | 100% |

Classification as SA business or non-SA business is generally based on circumstances as at the time of entering into a contract. For contracts entered into before 20 February 2023, where sufficient evidence of an assessment made under previous procurement requirements is known to the Department, this was used to determine classification. For contracts where such evidence of prior assessment is not available and for all other contracts, classification is based on the definition of an SA business provided in TI 18.

TI 18 defines a business as being South Australian where it operates in South Australia and more than 50% of the workforce delivering the contract resulting from the procurement on behalf of the business are South Australian residents.

The disclosure for expenditure with SA businesses reflects the total spent on contracts within the TI 18 definition and in some instances includes the cost of goods sourced from outside South Australia.

In many cases, the determination has been made on the basis of representations made by suppliers at a point in time which has not been subject to independent verification.

4.2. Net loss from the disposal of non-current assets

| | 2024 \$'000 | 2023 \$'000 |
|---|------------------------|------------------------|
| Land and buildings | | |
| Net proceeds from disposal | - | - |
| Less carrying amount of assets disposed | (26) | - |
| Net (loss) from disposal of land and buildings | (26) | - |
| Plant and equipment | | |
| Net proceeds from disposal | - | - |
| Less carrying amount of assets disposed | (11) | (20) |
| Net (loss) from disposal of plant and equipment | (11) | (20) |
| Total assets | | |
| Net proceeds from disposal | - | - |
| Less total carrying amount of assets disposed | (37) | (20) |
| Net (loss) on disposal of owned assets | (37) | (20) |
| Total net (loss) from disposal of non-current assets | (37) | (20) |

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

4.2 Net loss from the disposal of non-current assets (continued)

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

5. Non-financial assets

5.1. Property, plant and equipment

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

Reconciliation of property, plant and equipment owned and leased by the Department during 2023-24

| | 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 | 1 008 143 | 1 816 | 3 166 | 650 | 8 090 | 1 098 | 1 022 963 |
| Prior period adjustments | - | - | - | - | - | 78 | 78 |
| Restated carrying amount at the beginning of the period | 1 008 143 | 1 816 | 3 166 | 650 | 8 090 | 1 176 | 1 023 041 |
| Acquisitions | 72 | - | 29 | - | - | 1 526 | 1 627 |
| Transfers from capital works in progress | 26 267 | 192 | 4 431 | - | - | - | 30 890 |
| Disposals | (26) | - | (11) | - | - | - | (37) |
| Re-measurement | - | - | - | - | 351 | - | 351 |
| Depreciation and amortisation | (30 160) | (359) | (982) | - | (932) | (835) | (33 268) |
| Carrying amount at the end of the period | 1 004 296 | 1 649 | 6 633 | 650 | 7 509 | 1 867 | 1 022 604 |
| Gross carrying amount | | | | | | | |
| Gross carrying amount | 1 704 899 | 13 706 | 14 087 | 650 | 11 702 | 3 324 | 1 748 368 |
| Accumulated depreciation | (700 603) | (12 057) | (7 454) | - | (4 193) | (1 457) | (725 764) |
| Carrying amount at the end of the period | 1 004 296 | 1 649 | 6 633 | 650 | 7 509 | 1 867 | 1 022 604 |

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

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

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

5.1. Property, plant and equipment (continued)

Depreciation

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

Land and bearer plants are not depreciated.

Useful life

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

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

Review of accounting estimates

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

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
Notes to and forming part of the financial statements
For the year ended 30 June 2024

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 2023-24 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:

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

The lease liabilities related to the right-of-use assets are disclosed in Note 7.3. 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

| | 2024 | 2023 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Capital works in progress | 6 972 | 7 985 |
| Total capital works in progress | 6 972 | 7 985 |

Reconciliation of capital works in progress

| | 2024 | 2023 |
|---|--------------|----------------|
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 7 985 | 147 812 |
| Additions | 29 955 | 40 006 |
| Transfers to property, plant and equipment | (30 890) | (179 779) |
| Expense of prior year capital costs | (78) | (54) |
| Carrying amount at the end of the period | 6 972 | 7 985 |

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.

Expenditure for the prisoner movement works and laundry upgrade at Yatala Labour Prison was \$14.88 million. In addition, \$8.45 million was spent on the dairy at Cadell Training Centre, \$2.95 million on the upgrade of Bluebush and Greenbush units at Port Augusta Prison, and \$0.46 million on the additional accommodation project at Adelaide Women's Prison.

This expenditure was offset by the completion of the Yatala Labour Prison prisoner movements and laundry upgrade of \$14.88 million and the Cadell Training Centre dairy of \$12.41 million.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

5.5. Intangible assets

The South Australian Government has issued water licences \$2.593 million (2023: \$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)

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 508 | 508 |
| Increases due to purchases | 45 | 81 |
| Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes | 97 | 7 |
| Gain arising from changes in fair value less estimated point-of-sale costs attributable to price changes | (14) | (14) |
| Decreases due to sales | (100) | (74) |
| Carrying amount at the end of the period | 536 | 508 |

All biological assets consist of livestock and are used for the purpose of milk and meat production for internal use within the prison system.

The number of livestock at Cadell Training Centre and Port Lincoln Prison is currently 444 (2023: 426). The livestock 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.

5.7. Inventories

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Current - held for distribution: | | |
| Stores | 629 | 646 |
| Total inventories held for distribution | 629 | 646 |
| Current - other than those held for distribution: | | |
| Raw materials and work in progress | 1 038 | 1 090 |
| Finished goods | 305 | 491 |
| Stores | 30 | 41 |
| Total inventories other than those held for distribution | 1 373 | 1 622 |
| Total inventories | 2 002 | 2 268 |

Finished goods are measured using cost of materials plus prisoner labour. Other inventories are all measured at cost.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

6. Financial assets

6.1. Cash and cash equivalents

| | 2024 | 2023 |
|---|----------------|---------------|
| | \$'000 | \$'000 |
| Deposits with the Treasurer | 37 547 | 19 929 |
| Accrual Appropriation Excess Funds | 75 508 | 75 508 |
| Prison imprest accounts | 27 | 27 |
| Petty cash | 9 | 12 |
| Total cash and cash equivalents in the Statement of Financial Position | 113 091 | 95 476 |
| Total cash and cash equivalents in the Statement of Cash Flows | 113 091 | 95 476 |

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.

6.2. Receivables

| | 2024 | 2023 |
|-------------------------------------|---------------|---------------|
| Current: | \$'000 | \$'000 |
| Receivables | 1 482 | 1 030 |
| Less impairment loss on receivables | (300) | (211) |
| | 1 182 | 819 |
| Accrued revenue | 554 | 275 |
| GST receivable | 4 317 | 3 819 |
| Prepayments | 407 | 387 |
| Total current receivables | 6 460 | 5 300 |
| Total receivables | 6 460 | 5 300 |

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 contractual 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 contractual 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.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

6.2 Receivables (continued)

| | 2024 | 2023 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 211 | 296 |
| Amounts written off | - | (134) |
| Increase in the provision | 89 | 49 |
| Carrying amount at end of the period | 300 | 211 |

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 2024

7. Liabilities

7.1. Payables

| | 2024 | 2023 |
|------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Creditors ⁽¹⁾ | 20 807 | 12 175 |
| Accruals | 14 874 | 9 024 |
| Paid Parental Leave Scheme payable | 40 | 24 |
| Total current payables | <u>35 721</u> | <u>21 223</u> |
| Total payables | <u>35 721</u> | <u>21 223</u> |

(1) Creditors include \$8.9 million (2023: \$6.4 million) for prisoner accommodation and redevelopment projects.

Payables are measured at nominal amounts.

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

7.2. Provisions

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Workers' compensation - medical and other costs | 3 320 | 2 791 |
| Workers' compensation - income maintenance | 2 200 | 1 845 |
| Additional compensation | 52 | 168 |
| Total current provisions | <u>5 572</u> | <u>4 804</u> |
| Non-current | | |
| Workers' compensation - medical and other costs | 13 778 | 15 811 |
| Workers' compensation - income maintenance | 5 678 | 7 192 |
| Additional compensation | 1 077 | 4 648 |
| Total non-current provisions | <u>20 533</u> | <u>27 651</u> |
| Total provisions | <u>26 105</u> | <u>32 455</u> |

| Movement in provisions | 2024 | 2023 |
|-------------------------------|--------|--------|
| | \$'000 | \$'000 |

Workers' compensation:

| | | |
|---|---------------|---------------|
| Carrying amount at the beginning of the period | 27 639 | 25 095 |
| Workers' compensation payments | (5 415) | (7 092) |
| Increase in provision | 2 752 | 9 636 |
| Carrying amount at the end of the period | <u>24 976</u> | <u>27 639</u> |

Additional compensation:

| | | |
|---|--------------|--------------|
| Carrying amount at the beginning of the period | 4 816 | 4 573 |
| Additional compensation payments | - | (116) |
| Increase/(Decrease) in provision | (3 687) | 359 |
| Carrying amount at the end of the period | <u>1 129</u> | <u>4 816</u> |

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

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 2024 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

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

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

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

7.3. Financial liabilities

| | 2024 | 2023 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Lease liabilities | 1 705 | 1 403 |
| Total current financial liabilities | 1 705 | 1 403 |
| Non-current | | |
| Lease liabilities | 8 064 | 8 113 |
| Total non-current financial liabilities | 8 064 | 8 113 |
| Total financial liabilities | 9 769 | 9 516 |

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 2023-24 was \$0.232 million (2023: \$0.204 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.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

8. Other disclosures

8.1. Equity

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

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

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

Error Correction

Due to an error with unprocessed payables over a number of years, an adjustment of \$0.890 million was made in 2022-23. This was corrected by decreasing the unprocessed payables liability balance and increasing the opening retained earnings balance as at 30 June 2022.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

8.2. Cash flow reconciliation

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.

Total cash outflows for leases were \$2.039 million (2023: \$1.865 million).

| | 2024 | 2023 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Reconciliation of net cash provided by operating activities to net result | | |
| Net cash provided by operating activities | 46 495 | 31 712 |
| Add / (less) non-cash items | | |
| Write off of non-current assets | (78) | (54) |
| Net (loss) from the disposal of non-current and other assets | (37) | (20) |
| Depreciation and amortisation | (33 268) | (21 985) |
| Borrowing Costs | - | - |
| Impairment of receivables | (89) | (52) |
| Capital accruals | 2 878 | (6 779) |
| Resources received free of charge - income | 2 466 | 2 148 |
| Resources provided free of charge - expense | (2 466) | (2 148) |
| Movement in assets and liabilities | | |
| Increase/(decrease) in receivables | 1 249 | (881) |
| Increase/(decrease) in inventories | (266) | 138 |
| Increase in biological assets | 28 | - |
| (Increase)/decrease in payables | (14 498) | 6 735 |
| Decrease in employee related liabilities | (1 597) | (1 929) |
| (Increase)/decrease in provisions | 6 350 | (2 787) |
| Net result | 7 167 | 4 098 |

8.3. Trust funds

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

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Balance at the beginning of the period | 1 569 | 1 388 |
| Prisoner monies receipts | 9 289 | 9 312 |
| Prisoner monies payments | (9 162) | (9 131) |
| Balance at the end of the period | 1 696 | 1 569 |

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

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

| | 2024 | 2023 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Within one year | 72 327 | 71 866 |
| Later than one year but not later than five years | 135 138 | 188 967 |
| Later than five years | 5 541 | 8 072 |
| Total contract service commitments | 213 006 | 268 905 |

The Department's contract commitments consist of:

- Prisoner movement and in-court management
- Home detention electronic monitoring system
- Management of the Adelaide Remand Centre and Mount Gambier Prison
- Provision of vocational training and employment opportunities through Work Ready Release Ready
- Home Detention Integrated Support Services to further support offenders on Court Ordered and Release Ordered Home Detention
- "Arches" Bail Accommodation Support Program
- New information and communication technology (ICT) system, iSAFE
- MoAA's with DIT for accommodation

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 2023-24 prisoner populations.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

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 \$0.180 million (2023: \$0.200 million).

9.3. Impact of standards and statements not yet effective

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

No Australian Accounting Standards have been early adopted.

9.4. 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 2024

10. Measurement and risk

10.1. Long service leave liability - measurement

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

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

The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service.

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has increased to 4.25% (2023: 4.0%).

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 an increase in the long service leave liability and employee related expense of \$1.32 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 salary inflation rate applied in the actuarial assessment performed by DTF for the long service leave liability increased to 3.5% (2023: 2.5%).

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
Notes to and forming part of the financial statements
For the year ended 30 June 2024

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. 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 2024 and 2023, 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
Notes to and forming part of the financial statements
For the year ended 30 June 2024

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 2024

| | Level 2 | Level 3 | Total |
|--|----------------|----------------|------------------|
| | \$'000 | \$'000 | \$'000 |
| Recurring fair value measurements | | | |
| Buildings - specialised | - | 795 569 | 795 569 |
| Buildings - non-specialised | 845 | - | 845 |
| Land | 207 882 | - | 207 882 |
| Leasehold improvements | - | 1 649 | 1 649 |
| Plant and equipment | - | 6 633 | 6 633 |
| Bearer plants | 650 | - | 650 |
| Biological assets | 536 | - | 536 |
| Total recurring fair value measurements | 209 913 | 803 851 | 1 013 764 |
| Total fair value measurements | 209 913 | 803 851 | 1 013 764 |

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

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

10.2. Fair value (continued)

Land and buildings

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

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

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

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

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

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

Plant and equipment

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

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 16 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 25 hectares of land at the Cadell Training Centre. Younger trees are increasing yields each season.

Biological assets

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

10.2. Fair value (continued)

Reconciliation of level 3 recurring fair value measurements at 30 June 2024

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 2024

| | Specialised buildings | Leasehold improvements | Plant and equipment | Total |
|---|--------------------------|---------------------------|------------------------|-----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 799 313 | 1 816 | 3 166 | 804 295 |
| Additions | 72 | - | 29 | 101 |
| Disposals | (26) | - | (11) | (37) |
| Transfer from work in progress | 26 164 | 192 | 4 431 | 30 787 |
| Losses for the period recognised in net result: | | | | |
| Depreciation and amortisation | (29 954) | (359) | (982) | (31 295) |
| Total losses recognised in net result | (29 954) | (359) | (982) | (31 295) |
| Carrying amount at the end of the period | 795 569 | 1 649 | 6 633 | 803 851 |

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

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

10.3. Financial instruments

Financial risk management

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

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

Liquidity risk

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

Refer to Notes 7.1 and 7.3 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.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

10.3. Financial instruments (continued)

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

| | Debtor gross carrying amount \$'000 | Loss % | Lifetime expected losses \$'000 |
|----------------------------|---|--------|---------------------------------------|
| 2024 | | | |
| Current (not past due) | 700 | 6% | 45 |
| 1 - 30 days past due | 178 | 10% | 18 |
| 31 - 60 days past due | 66 | 14% | 9 |
| 61 - 90 days past due | 62 | 40% | 25 |
| More than 90 days past due | 476 | 43% | 203 |
| Loss allowance | 1 482 | | 300 |

Market risk

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

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

Categorisation of financial instruments

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

Classification of financial instruments

The Department measures all financial instruments at amortised cost. All financial asset and liability carrying amounts equal their fair value as at 30 June 2024 and are expected to be settled within one year excluding lease liabilities.

For information relating to the carrying amount of financial assets refer to notes 6.1 and 6.2. For the carrying amount of financial liabilities refer to notes 7.1 and 7.3.

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

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Lease liabilities | | |
| Within 1 year | 1 918 | 1 595 |
| 1 to 5 years | 5 433 | 5 718 |
| More than 5 years | 3 217 | 3 084 |
| Total lease liabilities (undiscounted) | 10 568 | 10 397 |

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

11. Disclosure of administered items

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

Statement of Administered Comprehensive Income

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Administered income | | |
| Revenues from Victims of Crime Levy | 228 | 223 |
| Revenues from Prisoner Compensation Quarantine Fund | 23 | 48 |
| Appropriation | 471 | 434 |
| Total administered income | 722 | 705 |
| Administered expenses | | |
| Victims of Crime Levy payments | 228 | 223 |
| Prisoner Compensation Quarantine Fund payments | 53 | - |
| Employee related expenses | 456 | 439 |
| Total administered expenses | 737 | 662 |
| Net result | (15) | 43 |

Statement of Administered Financial Position

| | | |
|---|-------------|-----------|
| Administered current assets | | |
| Cash | 8 | 23 |
| Total administered assets | 8 | 23 |
| Administered current liabilities | | |
| Victims of Crime Levy payables | 19 | 20 |
| Mobilong Inmate Charity Fund payable | 1 | - |
| Total administered liabilities | 20 | 20 |
| Net administered assets | (12) | 3 |
| Administered equity | | |
| Retained earnings | (12) | 3 |
| Total administered equity | (12) | 3 |
| Changes in equity | | |
| Balance at 1 July | 3 | (40) |
| Net result | (15) | 43 |
| Balance at 30 June | (12) | 3 |

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2024

12. Disclosure of administered items (continued)

Statement of Administered Cash Flows

| | 2024 | 2023 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Cash inflows | | |
| Victims of Crime Levy | 228 | 223 |
| Mobilong Inmate Charity Fund | 1 | - |
| Prisoner Compensation Quarantine Fund | 23 | 48 |
| Appropriation | 471 | 434 |
| Cash generated from operations | 723 | 705 |
| Cash outflows | | |
| Victims of Crime Levy payments | (229) | (220) |
| Prisoner Compensation Quarantine Fund | (53) | - |
| Employee related expenses | (456) | (437) |
| Cash used in operations | (738) | (657) |
| Net cash used in / provided by operating activities | (15) | 48 |
| Net (decrease)/increase in cash | (15) | 48 |
| Cash at 1 July | 23 | (25) |
| Cash at 30 June | 8 | 23 |