

# Department for Correctional Services

Financial report  
for the year ended  
30 June 2021



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## To the Chief Executive Department for Correctional Services

### Opinion

I have audited the financial report of the Department for Correctional Services for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Correctional Services as at 30 June 2021, its financial performance and its cash flows for 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 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Executive Director – Finance, People & Business Services.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Department for Correctional Services. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

### **Responsibilities of the Chief Executive for the financial report**

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and 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 2021.

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

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

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

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

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

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



Andrew Richardson

**Auditor-General**

14 September 2021

**Department for Correctional Services**

# **Financial Statements**

For the year ended 30 June 2021

**Department for Correctional Services**  
**Statement of Certification**  
*For the year ended 30 June 2021*

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**Certification of the Financial Statements**

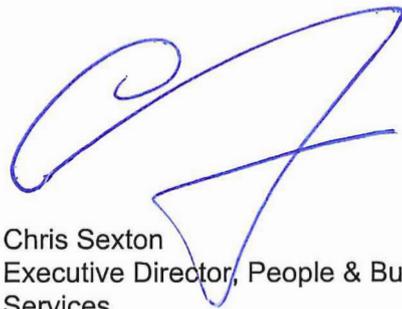
We certify that the:

- 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

10 September 2021



Chris Sexton  
Executive Director, People & Business  
Services

10 September 2021

**Department for Correctional Services**  
**Statement of Comprehensive Income**  
*For the year ended 30 June 2021*

	Note	2021 \$'000	2020 \$'000
<b>Income</b>			
Appropriation	2.1	466 745	368 372
Sale of goods	2.2	6 889	6 614
Commonwealth-sourced grants and funding	2.3	992	3 008
SA Government grants, subsidies and transfers	2.4	2 693	7 187
Resources received free of charge	2.5	2 055	1 942
Prisoner telephone receipts		2 024	1 722
Other income	2.6	1 106	441
Salaries and goods and services recoups		1 604	1 533
<b>Total income</b>		<b>484 108</b>	<b>390 819</b>
<b>Expenses</b>			
Employee benefits expenses	3.3	192 911	202 432
Supplies and services	4.1	132 862	123 702
Depreciation and amortisation	5.1	21 939	22 812
Payments to prisoners		4 515	4 221
Grants and subsidies		113	366
Borrowing Costs		211	240
Net loss from disposal of non-current assets	4.2	1 460	25
Cash alignment transfer to Consolidated Account		1 666	-
Other expenses		479	443
<b>Total expenses</b>		<b>356 156</b>	<b>354 241</b>
<b>Net result</b>		<b>127 952</b>	<b>36 578</b>
<b>Total comprehensive result</b>		<b>127 952</b>	<b>36 578</b>

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 2021*

	Note	2021 \$'000	2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	150 875	23 471
Receivables	6.2	6 867	3 835
Inventories	5.7	2 193	2 068
<b>Total current assets</b>		<b>159 935</b>	<b>29 374</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	711 106	703 018
Capital works in progress	5.4	59 003	33 250
Intangible assets	5.5	2 593	2 593
Biological assets	5.6	472	414
<b>Total non-current assets</b>		<b>773 174</b>	<b>739 275</b>
<b>Total assets</b>		<b>933 109</b>	<b>768 649</b>
<b>Current liabilities</b>			
Payables	7.1	52 306	15 813
Employee benefits	3.4	22 627	22 667
Provisions	7.3	4 108	3 868
Financial liabilities	7.2	1 395	1 502
<b>Total current liabilities</b>		<b>80 436</b>	<b>43 850</b>
<b>Non-current liabilities</b>			
Payables	7.1	3 175	3 247
Employee benefits	3.4	31 799	33 209
Provisions	7.3	27 761	26 168
Financial liabilities	7.2	8 763	8 952
<b>Total non-current liabilities</b>		<b>71 498</b>	<b>71 576</b>
<b>Total liabilities</b>		<b>151 934</b>	<b>115 426</b>
<b>Net assets</b>		<b>781 175</b>	<b>653 223</b>
<b>Equity</b>			
Retained earnings	8.1	233 224	105 331
Prisoner amenities reserve	8.1	175	116
Asset revaluation surplus	8.1	382 308	382 308
Contributed capital	8.1	165 468	165 468
<b>Total equity</b>		<b>781 175</b>	<b>653 223</b>

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 2021*

	Prisoner amenities reserve	Asset revaluation surplus	Contributed capital	Retained earnings	Total equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2019</b>	201	382 308	165 468	68 177	616 154
Adjustments on initial application of AASB 15, 16 & 1058	-	-	-	491	491
<b>Adjusted balance at 1 July 2019</b>	<b>201</b>	<b>382 308</b>	<b>165 468</b>	<b>68 668</b>	<b>616 645</b>
Net result for 2019-20	-	-	-	36 578	36 578
<b>Total comprehensive result for 2019-20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36 578</b>	<b>36 578</b>
Net changes in reserves	(85)	-	-	85	-
<b>Balance at 30 June 2020</b>	<b>116</b>	<b>382 308</b>	<b>165 468</b>	<b>105 331</b>	<b>653 223</b>
<b>Adjusted balance at 1 July 2020</b>	<b>116</b>	<b>382 308</b>	<b>165 468</b>	<b>105 331</b>	<b>653 223</b>
Net result for 2020-21	-	-	-	127 952	127 952
<b>Total comprehensive result for 2020-21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127 952</b>	<b>127 952</b>
Net changes in reserves	59	-	-	(59)	-
<b>Balance at 30 June 2021</b>	<b>175</b>	<b>382 308</b>	<b>165 468</b>	<b>233 224</b>	<b>781 175</b>

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 2021*

		2021	2020
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Appropriation		466 745	368 374
Receipts from sale of goods		6 889	6 614
Receipts from Commonwealth-sourced grants and funding		992	3 008
Receipts from SA Government grants, subsidies and transfers		2 693	7 187
Prisoner telephone receipts		2 024	1 722
GST recovered from the ATO		13 317	14 710
Receipts for Paid Parental Leave Scheme		231	244
Other receipts		3 775	3 254
<b>Cash generated from operations</b>		<b>496 666</b>	<b>405 113</b>
<b>Cash outflows</b>			
Employee benefit payments		(192 382)	(212 576)
Supplies and services		(142 330)	(145 084)
Prisoner payments		(4 515)	(4 221)
Grants		(113)	(366)
Interest paid		(211)	(240)
Payments for Paid Parental Leave Scheme		(218)	(260)
Cash alignment transfer to Consolidated Account		(1 666)	-
Other payments		(714)	(745)
<b>Cash used in operations</b>		<b>(342 149)</b>	<b>(363 492)</b>
<b>Net cash provided by operating activities</b>	8.2	<b>154 517</b>	<b>41 621</b>
<b>Cash flows from investing activities</b>			
<b>Cash inflows</b>			
Proceeds from the sale of property, plant and equipment		14	-
<b>Cash generated from investing activities</b>		<b>14</b>	<b>-</b>
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(25 527)	(36 094)
<b>Cash used in investing activities</b>		<b>(25 527)</b>	<b>(36 094)</b>
<b>Net cash used in investing activities</b>		<b>(25 513)</b>	<b>(36 094)</b>
<b>Cash flows from financing activities</b>			
<b>Cash outflows</b>			
Repayment of principal portion of lease liabilities		(1 600)	(1 629)
<b>Cash used by financing activities</b>		<b>(1 600)</b>	<b>(1 629)</b>
<b>Net cash provided by financing activities</b>		<b>(1 600)</b>	<b>(1 629)</b>
<b>Net increase in cash and cash equivalents</b>		<b>127 404</b>	<b>3 898</b>
Cash and cash equivalents at the beginning of the reporting period		23 471	19 573
<b>Cash and cash equivalents at the end of the reporting period</b>	6.1	<b>150 875</b>	<b>23 471</b>
Non-cash transactions	8.2		

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 2021*

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**NOTES TO THE FINANCIAL STATEMENTS**

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# Department for Correctional Services

## Notes to and forming part of the financial statements

### For the year ended 30 June 2021

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#### 1. About the Department for Correctional Services

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

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

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

#### 1.1. Basis of preparation

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

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

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

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.

The Department is not subject to income tax. 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, 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.

#### 1.2. Objectives and programs

The Department's objectives are:

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

The Department undertakes the following programs:

- Custodial Services - The Department provides secure containment and supervision for adults on remand and those sentenced by the courts to serve a custodial sanction. The Custodial Services program includes costs associated with operating the State's prison system, the humane treatment of prisoners while in custody and the secure movement of prisoners.

**Department for Correctional Services**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

**1.2. Objectives and programs (continued)**

- 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 programs schedules present income, expenses, assets and liabilities information attributable to each of the activities for the years ended 30 June 2020 and 30 June 2021.

**Income and expenses by program**

For the year ended 30 June

	Custodial Services		Community Based Services	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Income</b>				
Appropriation	353 459	279 776	64 944	51 118
Sale of goods	796	733	-	-
Commonwealth-sourced grants and funding	-	-	-	171
SA Government grants, subsidies and transfers	1 964	5 383	461	1 083
Resources received free of charge	1 509	1 436	291	268
Prisoner telephone receipts	2 024	1 722	-	-
Other income	960	412	5	-
Salaries and goods and services recoups	63	167	1 525	1 348
<b>Total income</b>	<b>360 775</b>	<b>289 629</b>	<b>67 226</b>	<b>53 988</b>
<b>Expenses</b>				
Employee benefit expenses	126 742	136 762	35 435	34 467
Supplies and services	108 045	101 395	13 101	11 797
Depreciation and amortisation	19 676	19 721	1 424	2 321
Payments to prisoners	3 826	3 583	-	-
Grants and subsidies	-	-	-	-
Borrowing costs	13	22	196	214
Net loss from disposal of non-current assets	1 447	-	28	25
Cash alignment transfer to Consolidated Account <sup>(1)</sup>	1 262	-	232	-
Other expenses	499	443	-	-
<b>Total expenses</b>	<b>261 510</b>	<b>261 926</b>	<b>50 416</b>	<b>48 824</b>
<b>Net result</b>	<b>99 265</b>	<b>27 703</b>	<b>16 810</b>	<b>5 164</b>

**Department for Correctional Services**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

**1.2. Objectives and programs (continued)**

**Income and expenses by program (continued)**

	<b>Rehabilitation and Reparation Services</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Income</b>				
Appropriation	48 342	37 478	466 745	368 372
Sale of goods	6 093	5 881	6 889	6 614
Commonwealth-sourced grants and funding	992	2 837	992	3 008
SA Government grants, subsidies and transfers	268	721	2 693	7 187
Resources received free of charge	255	238	2 055	1 942
Prisoner telephone receipts	-	-	2 024	1 722
Other income	141	29	1 106	441
Salaries and goods and services recoups	16	18	1 604	1 533
<b>Total income</b>	<b>56 107</b>	<b>47 202</b>	<b>484 108</b>	<b>390 819</b>
<b>Expenses</b>				
Employee benefit expenses	30 734	31 203	192 911	202 432
Supplies and services	11 716	10 510	132 862	123 702
Depreciation and amortisation	839	770	21 939	22 812
Payments to prisoners	689	638	4 515	4 221
Grants and subsidies	113	366	113	366
Borrowing costs	2	4	211	240
Net loss from disposal of non-current assets	(15)	-	1 460	25
Cash alignment transfer to Consolidated Account <sup>(1)</sup>	172	-	1 666	-
Other expenses	(20)	-	479	443
<b>Total expenses</b>	<b>44 230</b>	<b>43 491</b>	<b>356 156</b>	<b>354 241</b>
<b>Net result</b>	<b>11 877</b>	<b>3 711</b>	<b>127 952</b>	<b>36 578</b>

<sup>(1)</sup> Attributable based on net cost of services provided.

**Department for Correctional Services**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

**1.2. Objectives and programs (continued)**

**Assets and liabilities by program**

As at 30 June

	Custodial Services		Community Based Services		Rehabilitation and Repair Services	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current assets</b>						
Cash and cash equivalents	14	17	3	3	-	1
Receivables	498	521	-	-	-	-
Inventory	402	403	-	-	1 400	1 257
<b>Total current assets</b>	<b>914</b>	<b>941</b>	<b>3</b>	<b>3</b>	<b>1 400</b>	<b>1 258</b>
<b>Non-current assets</b>						
Property, plant and equipment	678 322	668 363	18 980	19 509	12 954	13 506
Capital works in progress	56 650	30 673	422	71	-	-
Intangible assets	2 593	2 593	-	-	-	-
Biological assets	-	-	-	-	472	414
<b>Total non-current assets</b>	<b>737 565</b>	<b>701 629</b>	<b>19 402</b>	<b>19 580</b>	<b>13 426</b>	<b>13 920</b>
<b>Total assets</b>	<b>738 479</b>	<b>702 570</b>	<b>19 405</b>	<b>19 583</b>	<b>14 826</b>	<b>15 178</b>
<b>Current liabilities</b>						
Payables	42 350	9 983	2 038	711	196	1 003
Employee benefits	19 261	18 329	4 058	3 829	(692)	509
Provisions	2 698	2 618	755	660	655	590
Financial liabilities	488	593	824	810	83	99
<b>Total current liabilities</b>	<b>64 797</b>	<b>31 523</b>	<b>7 675</b>	<b>6 010</b>	<b>242</b>	<b>2 201</b>
<b>Non-current liabilities</b>						
Payables	2 570	2 050	124	146	12	206
Employee benefits	20 892	22 478	5 841	5 669	5 066	5 062
Provisions	18 239	17 712	5 099	4 467	4 423	3 989
Financial liabilities	392	525	8 305	8 340	66	87
<b>Total non-current liabilities</b>	<b>42 093</b>	<b>42 765</b>	<b>19 369</b>	<b>18 622</b>	<b>9 567</b>	<b>9 344</b>
<b>Total liabilities</b>	<b>106 890</b>	<b>74 288</b>	<b>27 044</b>	<b>24 632</b>	<b>9 809</b>	<b>11 545</b>
<b>Net assets</b>	<b>631 589</b>	<b>628 282</b>	<b>(7 639)</b>	<b>(5 049)</b>	<b>5 017</b>	<b>3 633</b>

**Department for Correctional Services**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

**1.2. Objectives and programs (continued)**

**Assets and liabilities by program (continued)**

	General / Not Attributable		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current assets</b>				
Cash and cash equivalents	150 858	23 450	150 875	23 471
Receivables	6 369	3 314	6 867	3 835
Inventory	391	408	2 193	2 068
<b>Total current assets</b>	<b>157 618</b>	<b>27 172</b>	<b>159 935</b>	<b>29 374</b>
<b>Non-current assets</b>				
Property, plant and equipment	850	1 640	711 106	703 018
Capital works in progress	1 931	2 506	59 003	33 250
Intangible assets	-	-	2 593	2 593
Biological assets	-	-	472	414
<b>Total non-current assets</b>	<b>2 781</b>	<b>4 146</b>	<b>773 174</b>	<b>739 275</b>
<b>Total assets</b>	<b>160 399</b>	<b>31 318</b>	<b>933 109</b>	<b>768 649</b>
<b>Current liabilities</b>				
Payables	7 722	4 116	52 306	15 813
Employee benefits	-	-	22 627	22 667
Provisions	-	-	4 108	3 868
Financial liabilities	-	-	1 395	1 502
<b>Total current liabilities</b>	<b>7 722</b>	<b>4 116</b>	<b>80 436</b>	<b>43 850</b>
<b>Non-current liabilities</b>				
Payables	469	845	3 175	3 247
Employee benefits	-	-	31 799	33 209
Provisions	-	-	27 761	26 168
Financial liabilities	-	-	8 763	8 952
<b>Total non-current liabilities</b>	<b>469</b>	<b>845</b>	<b>71 498</b>	<b>71 576</b>
<b>Total liabilities</b>	<b>8 191</b>	<b>4 961</b>	<b>151 934</b>	<b>115 426</b>
<b>Net assets</b>	<b>152 208</b>	<b>26 357</b>	<b>781 175</b>	<b>653 223</b>

**Department for Correctional Services**  
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**1.3. Impact of COVID-19 pandemic on the Department**

The COVID-19 pandemic continued to impact the operations of the Department during 2020-21, the impacts of which are included under the relevant disclosure notes.

The key financial impacts in 2020-21 were additional expenditure of \$2.74 million (2020: \$1.8million) comprising mainly of:

- \$0.91 million cleaning (2020: \$0.33 million),
- \$0.85 million salary and wages (2020: \$0.67 million),
- \$0.45 million information technology equipment (2020: \$0.55 million),
- \$0.26 million offender related expenditure, mainly COVID-19 testing and maintaining adequate essential food supply inventory (2020: \$0.00 million), and
- \$0.18 million protective equipment, (2020: \$0.13 million).

The key operational impacts in 2020-21 were:

- instigation of a new mission to 'Hold and Be Ready' where DCS continued to hold its strong position and maintain its state of preparedness,
- continued to maintain the Trigger Assessment Panel, which is responsible for monitoring a range of trigger indicators and provide immediate advice to the Chief Executive,
- continued with additional hygiene and cleaning requirements,
- use of additional workspaces and technology, and improved training and preparation, and
- commenced a vaccine rollout across DCS Custodial sites.

**Department for Correctional Services**  
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**1.4. Budget performance**

The budget performance table compares the Department's outcomes against budget information presented to Parliament (2020-21 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

	Note	Original budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
<b>Statement of Comprehensive Income</b>				
<b>Income</b>				
Appropriation		462 601	466 745	4 144
Sale of goods		7 898	6 889	(1 009)
Commonwealth-sourced grants and funding		-	992	992
SA Government grants, subsidies and transfers		275	2 693	2 418
Resources received free of charge		-	2 055	2 055
Prisoner telephone receipts		1 815	2 024	(209)
Other income		122	1 106	984
Salaries and goods and services recoups		1 612	1 604	(8)
<b>Total income</b>		<b>474 323</b>	<b>484 108</b>	<b>9 367</b>
<b>Expenses</b>				
Employee benefit expenses		194 006	192 911	(1 095)
Supplies and services		133 134	132 862	(272)
Depreciation and amortisation		23 475	21 939	(1 536)
Payments to prisoners		5 061	4 515	(546)
Grants and subsidies		541	113	(428)
Borrowing costs		366	211	(155)
Net loss from disposal of non-current assets		-	1 460	1 460
Cash alignment transfer to Consolidated Account		1 666	1 666	-
Other expenses		844	479	(365)
<b>Total expenses</b>		<b>359 093</b>	<b>356 156</b>	<b>(2 937)</b>
<b>Net result</b>		<b>115 230</b>	<b>127 952</b>	<b>12 304</b>
<b>Total comprehensive result</b>		<b>115 230</b>	<b>127 952</b>	<b>12 304</b>

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

**Department for Correctional Services**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

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**1.4. Budget performance (continued)**

	Note	Original budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
<b>Investing expenditure summary</b>				
Total existing projects		120 368	52 024	68 344
Total Annual Programs		6 744	4 305	2 439
<b>Total investing expenditure</b>		<b>127 112</b>	<b>56 329</b>	<b>70 783</b>

**Total existing projects**

- The variance represents carryovers of \$45.7 million approved during the year and a further \$29 million which will be submitted as part of the year end process due to cashflow timing for which the majority relates to the YLP 270 bed project.

**Total Annual Programs**

- The variance is mainly due to the original budget not including the transfer of \$2.3 million from Annual Programs to the Adelaide Women's Prison Additional Accommodation project.

**1.5. Significant transactions with government related entities**

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

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

**Department for Correctional Services**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

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**2. Income**

**2.1. Appropriation**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	462 445	343 310
Other revenues from the Consolidated Account	4 300	25 062
<b>Total Appropriation</b>	<b>466 745</b>	<b>368 372</b>

**Appropriation**

Appropriation is recognised on receipt.

Appropriation pursuant to the *Appropriation Act* (the Act) consists of \$334.25 million (2020: \$333.50 million) for operational funding and \$128.20 million (2020: \$9.81 million) for capital projects. This appropriation comprises money issued and applied to the Department pursuant to Schedule 1 of the Act. The original amount appropriated to the Department under the annual *Appropriation Act* was not varied and no additional funds were received from the Treasurer via the Governor's Appropriation Fund.

**2.2. Sale of goods**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Sale of goods produced by prisoners	2 887	3 096
Canteen sales	4 002	3 518
<b>Total sale of goods</b>	<b>6 889</b>	<b>6 614</b>

Revenue from the sales of goods is recognised upon receipt.

Sales of goods produced by prisoners are to the public and the revenue 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.

Canteen sales are sales of general goods to prisoners. The revenue is recognised at a point in time when the Department satisfies its performance obligations by transferring the goods to the customer.

**2.3. Commonwealth-sourced grants and funding**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Commonwealth revenue	992	3 008
<b>Total Commonwealth revenue</b>	<b>992</b>	<b>3 008</b>

Commonwealth-sourced grants and funding are recognised in accordance with AASB 1058 as income on receipt, due to there being no sufficiently specific performance obligations required to be met by the Department.

Commonwealth revenue is for the Remote Areas Program and the Community Transition and Learning Centre Project.

**Department for Correctional Services**  
**Notes to and forming part of the financial statements**  
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**2.4. SA Government grants, subsidies and transfers**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Grants received	695	419
Recovery from the Department of Treasury and Finance for TVSPs	1 998	6 768
<b>Total SA Government grants subsidies and transfers</b>	<b>2 693</b>	<b>7 187</b>

SA Government grants, subsidies and transfers are recognised in accordance with AASB 1058 as income on receipt, due to there being no sufficiently specific performance obligations required to be met by the Department.

**2.5. Resources received free of charge**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Services received free of charge - Shared Services SA	1 804	1 942
Services received free of charge - Department of Premier and Cabinet	251	-
<b>Total resources received free of charge</b>	<b>2 055</b>	<b>1 942</b>

Resources received free of charge 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 received financial accounting, taxation, payroll, accounts payable, accounts receivable and systems support services from Shared Services SA free of charge following Cabinet's approval to cease intra-government charging for these services.

Centralised Information Technology and Telecommunication services were provided to the Department free of charge by ICT and Digital Government, Department of Premier and Cabinet, in 2020-21 due to ceasing the intra-governmental billing for these services.

**2.6. Other income**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from recoveries SA Government	278	38
Revenue from recoveries External	446	321
Internally generated assets	11	6
Reversal of impairment loss on receivables	165	30
Other	206	46
<b>Total other income</b>	<b>1 106</b>	<b>441</b>

Other income is recognised on receipt.

**Department for Correctional Services**  
**Notes to and forming part of the financial statements**  
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**3. Boards, Committees and Employees**

**3.1. Key management personnel**

Key management personnel of the Department include the Minister, 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 for Correctional Services receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account 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.

	2021	2020
	\$'000	\$'000
Salaries and other short term employee benefits	1 994	1 636
Post-employment benefits	209	174
<b>Total compensation</b>	<b>2 203</b>	<b>1 810</b>

**Transactions with key management personnel and other related parties**

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

**3.2. Boards and committee members**

Members during the 2021 financial year were.

**Parole Board of South Australia**

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

Denis Edmonds  
 Andrew Kyprianou (Deputy Member) (reappointed June 2021)  
 Susan MacDonald \*  
 Katherine McLachlan  
 Dr Maria Naso

**Parole Administrative Review Commissioner**

David Bleby (appointment expired 30 June 2021)

**Serious Offender Committee**

Vanessa Swan \* (Chair) (resigned January 2021)  
 Darian Shephard -Bayly \* (Co-Chair) (appointed January 2021)  
 Hayley Mills \* (Co-Chair) (appointed as Chair January 2021)  
 Jennifer White \* (appointed July 2020)  
 Mignon Bruce \*  
 Vicki Dodd \*  
 Sue Dighton \*  
 Jamie Goldsmith \*  
 Emily Kelly \* (appointed July 2020)  
 Darren Hosking \*

Rebecca Hughes \*  
 Charles Jackson \*  
  
 Memoona Rafique (Relationships Australia)(appointed July 2020)  
 Matt Jansons \*  
 Luke Smith \*(appointed July 2020)  
 Ben Everitt \* (appointed July 2020)  
 Kitlian Wong \*  
 Andy Mangel \*  
 Craig Maxfield \* (appointed July 2020)  
 Emma Roesch \*

**Department for Correctional Services**  
**Notes to and forming part of the financial statements**  
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**3.2. Boards and committee members (continued)**

**Risk and Performance Committee**

Bret Morris * (Independent Chairperson)	Annette McKee *
Julie-Anne Burgess *	Janice Shuard
Ryan Harber *	Meredith Smedley * (resigned September 2020)
Leanne Hague * (appointed November 2020)	

**iSAFE Program Advisory Group (all members appointed July 2020)**

David Brown * (Chair)	Jackie Bray *
Chris Sexton *	Annette McKee *
Stacey Bennett *	Tanya Georgiou *
Oshim Somers *	Stephanie Flint *
Billie Grady *	Janice Shuard

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

	2021	2020
\$0 - \$19 999	38	54
\$20 000 - \$39 999	3	2
\$40 000 - \$59 999	7	5
\$80 000 - \$99 999	1	1
<b>Total number of members</b>	<b>49</b>	<b>62</b>

The total remuneration received or receivable by members was \$495 214 (2020: \$441 695). Remuneration of members reflects all costs of performing Board and Committee duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

**Department for Correctional Services**  
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**3.3. Employee benefits expenses**

**Employee benefits expenses**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	146 379	151 673
Annual leave	15 446	16 167
Employment on-costs - superannuation <sup>(1)</sup>	14 947	15 280
Employment on-costs - payroll tax	8 774	9 275
Targeted voluntary separation packages	1 906	6 434
Workers compensation <sup>(2)</sup>	5 231	4 843
Long service leave <sup>(3)</sup>	(66)	775
Skills and experience retention leave	560	615
Fringe benefits tax	222	334
Board and Committee fees <sup>(4)</sup>	453	407
Additional Compensation <sup>(2)</sup>	(941)	(3 371)
<b>Total employee benefits expenses</b>	<b>192 911</b>	<b>202 432</b>

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

<sup>(2)</sup> Includes the movement in workers compensation liability of \$2.77 million (2020: \$3.38 million) and additional compensation of \$0.94 million (2020: \$3.37 million) resulting from the annual actuarial assessment (refer also to Note 7.3).

<sup>(3)</sup> The decrease in the long service leave expense is due to the reduction in the outstanding liability and lower revaluation adjustment associated with TVSPs taken during the year.

<sup>(4)</sup> Excludes superannuation.

**Remuneration of employees**

	<b>Executive</b>		<b>Employees</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
The number of employees whose remuneration received or receivable falls within the following bands:						
\$154 001 to \$174 000	-	-	13	10	13	10
\$174 001 to \$194 000	4	2	6	4	10	6
\$194 001 to \$214 000	4	2	-	-	4	2
\$214 001 to \$234 000	2	1	-	1	2	2
\$234 001 to \$254 000	2	1	-	1	2	2
\$254 001 to \$274 000	-	2	-	-	-	2
\$274 001 to \$294 000	1	-	-	1	1	1
\$314 001 to \$334 000	1	1	-	-	1	1
\$394 001 to \$414 000	-	1	-	-	-	1
\$414 000 to \$434 000	1	-	-	-	1	-
<b>Total</b>	<b>15</b>	<b>10</b>	<b>19</b>	<b>17</b>	<b>34</b>	<b>27</b>

The total remuneration received by these employees for the year was \$6.69 million (2020: \$5.55 million).

The table includes all employees who received normal remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left the Department.

**Department for Correctional Services**  
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**3.3. Employee benefits expenses (continued)**

**Targeted voluntary separation packages (TVSP)**

During the financial year 21 (2020: 95) TVSPs were accepted of which 17 (2020: 89) had departed.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Amount paid to separated employees:		
Targeted Voluntary Separation Packages	1 867	12 963
Leave paid to separated employees	711	4 184
Recovery from the Department of Treasury and Finance	(1 998)	(6 768)
<b>Net cost to the Department</b>	<b>580</b>	<b>10 379</b>

**3.4. Employee benefits liability**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual leave	15 005	14 853
Accrued TVSPs	457	417
Accrued salaries and wages	4 786	4 181
Long service leave	1 875	2 698
Skills and experience retention leave	500	514
Unclaimed salaries and wages	4	4
<b>Total current employee benefits</b>	<b>22 627</b>	<b>22 667</b>
<b>Non-current</b>		
Long service leave	29 381	31 031
Annual leave	2 242	1 970
Skills and experience retention leave	176	208
<b>Total non-current employee benefits</b>	<b>31 799</b>	<b>33 209</b>
<b>Total employee benefits</b>	<b>54 426</b>	<b>55 876</b>

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

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

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

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

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

**Long service leave**

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

**Department for Correctional Services**  
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**4. Expenses**

**4.1. Supplies and services**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Contracts	59 980	55 934
Accommodation	12 402	12 678
Offender related costs	11 293	10 833
Utilities	8 702	9 367
Cost of goods sold - sale of goods produced by prisoners	2 501	2 592
Cost of goods sold - canteen sales	3 684	3 248
Works and equipment costs	5 903	5 427
Information technology and communication charges	7 504	6 126
Fees	4 320	2 096
Short term leases	14	27
Low-value leases	28	26
Workers compensation	3 703	2 985
Shared Services SA processing	1 909	2 077
Staff related costs	1 362	1 480
Insurance charges	2 051	1 848
Travel expenses	767	1 207
Materials and consumables	767	703
Contracted staff	731	533
Consultants	-	39
WHS expenses	430	451
Sundry other expenses <sup>(1)</sup>	4 811	4 025
<b>Total supplies and services</b>	<b>132 862</b>	<b>123 702</b>

<sup>(1)</sup> Includes audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$160 200 (2020: \$172 500). No other services were provided by the Auditor-General's Department.

**Contracts**

The main contracts for the Department include management of Mount Gambier Prison, management of the operations at the Adelaide Remand Centre, prisoner movement and in-court management and Electronic Monitoring System South Australia.

**Accommodation**

Most 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 set and area accordingly expensed (disclosed in the Accommodation line above).

**Leases**

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

**Department for Correctional Services**  
**Notes to and forming part of the financial statements**  
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**4.2. Net loss from the disposal of property, plant and equipment**

	2021	2020
	\$'000	\$'000
<b>Land and buildings</b>		
Net proceeds from disposal	-	-
Less carrying amount of assets disposed	(1 475)	(21)
<b>Net gain/ (loss) from disposal of land and buildings</b>	<u>(1 475)</u>	<u>(21)</u>
<b>Plant and equipment</b>		
Net proceeds from disposal	14	-
Less carrying amount of assets disposed	-	(6)
<b>Net gain/ (loss) from disposal of plant and equipment</b>	<u>14</u>	<u>(6)</u>
<b>Total assets</b>		
Net proceeds from disposal	14	-
Less total carrying amount of assets disposed	(1 475)	(27)
<b>Net gain/ (loss) on disposal of owned assets</b>	<u>(1 461)</u>	<u>(27)</u>
<b>Net gain/ (loss) on modification of right-of-use assets</b>	<u>1</u>	<u>2</u>
<b>Total net gain/ (loss) from disposal of non-current assets</b>	<u><u>(1 460)</u></u>	<u><u>(25)</u></u>

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

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

**Department for Correctional Services**  
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**5. Non-financial assets**

**5.1. Property, plant and equipment**

Property, plant and equipment comprises owned and right-of-use (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 2020-21**

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Bearer plants \$'000	ROU buildings \$'000	ROU vehicles \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	687 828	2 034	2 317	498	8 836	1 505	703 018
Acquisitions	-	-	121	-	723	590	1 434
Transfers from capital works in progress	29 935	85	55	-	-	-	30 075
Disposals	(1 447)	(28)	-	-	-	(7)	(1 482)
Depreciation and amortisation	(18 827)	(1 036)	(394)	-	(785)	(897)	(21 939)
<b>Carrying amount at the end of the period</b>	<b>697 489</b>	<b>1 055</b>	<b>2 099</b>	<b>498</b>	<b>8 774</b>	<b>1 191</b>	<b>711 106</b>

**Gross carrying amount**

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

**Carrying amount at the end of the period**

<b>697 489</b>	<b>1 055</b>	<b>2 099</b>	<b>498</b>	<b>8 774</b>	<b>1 191</b>	<b>711 106</b>
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**Reconciliation of property, plant and equipment owned and leased by the Department during 2019-20**

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Bearer plants \$'000	ROU buildings \$'000	ROU vehicles \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	665 779	2 834	2 331	498	-	-	671 442
Acquisitions	120	-	115	-	9 627	2 424	12 286
Transfers from capital works in progress	41 550	321	258	-	-	-	42 129
Disposals	-	(21)	(6)	-	-	-	(27)
Depreciation and amortisation	(19 621)	(1 100)	(381)	-	(791)	(919)	(22 812)
<b>Carrying amount at the end of the period</b>	<b>687 828</b>	<b>2 034</b>	<b>2 317</b>	<b>498</b>	<b>8 836</b>	<b>1 505</b>	<b>703 018</b>

**Gross carrying amount**

Gross carrying amount	1 204 645	12 864	6 717	498	9 622	2 281	1 236 627
Accumulated depreciation	(516 817)	(10 830)	(4 400)	-	(786)	(776)	(533 609)

**Carrying amount at the end of the period**

<b>687 828</b>	<b>2 034</b>	<b>2 317</b>	<b>498</b>	<b>8 836</b>	<b>1 505</b>	<b>703 018</b>
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**Department for Correctional Services**  
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**5.1 Property, plant and equipment (continued)**

**Depreciation and amortisation**

All non-current assets not held for sale with a limited useful life are systematically depreciated/amortised 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 and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

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

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.

**Review of accounting estimates**

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

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

**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.

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**5.3. Property, plant and equipment leased by the Department**

Right-of-use assets for property, plant and equipment leased by the Department as lessee are measured at cost and during 2020-21 there were no indications of impairment.

Additions to leased property, plant and equipment during 2020-21 were \$1.31 million (2020: \$0).

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:

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

**5.4. Capital works in progress**

	2021	2020
	\$'000	\$'000
Capital works in progress	59 003	33 250
<b>Total capital works in progress</b>	<b>59 003</b>	<b>33 250</b>

**Reconciliation of capital works in progress during 2020-21**

	2021	2020
	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>33 250</b>	<b>39 029</b>
Additions	56 212	35 867
Transfers to property, plant and equipment	(30 075)	(42 129)
Other	-	491
Expense of prior year capital costs	(384)	(8)
<b>Carrying amount at the end of the period</b>	<b>59 003</b>	<b>33 250</b>

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

The increase in the carrying amount mainly reflects expenditure on additional accommodation projects at Adelaide Women's Prison of \$2 million and Yatala Labour Prison of \$47 million, and Audio Visual Link Upgrades of \$3 million offset by the completion of accommodation projects at Adelaide Women's Prison of \$15 million and Yatala Labour Prison of \$12 million.

**Department for Correctional Services**  
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**5.5. Intangible assets**

	2021	2020
	\$'000	\$'000
Water licences	2 593	2 593
<b>Total intangibles</b>	<b>2 593</b>	<b>2 593</b>

The South Australian Government has issued water licences 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.

**5.6. Biological assets**

	2021	2020
	\$'000	\$'000
Livestock	472	414
<b>Total biological assets</b>	<b>472</b>	<b>414</b>

**Reconciliation of biological assets (livestock)**

	2021	2020
	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	414	414
Increases due to purchases	-	8
Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	103	91
Decreases due to sales	(45)	(99)
<b>Carrying amount at the end of the period</b>	<b>472</b>	<b>414</b>

Currently there are 293 (2020: 267) cattle held at Cadell Training Centre and Port Lincoln Prison for the purpose of milk and meat production for internal use within the prison system. The cattle are at various stages of life. As at reporting date there are no commitments for the development or acquisition of livestock.

Financial risk is considered to be extremely low with any losses being absorbed in the year of exposure. No government grants have been issued in relation to the livestock.

**Department for Correctional Services**  
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**5.7. Inventories**

	2021	2020
	\$'000	\$'000
Current - held for distribution:		
Stores	793	811
<b>Total inventories held for distribution</b>	<b>793</b>	<b>811</b>
Current - other than those held for distribution:		
Raw materials and work in progress	1 083	949
Finished goods	237	201
Stores	80	107
<b>Total inventories other than those held for distribution</b>	<b>1 400</b>	<b>1 257</b>
<b>Total inventories</b>	<b>2 193</b>	<b>2 068</b>

Inventories are predominantly measured at cost.

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

**6. Financial assets**

**6.1. Cash and cash equivalents**

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer	128 215	23 427
Accrual Appropriation Excess Funds	22 621	-
Prison imprest accounts	27	32
Petty cash	12	12
<b>Total cash and cash equivalents</b>	<b>150 875</b>	<b>23 471</b>

**Deposits with the Treasurer**

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

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

**Department for Correctional Services**  
**Notes to and forming part of the financial statements**  
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**6.2. Receivables**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current:</b>		
Receivables	1 206	1 164
Less impairment loss on receivables	<u>(210)</u>	<u>(376)</u>
	<b>996</b>	<b>788</b>
Accrued revenue	39	78
GST receivable	5 758	2 893
Prepayments	<u>74</u>	<u>76</u>
<b>Total current receivables</b>	<b><u>6 867</u></b>	<b><u>3 835</u></b>
<b>Total receivables</b>	<b><u>6 867</u></b>	<b><u>3 835</u></b>

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

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

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

The net amount of GST payable to the ATO is included as part of receivables.

**Allowance for impairment on receivables**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	376	410
Amounts written off	-	(4)
Increase/(decrease) in the provision	<u>(166)</u>	<u>(30)</u>
<b>Carrying amount at end of the period</b>	<b><u>210</u></b>	<b><u>376</u></b>

Impairment losses relate to contracts with customers external to SA Government.

Refer to Note 10.3 for details regarding credit risk and the methodology for determining impairment.

**Department for Correctional Services**  
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**7. Liabilities**

**7.1. Payables**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Creditors <sup>(1)</sup>	43 773	7 161
Accruals	4 423	4 697
Employment on-costs	4 082	3 940
Paid Parental Leave Scheme payable	28	15
<b>Total current payables</b>	<b>52 306</b>	<b>15 813</b>
<b>Non-current</b>		
Employment on-costs	3 175	3 247
<b>Total non-current payables</b>	<b>3 175</b>	<b>3 247</b>
<b>Total payables</b>	<b>55 481</b>	<b>19 060</b>

<sup>(1)</sup> Creditors include \$32.6 million (2020: \$2.5 million) for additional prisoner accommodation projects.

Payables are measured at nominal amounts.

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

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

**Employment on costs**

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

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained at 42%. The average factor for the calculation of employer superannuation on-costs has changed from the 2020 rate (9.8%) to 10.1%. These rates are used in the employment on-cost calculation.

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**7.2. Financial liabilities**

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Lease liabilities	1 395	1 502
<b>Total current financial liabilities</b>	<b>1 395</b>	<b>1 502</b>
<b>Non-current</b>		
Lease liabilities	8 763	8 952
<b>Total non-current financial liabilities</b>	<b>8 763</b>	<b>8 952</b>
<b>Total financial liabilities</b>	<b>10 158</b>	<b>10 454</b>

The Department measures lease liabilities at discounted future lease payments using the Department of Treasury and Finance's incremental borrowing rate. There were no defaults or breaches throughout the year.

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

Interest expense paid on lease liabilities during 2020-21 was \$211 000 (2020: \$240 000). The Department does not capitalise borrowing costs.

Refer to Note 5.1 and 5.3 for leased assets depreciation and right-of-use assets associated with these lease liabilities.

**7.3. Provisions**

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Workers' compensation - medical and other costs	2 647	2 500
Workers' compensation - income maintenance	1 329	1 340
Additional compensation	132	28
<b>Total current provisions</b>	<b>4 108</b>	<b>3 868</b>
<b>Non-current</b>		
Workers' compensation - medical and other costs	15 847	14 236
Workers' compensation - income maintenance	6 875	5 848
Additional compensation	5 039	6 084
<b>Total non-current provisions</b>	<b>27 761</b>	<b>26 168</b>
<b>Total provisions</b>	<b>31 869</b>	<b>30 036</b>
<b>Movement in provisions</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Workers' compensation:</b>		
<b>Carrying amount at the beginning of the period</b>	<b>23 924</b>	<b>20 542</b>
Workers' compensation payments	(5 055)	(4 161)
Increase in provision	7 829	7 543
<b>Carrying amount at the end of the period</b>	<b>26 698</b>	<b>23 924</b>
<b>Additional compensation:</b>		
<b>Carrying amount at the beginning of the period</b>	<b>6 112</b>	<b>9 483</b>
Additional compensation payments	(6)	(2)
(Decrease) in provision	(935)	(3 369)
<b>Carrying amount at the end of the period</b>	<b>5 171</b>	<b>6 112</b>

**Department for Correctional Services**  
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**7.3. Provisions (continued)**

**Workers Compensation**

The Department, as a self-insurer is responsible for the payment of workers compensation claims.

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment. The liability was calculated in accordance with AASB 137 as the present value of expenditures expected to be required to settle obligations incurred as at 30 June 2021. No risk margin is included in this estimate.

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

Given these uncertainties, the actual cost of workers compensation claims may differ materially from the estimate. Assumptions used will continue to be refined to reflect emerging experience.

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

The Department has recognised an additional compensation provision since 30 June 2019.

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

The additional compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The liability was calculated in accordance with AASB 137 as the present value of the expenditures expected to be required to settle obligations incurred at 30 June 2021. The liability comprises an estimate for known claims and an estimate of incurred but not reported applications. No risk margin is included in estimate.

There is a significant degree of uncertainty associated with this estimate. In addition to the general uncertainties associated with estimating future claims and expense payments, the additional compensation provision 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. Assumptions used will continue to be refined to reflect emerging experience.

**Department for Correctional Services**  
**Notes to and forming part of the financial statements**  
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**8. Other disclosures**

**8.1. Equity**

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

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

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Retained earnings	233 224	105 331
Prisoner amenities reserve	175	116
Asset revaluation surplus	382 308	382 308
Contributed capital	165 468	165 468
<b>Carrying amount at the end of the period</b>	<b>781 175</b>	<b>653 223</b>

**Department for Correctional Services**  
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**8.2. Cash flow reconciliation**

Total cash outflows for leases was \$1 819 000 (2020: \$1 869 000).

	2021 \$'000	2020 \$'000
<b>Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	150 875	23 471
Balance as per the Statement of Cash Flows	<u>150 875</u>	<u>23 471</u>
<b>Reconciliation of net cash provided by operating activities to net cost of providing services</b>		
Net cash provided by operating activities	154 517	41 621
<b>Add / (less) non-cash items</b>		
Net loss from the disposal of non-current and other assets	(1 460)	(25)
Depreciation and amortisation	(21 939)	(22 812)
Reversal of impairment on receivables	165	30
Non-current assets in payables	-	(32)
Resources received free of charge - income	2 055	1 942
Resources provided free of charge - expense	(2 055)	(1 942)
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	2 867	(695)
Increase in inventories	125	172
Increase in biological assets	58	-
(Increase)/decrease in payables	(5 998)	8 224
(Increase)/decrease in employee benefits	1 450	10 106
(Increase) in provisions	(1 833)	(11)
<b>Net result</b>	<u><b>127 952</b></u>	<u><b>36 578</b></u>

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## 9. Outlook

### 9.1. Unrecognised commitments

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

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

#### Contract service commitments

	2021	2020
	\$'000	\$'000
Within one year	63 700	62 580
Later than one year but not later than five years	163 961	124 942
Later than five years	15 752	32 942
<b>Total contract service commitments</b>	<b>243 413</b>	<b>220 464</b>

The prisoner movement and in-court management contract was extended for a further 6 months from 31 January 2021 and is due to expire on 31 July 2021.

A new contract for prisoner movement and in-court management was entered into with a new vendor for 6 years commencing 1 August 2021 and is due to expire 31 July 2027.

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

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

The contract for the provision of vocational training and employment opportunities through Work Ready Release Ready, was extended for a further 2 years from 30 June 2021 and is due to expire on 30 June 2023.

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

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

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

The 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 2020-21 prisoner populations.
- are exclusive of GST.

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

**Department for Correctional Services**  
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**9.2. Contingent assets and liabilities**

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

The Department has a number of common law claims made against it by various claimants. The maximum exposure facing the Department in respect of these claims is \$190 000 (2020: \$245 000).

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

**9.3. Trust funds**

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

	2021	2020
	\$'000	\$'000
Balance at the beginning of the period	1 230	1 032
Prisoner monies receipts	9 324	8 482
Prisoner monies payments	(9 227)	(8 284)
<b>Balance at the end of the period</b>	<b>1 327</b>	<b>1 230</b>

**9.4. 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 implemented and changes to the Accounting Policy Statements issued by the Treasurer. There are no Accounting Policy Statements that are not yet in effect.

Amending Standard AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates will apply from 1 July 2023. Although applicable to the Department, this amending standard is not expected to have an impact on the Department's general purpose financial statements. The Department will update its policies, procedures and work instructions, where required, to reflect the additional clarification requirements.

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

**9.5. COVID-19 pandemic outlook for the Department**

The COVID-19 pandemic will continue to impact the operations of the Department in 2021-22. The key expected impacts are to:

- retain the Trigger Assessment Panel and proactive monitoring of developments with regards to the pandemic,
- continue with its objective to maintain COVID-19 free operations through expenditure on cleaning, protective equipment, information technology improvements, and training costs, and
- practicing social distancing and the use of QR check-in codes where applicable.

**9.6. Events after the reporting period**

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

**Department for Correctional Services**  
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**10. Measurement and risk**

**10.1. Long service leave liability - measurement**

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

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2020 (0.75%) to 2021 1.25%.

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and employee benefits expense of \$3.5 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance has maintained the salary inflation rate at 2.5% for long service leave liability and 2% for annual leave and skills, experience and retention leave liabilities. These assumptions have had no impact in the employee liabilities calculations.

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

**10.2. Fair value**

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

**Initial recognition**

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

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

**Department for Correctional Services**  
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**10.2. Fair value (continued)**

**Revaluation**

Property, plant and equipment, other than right-of-use assets, are subsequently measured at fair value after allowing for accumulated depreciation. Right of use assets are held at cost.

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

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

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

**Fair value hierarchy**

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

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

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

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

During 2021 and 2020, the Department had no valuations categorised into Level 1; there were no transfers of assets between Level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

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

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

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

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

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**10.2. Fair value (continued)**

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

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

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

**Fair value classification – non-financial assets at 30 June 2020**

	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Recurring fair value measurements</b>			
Buildings - specialised	-	528 541	528 541
Buildings - non-specialised	1 023	-	1 023
Land	158 264	-	158 264
Leasehold improvements	-	2 034	2 034
Plant and equipment	-	2 317	2 317
Bearer plants	498	-	498
Biological assets	414	-	414
<b>Total recurring fair value measurements</b>	<b>160 199</b>	<b>532 892</b>	<b>693 091</b>
<b>Total fair value measurements</b>	<b>160 199</b>	<b>532 892</b>	<b>693 091</b>

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

**Land and buildings**

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

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

**Bearer plants**

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

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

The citrus grove is situated on approximately 19 hectares of land at the Cadell Training Centre. Younger trees are increasing yields each season.

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**10.2. Fair value (continued)**

**Biological assets**

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

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

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 2021**

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

**Reconciliation of level 3 recurring fair value measurements at 30 June 2020**

	Specialised buildings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>506 248</b>	<b>2 834</b>	<b>2 331</b>	<b>511 413</b>
Additions	120	-	115	235
Disposals	-	(21)	(6)	(27)
Transfer from work in progress	41 550	321	258	42 129
Losses for the period recognised in net result:				
Depreciation and amortisation	(19 377)	(1 100)	(381)	(20 858)
<b>Total losses recognised in net result</b>	<b>(19 377)</b>	<b>(1 100)</b>	<b>(381)</b>	<b>(20 858)</b>
Total gains recognised in OCI	-	-	-	-
<b>Carrying amount at the end of the period</b>	<b>528 541</b>	<b>2 034</b>	<b>2 317</b>	<b>532 892</b>

**Department for Correctional Services**  
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**10.3. Financial instruments**

**Financial risk management**

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

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

**Liquidity risk**

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

Refer to notes 7.1 and 7.2 for further information.

**Credit risk**

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

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

**Impairment of financial assets**

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

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

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

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

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

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

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
<b>2021</b>			
Current (not past due)	368	0%	1
1 - 30 days past due	123	4%	5
31 - 60 days past due	119	3%	3
61 - 90 days past due	25	24%	6
More than 90 days past due	547	36%	195
<b>Loss allowance</b>	<b>1 182</b>	<b>18%</b>	<b>210</b>

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

**Department for Correctional Services**  
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**10.3. Financial instruments (continued)**

**Market risk**

The Department does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. The Department does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in T1 23 Management of Foreign Currency Exposures.

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

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

**Categorisation of financial instruments**

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

**Classification of financial instruments**

The Department measures all financial instruments other than lease liabilities at amortised cost. All financial assets and liabilities carrying amount equals their fair value as at 30 June 2021 and are expected to be settled within one year excluding financial liabilities.

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Lease Liabilities</b>		
within 1 year	1 566	1 723
1 to 5 years	4 222	4 329
More than 5 years	5 493	6 205
<b>Total lease liabilities (undiscounted)</b>	<b>11 281</b>	<b>12 257</b>

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**11. Disclosure of administered items**

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Administered income</b>		
Revenues from Victims of Crime Levy	223	215
Mobilong Inmate Charity Fund	2	1
Revenues from SA Government	341	-
<b>Total administered income</b>	<b>566</b>	<b>216</b>
<b>Administered expenses</b>		
Victims of Crime Levy payments	223	215
Mobilong Inmate Charity Fund	4	-
Employee benefit expense	341	-
<b>Total administered expenses</b>	<b>568</b>	<b>215</b>
<b>Net result</b>	<b>(2)</b>	<b>1</b>
<b>Administered current assets</b>		
Cash	33	24
Receivables	28	-
<b>Total administered assets</b>	<b>61</b>	<b>24</b>
<b>Administered current liabilities</b>		
Victims of Crime Levy payables	18	17
Minister's salary payable	28	-
<b>Total administered liabilities</b>	<b>46</b>	<b>17</b>
<b>Net administered assets</b>	<b>15</b>	<b>7</b>
<b>Administered equity</b>		
Retained earnings	4	6
<b>Total administered equity</b>	<b>4</b>	<b>6</b>
<b>Changes in equity</b>		
Balance at 1 July	6	5
Net result	(2)	1
<b>Balance at 30 June</b>	<b>4</b>	<b>6</b>

**Department for Correctional Services**  
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**11. Disclosure of administered items (continued)**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
<b>Cash inflows</b>		
Victims of Crime Levy	223	215
Mobilong Inmate Charity Fund	2	1
Revenues from SA Government	341	-
<b>Total administered income</b>	<b>566</b>	<b>216</b>
<b>Cash outflows</b>		
Victims of Crime Levy payments	(223)	(214)
Mobilong Inmate Charity Fund	(4)	-
Employee benefit expense	(330)	-
<b>Total administered expenses</b>	<b>(557)</b>	<b>(214)</b>
<b>Net cash used in operating activities</b>	<b>9</b>	<b>2</b>
<b>Net increase/(decrease) in cash</b>	<b>9</b>	<b>2</b>
Cash at 1 July	24	22
<b>Cash at 30 June</b>	<b>33</b>	<b>24</b>