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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 2026.

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 2026, 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 2026
- a Statement of Financial Position as at 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chief Executive and the Executive Director, Corporate 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 2026.

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.

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

Andrew Blaskett
Auditor-General

22 September 2026

Department for Correctional Services

Financial Statements

For the year ended 30 June 2026

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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 operations 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
15 September 2026



Sarah Taylor
Executive Director, Corporate Services
14 September 2026

Department for Correctional Services

Statement of Comprehensive Income

for the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Income			
Appropriation	3.1	505,470	426,319
Intra government transfers	3.4	9,588	3,814
Sales of goods	3.5	8,309	8,018
Resources received free of charge	3.6	2,680	17,254
Grants and subsidies	3.3	2,191	1,845
Fees and charges	3.2	1,635	1,888
Other income	3.7	3,051	2,729
Total income		532,924	461,867
Expenses			
Employee related expenses	4.1	241,346	227,121
Supplies and services	4.2	179,330	167,972
Depreciation and amortisation	5.6	44,560	30,931
Impairment loss on receivables		601	41
Grants and subsidies provided		425	370
Net loss from disposal of assets	4.3	270	9
Borrowing costs		147	218
Other expenses	4.4	5,276	5,074
Total expenses		471,955	431,736
Net result		60,969	30,131
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus	5.5	150,461	172,916
Total other comprehensive income		150,461	172,916
Total comprehensive result		211,430	203,047

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 2026

	Note	2026 \$'000	2025 \$'000
Current assets			
Cash and cash equivalents	5.2	165,793	109,128
Receivables	5.3	5,927	6,423
Inventories	5.4	2,320	2,177
Total current assets		174,040	117,728
Non-current assets			
Property, plant and equipment	5.6	1,326,341	1,201,697
Assets under construction	5.11	73,415	19,185
Intangible assets	5.9	2,593	2,593
Biological assets	5.10	442	535
Total non-current assets		1,402,791	1,224,010
Total assets		1,576,831	1,341,738
Current liabilities			
Payables	6.2	42,997	21,495
Employee related liabilities	6.4	27,538	27,133
Provisions	6.5	6,810	6,263
Other financial liabilities	6.3	1,022	980
Other non-financial liabilities		329	251
Total current liabilities		78,696	56,122
Non-current liabilities			
Employee related liabilities	6.4	32,206	30,668
Provisions	6.5	20,477	20,434
Other financial liabilities	6.3	5,733	6,225
Total non-current liabilities		58,416	57,327
Total liabilities		137,112	113,449
Net assets		1,439,719	1,228,289
Equity			
Contributed capital	7.1	165,468	165,468
Retained earnings	7.1	403,156	342,130
Asset revaluation surplus property, plant and equipment	7.1	870,834	720,373
Other reserves	7.1	261	318
Total equity		1,439,719	1,228,289

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 2026

	Note	Contributed capital	Asset revaluation surplus	Other reserves	Retained earnings	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2025		165,468	547,457	332	311,985	1,025,242
Net result from 2025		-	-	-	30,131	30,131
Gain or loss on revaluation of land and buildings during 2025		-	172,916	-	-	172,916
Total comprehensive result from 2025		-	172,916	-	30,131	203,047
Transfer between equity components		-	-	(14)	14	-
Balance at 30 Jun 2025		165,468	720,373	318	342,130	1,228,289
 Balance at 1 July 2026		 165,468	 720,373	 318	 342,130	 1,228,289
Net result from 2026		-	-	-	60,969	60,969
Gain or loss on revaluation of land and buildings during 2026		-	150,461	-	-	150,461
Total comprehensive result from 2026		-	150,461	-	60,969	211,430
Transfer between equity components		-	-	(57)	57	-
Balance at 30 Jun 2026	7.1	165,468	870,834	261	403,156	1,439,719

Department for Correctional Services

Statement of Cash Flows

for the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Cash flows from operating activities			
<u>Cash inflows</u>			
Appropriation		505,470	426,319
Receipts from fees and charges		1,635	1,750
Grants and funding		2,228	1,845
Intra-government transfers		9,588	3,814
Receipts from sale of goods and services		9,023	7,995
Interest and investment income received		2	2
GST recovered		16,047	19,101
Other operating receipts		3,176	3,626
<u>Cash outflows</u>			
Employee benefit payments		(238,813)	(225,169)
Supplies and services		(192,864)	(193,997)
Grants and subsidies		(447)	(370)
Interest paid		(147)	(218)
Other operating payments		(5,216)	(5,421)
Net cash provided by operating activities	7.2	109,682	39,277
Cash flows from investing activities			
<u>Cash inflows</u>			
Proceeds from the sale of property, plant and equipment		-	545
<u>Cash outflows</u>			
Purchase of property, plant and equipment		(51,937)	(42,101)
Net cash used in investing activities		(51,937)	(41,556)
Cash flows from financing activities			
<u>Cash outflows</u>			
Repayment of principal portion of lease liabilities		(1,080)	(1,684)
Net cash used in financing activities		(1,080)	(1,684)
Net cash movement		56,665	(3,963)
Cash and cash equivalents at the beginning of the reporting period		109,128	113,091
Cash and cash equivalents at the end of the reporting period	5.2	165,793	109,128

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 2026

1. About the Department for Correctional Services

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

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

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

Basis of preparation

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

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

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

Assets that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets. Liabilities that are due to be settled within 12 months after the end of the reporting period or for which the Department has no right to defer the settlement for at least 12 months after the end of the reporting period are classified as current liabilities. All other assets and liabilities are classified as non-current.

Material accounting policy information is set out throughout the notes.

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

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

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

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

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2026

1.1 Objectives and programs

The Department's objectives are:

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

The Department undertakes the following programs:

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

The program schedules present income, expenses, assets and liabilities information attributable to each of the activities for the years ended 30 June 2026 and 30 June 2025 .

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2026

1.1 Objectives and programs (continued)

Income and expenses by program for the year ended 30 June 2026

	Custodial Services		Community Based Services		Rehabilitation and Reparation Services		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
	\$'000	\$'000					\$'000	
Income								
Appropriation	364,761	313,371	78,280	61,818	62,429	51,130	505,470	426,319
Intra government transfers	6,919	2,804	1,485	553	1,184	457	9,588	3,814
Sales of goods	1,681	1,606	14	-	6,614	6,412	8,309	8,018
Resources received free of charge	1,880	1,855	421	15,057	379	342	2,680	17,254
Grants and subsidies	233	878	466	281	1,492	686	2,191	1,845
Fees and charges	1,635	1,888	-	-	-	-	1,635	1,888
Other income	879	907	1,584	1,455	588	367	3,051	2,729
Total income	377,988	323,309	82,250	79,164	72,686	59,394	532,924	461,867
Expenses								
Employee related expenses	148,998	146,419	45,125	40,967	47,223	39,735	241,346	227,121
Supplies and services	138,000	133,551	25,339	19,364	15,991	15,057	179,330	167,972
Depreciation and amortisation	39,206	28,228	3,380	1,217	1,974	1,486	44,560	30,931
Impairment loss on receivables	601	41	-	-	-	-	601	41
Grants and subsidies provided	-	-	-	-	425	370	425	370
Net loss from disposal of assets	25	9	34	-	211	-	270	9
Borrowing costs	-	-	146	210	1	8	147	218
Other expenses	4,332	4,189	15	14	929	871	5,276	5,074
Total expenses	331,162	312,437	74,039	61,772	66,754	57,527	471,955	431,736
Net result	46,826	10,872	8,211	17,392	5,932	1,867	60,969	30,131

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2026

1.1 Objectives and programs (continued)

Assets and liabilities by program for the year ended 30 June 2026

	Custodial Services		Community Based Services		Rehabilitation and Reparation Services		General/ Not Attributable		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	\$'000	\$'000							\$'000	\$'000
Assets										
Cash and cash equivalents	33	25	-	-	-	-	165,760	109,103	165,793	109,128
Receivables	442	309	-	-	83	-	5,402	6,114	5,927	6,423
Inventories	167	172	-	-	1,883	1,726	270	279	2,320	2,177
Property, plant and equipment	1,232,987	1,113,799	55,626	51,857	37,427	35,642	301	399	1,326,341	1,201,697
Intangible assets	2,593	2,593	-	-	-	-	-	-	2,593	2,593
Biological assets	-	-	-	-	442	535	-	-	442	535
Other non-financial assets	72,419	18,130	684	25	312	-	-	1,030	73,415	19,185
Total assets	1,308,641	1,135,028	56,310	51,882	40,147	37,903	171,733	116,925	1,576,831	1,341,738
Liabilities										
Payables	35,430	14,844	2,196	1,775	1,271	1,237	4,100	3,639	42,997	21,495
Other financial liabilities	-	-	6,698	7,121	57	84	-	-	6,755	7,205
Employee related liabilities	36,882	37,260	11,172	10,427	11,690	10,114	-	-	59,744	57,801
Provisions	16,846	17,210	5,102	4,816	5,339	4,671	-	-	27,287	26,697
Other non-financial liabilities	329	251	-	-	-	-	-	-	329	251
Total liabilities	89,487	69,565	25,168	24,139	18,357	16,106	4,100	3,639	137,112	113,449

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2026

1.2 Budget performance

The budget performance table compares the Department's outcomes against budget information presented to Parliament (2025-26 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 2026

	Note	Budget	Actual	Variance
		2026	2026	2026
		\$'000	\$'000	\$'000
Income				
Appropriation		488,712	505,470	16,758
Sales of goods		9,352	8,309	(1,043)
Fees and charges		2,261	1,635	(626)
Grants and subsidies		1,881	2,191	310
Intra government transfers		-	9,588	9,588
Resources received free of charge		-	2,680	2,680
Other income		1,304	3,051	1,747
Total income		503,510	532,924	29,414
Expenses				
Employee related expenses		229,379	241,346	(11,967)
Supplies and services		164,354	179,330	(14,976)
Depreciation and amortisation		33,156	44,560	(11,404)
Grants and subsidies provided		693	425	268
Borrowing costs		205	147	58
Impairment loss on receivables		-	601	(601)
Net loss from disposal of assets		-	270	(270)
Other expenses		6,573	5,276	1,297
Total expenses		434,360	471,955	(37,595)
Net result		69,150	60,969	(8,181)
Other Comprehensive Income				
Items that will not be reclassified to net result				
Changes in property, plant and equipment asset revaluation surplus	(a)	-	150,461	150,461
Total other comprehensive income		-	150,461	150,461
Total comprehensive result		69,150	211,430	142,280

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

(a) The asset revaluation was not budgeted for, refer to note 10.1 for details.

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2026

1.2 Budget performance (continued)

		Budget	Actual	Variance
Investing expenditure summary	Note	2026	2026	2026
		\$'000	\$'000	\$'000
Total new projects	(b)	2,050	5,270	3,220
Total existing projects	(c)	75,924	60,682	(15,242)
Total annual programs	(d)	9,218	6,681	(2,537)
Total investing expenditure		87,192	72,633	(14,559)

- (b) Expenditure on new projects was \$3.2 million higher than the original budget primarily due to the timing of budget cash flows. The original budget did not include the Additional Prison Bed project, as this funding was held centrally by the Department of Treasury and Finance.
- (c) Expenditure on existing projects was \$15.2 million lower than the original budget primarily due to timing of budget cashflows for the Yatala Labour Prison 312 bed expansion.
- (d) Expenditure on annual programs was \$2.5 million lower than the original budget primarily due to the transfer of budget from annual programs to operating expenses to fund a major information technology project.

1.3 Significant transactions with government related entities

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

- 100% of accommodation service payments are to the Department for Infrastructure and Transport (DIT). The expenses for these items are listed in Note 4.2.

2. Board and committees

2.1 Key management personnel

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

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

	2026	2025
	\$'000	\$'000
Compensation		
Salaries and other short-term employee benefits	1,840	1,911
Post-employment benefits	285	218
Total	2,125	2,129

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.

2.2 Board and committee members

Members during the 2025-26 financial year were:

Parole Board of South Australia

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

Parole Administrative Review Commissioner

Hon. David Cameron Lovell KC
Hon. Michael David KC

Risk and Performance Committee

Jan Shuard (Independent Chairperson)	Kyffin Thompson
Angela Slattery	Ryan Harber *
Michael Dent *	Kate Muslera *
Peter Costanzo *	Annette McKee *

Department for Correctional Services
Notes to and forming part of the financial statements
For the year ended 30 June 2026

2.2 Board and committee members (continued)

Serious Offender Committee

Ryan Harber * (Co-Chair)	Luke Smith *
Rebecca Barson * (Co-Chair)	Paul Oldacre *
Brigette Belton *	Martin Clifton *
Nicole Stuart *	Louis Dow *
Matthew Staples *	Rachel McKay *
Darren Widdrington *	Crystal Sumner *
Luci Lovelock (Relationships Australia)	Frank McCann *
Karena Jowes (Relationships Australia)	Alicia Murphy *
Jeanette Stott (Relationships Australia)	Shannon Seiler *
Sophie McEvoy (Relationships Australia)	Sian Litchfield *
Phoenix James *	Susie Saca *
Alicia Arkit *	Kahlia Gibson *
Tegan Cotton *	Lauren Hawkshaw *
Shakila Williams *	Melissa Copeland *
Stephanie Boyd *	Laura Capozzi *
Darren Hosking *	Louise Jenkins *
Naomi Oberscheidt *	Leonie Wookey *
Richard Plenderleith *	Daniel Morrison *
Sharna Plummer *	Richard Russell *
De'Arne Woodroffe *	Andrew Norton *
Kim Pfitzner *	Andrea Kroehn *
Suzanne Pillion *	

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

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:	2026	2025
\$0	44	37
\$1 - \$19,999	9	4
\$20,000 - \$39,999	-	1
\$40,000 - \$59,999	2	1
\$60,000 - \$79,999	7	7
\$140,000 - \$159,999	2	2
\$240,000 - \$259,999	-	1
\$260,000 - \$279,999	1	-
Total number of members	65	53

The total remuneration received or receivable by members was \$1.313 million (2025: \$1.215 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax paid.

3. Income

3.1. Appropriation

	2026	2025
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	488,712	424,706
Appropriation from the Governor's Appropriation Fund	16,758	1,613
Appropriation	505,470	426,319

Appropriation revenue is recognised on receipt.

Appropriation pursuant to the *Appropriation Act* consists of \$401.52 million (2025: \$386.03 million) for operational funding and \$87.19 million (2025: \$38.68 million) for capital projects. This appropriation comprises money issued and applied to the Department pursuant to Schedule 1 of the *Appropriation Act*.

Appropriation pursuant to the Governor's Appropriation Fund consists of \$3.33 million (2025: \$1.61 million) for operational funding and \$13.43 million for capital projects.

3.2. Fees and charges

	2026	2025
	\$'000	\$'000
Prisoner telephone receipts	1,514	1,750
General fees and charges	121	138
Fees and charges	1,635	1,888

Fees and charges income consists of revenue derived from prisoner-related services and cost recoveries, including telephone calls, television hire and other reimbursements.

3.3. Grants and subsidies

	2026	2025
	\$'000	\$'000
Commonwealth-sourced grants		
Commonwealth grants	890	543
Total Commonwealth-sourced grants	890	543
Other grants and subsidies		
Other grants	1,301	1,302
Total other grants and subsidies	1,301	1,302
Total grants and subsidies	2,191	1,845

Grants and subsidies are recognised on receipt. Commonwealth revenue was received for Cross Borders Family Violence Program.

Department for Correctional Services
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3.4. Intra-government transfers

	2026	2025
	\$'000	\$'000
Transfers received from other SA Government entities		
Transfer from contingencies	9,588	4,359
Operating receipts paid to Consolidated Account	-	(545)
Total intra-government transfers	9,588	3,814

Intra-government transfers are recognised as income on receipt.

3.5. Sales of goods and services

All revenue from the sales of goods and services is revenue recognised from contracts with customers.

	2026	2025
	\$'000	\$'000
Canteen sales	4,602	4,448
Livestock	-	11
Other sales of goods	3,707	3,559
Total sales of goods and services	8,309	8,018

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

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

Department for Correctional Services
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3.6. Resources received free of charge

	2026	2025
	\$'000	\$'000
Services received free of charge - Shared Services	1,989	1,865
Services received free of charge - IT	534	546
Services received free of charge - Audit Office of SA	157	153
Donations received free of charge	-	14,690
Total resources received free of charge	2,680	17,254

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

The Department receives financial accounting, taxation, payroll, accounts payable and accounts receivable services from Shared Services SA free of charge. ICT services and media monitoring services are provided free of charge by the Department of the Premier and Cabinet. The Department also receives audit services free of charge from the Audit Office of South Australia (AOSA).

Under the post release supported accommodation service initiative, land and buildings at Jonal Drive, Cavan were transferred from the Department of Human Services to the Department on 20 November 2024.

3.7. Other income

	2026	2025
	\$'000	\$'000
Recoveries	3,000	2,633
Interest	2	2
Other income	49	94
Other income	3,051	2,729

4. Expenses

4.1. Employee related expenses

	2026	2025
	\$'000	\$'000
Salaries and wages	175,782	165,231
Superannuation	22,174	20,172
Annual leave	18,882	17,312
Workers compensation	6,515	7,504
Long service leave	4,432	4,384
Board and committee payments	1,143	1,173
Skills and experience retention leave	760	745
TVSP payments	241	105
Other employee related expenses	11,417	10,495
Employee related expenses	241,346	227,121

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

Workers compensation includes movements in the workers compensation and additional compensation provision. Workers compensation decreased and additional compensation increased in 2026. Refer to Note 6.5.

Board and committee payments excludes superannuation.

Superannuation

The superannuation charge represents the Department's contributions to superannuation plans in respect of current services of current employees.

Department for Correctional Services
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4.1. Employee related expenses (continued)

Employee remuneration

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

	Executives		Employees		Total	
The number of members whose remuneration received or receivable falls within the following bands:	2026	2025	2026	2025	2026	2025
\$171 001 to \$177 000*	n/a	-	n/a	9	n/a	9
\$177 001 to \$197 000	1	-	20	6	21	6
\$197 001 to \$217 000	-	2	5	2	5	4
\$217 001 to \$237 000	2	3	-	2	2	5
\$237 001 to \$257 000	4	4	1	-	5	4
\$257 001 to \$277 000	2	2	2	-	4	2
\$277 001 to \$297 000	2	-	-	-	2	-
\$297 001 to \$317 000	1	-	-	-	1	-
\$317 001 to \$337 000	-	2	-	-	-	2
\$337 001 to \$357 000	1	-	-	-	1	-
\$357 001 to \$377 000	-	1	1	-	1	1
\$497 001 to \$517 000	-	1	-	-	-	1
\$517 001 to \$537 000	1	-	-	-	1	-
Total	14	15	29	19	43	34

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2025

The total remuneration received by those employees for the year was \$9.79 million (2025: \$8.29 million).

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

Targeted voluntary separation packages (TVSPs)

The number of employees who received a TVSP during the reporting period was 3 (2025 :1).

	2026	2025
	\$'000	\$'000
Targeted voluntary separation packages	259	105
Leave paid to separated employees	1	26
Net cost to the department	260	131

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4.2. Supplies and services

	2026	2025
	\$'000	\$'000
Contractors	88,154	81,741
Offender related costs	15,976	15,629
Information technology and communication	15,485	15,133
Accommodation	15,449	15,312
Minor works maintenance and equipment	13,883	12,173
Cost of sales	6,682	7,063
General administration and consumables	4,701	4,892
Insurance premiums	4,034	3,736
Staff related costs	3,397	2,812
Travel	2,939	2,428
Vehicle	2,362	1,695
Shared Services SA	1,812	1,899
Legal costs	531	433
Lease costs	134	87
Other supplies and services	3,791	2,939
Supplies and services	179,330	167,972

Contractors expenses

The main contracts for the Department include management of the operations of Mount Gambier Prison and the Adelaide Remand Centre, South Australian Prisoner Movement and In Court Management, Electronic Monitoring System South Australia, and a range of alternatives-to-custody and offender rehabilitation services.

Accommodation

A part of the Department's accommodation is provided by DIT under Memoranda of Administrative Arrangements (MoAA) issued in accordance with Government wide accommodation policies. These accommodation costs are recognised as expenses as they become due, as the arrangements do not meet the definition of a lease set out in AASB 16.

Leases

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

General administration and consumables

General administration and consumables include the fair value of resources received free of charge, which includes an amount of \$0.157 million (2025: \$0.153 million) for audit services received from the AOSA for work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the AOSA.

Department for Correctional Services
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4.3. Net loss from the disposal of property, plant and equipment

	2026	2025
	\$'000	\$'000
Buildings	115	9
Plant and equipment	155	-
Total net loss from the disposal of property, plant and equipment	270	9

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

4.4. Other expenses

	2026	2025
	\$'000	\$'000
Payments to prisoners	5,015	4,968
Other expenses	261	106
Other expenses	5,276	5,074

Payments to prisoners represent allowances paid to prisoners for participation in approved work, education and rehabilitation programs.

5. Assets

5.1. Financial assets

	2026	2025
	Carrying amount	Carrying amount
	\$'000	\$'000
Financial assets measured at amortised cost		
Cash and cash equivalents	165,793	109,128
Contractual receivables	971	1,627
Total financial assets	166,764	110,755

All financial assets are measured at amortised cost.

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5.2. Cash and cash equivalents

	2026	2025
	\$'000	\$'000
Deposits with the Treasurer (Special deposit accounts)		
Operating Account	54,092	13,807
Accrual Appropriation Excess Funds	111,665	95,285
Total deposits with the Treasurer (Special deposit accounts)	165,757	109,092
Deposits at call	27	27
Cash on hand	9	9
Total cash and cash equivalents in the Statement of Financial Position	165,793	109,128

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 reported above in the Accrual Appropriation Excess Funds account, its use must be approved by the Treasurer. The Department does not earn interest on its deposits with the Treasurer.

Department for Correctional Services
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5.3. Receivables

	2026	2025
	\$'000	\$'000
<u>Current receivables</u>		
<u>Contractual receivables</u>		
Contractual receivables	1,838	1,895
Less: impairment loss on contractual receivables	(867)	(268)
Total contractual receivables	971	1,627
<u>Statutory receivables</u>		
GST receivables	3,935	3,580
Total statutory receivables	3,935	3,580
 Prepayments	 1,021	 1,216
Total current receivables	5,927	6,423

All receivables are non-interest bearing. They are held with the objective of collecting the contractual cash flows.

Contractual receivables

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

Other than as recognised in the allowance for impairment loss on contractual receivables, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk. Refer to Note 10.2 for further information on risk management.

Department for Correctional Services
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5.3. Receivables (continued)

Allowance for impairment loss on contractual receivables

	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	268	300
Amounts written off	(2)	(73)
Increase/(decrease) in allowance recognised in profit or loss	601	41
Carrying amount at the end of the period	867	268

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

Refer to Note 10.2 for details regarding credit risk and the methodology for determining impairment.

Statutory receivables

Statutory receivables do not arise from contracts with customers. They are related to taxes and equivalents as well as statutory fees and charges. Statutory receivables are recognised and measured similarly to contractual receivables. Statutory receivables are not financial assets.

The net amount of GST receivable is included as a part of statutory receivables.

No impairment loss was recognised in relation to statutory receivables.

5.4. Inventories

	2026	2025
	\$'000	\$'000
<u>Current - held for distribution</u>		
Inventories	589	609
Total current inventories held for distribution	589	609
<u>Current - held for sale</u>		
Raw materials and stores	887	1,340
Inventory work in progress	420	-
Finished goods	424	228
Total current inventories held for sale	1,731	1,568
Total inventories	2,320	2,177

Finished goods are measured using cost of materials plus prisoner labour. Inventories held for distribution are measured at average cost. All other inventories are measured at cost.

5.5. Useful life and depreciation of non-financial assets

Depreciation

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

Land and bearer plants are not depreciated.

Useful life

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

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

Review of accounting estimates

Assets' residual values and useful lives are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected 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.

Depreciation expenses are presented in the reconciliation tables in Note 5.6.

Department for Correctional Services
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5.6. Property, plant and equipment by asset class

Property, plant and equipment comprises tangible assets owned and right-of-use (leased) assets. The assets presented below do not meet the definition of investment property.

	Land	Buildings	Leasehold improvements	Plant and equipment	Bearer plants	Right-of-use buildings	Right-of-use vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation 2026								
Carrying amount at the beginning of the period	307,460	879,177	1,512	6,096	650	6,718	84	1,201,697
Acquisitions	-	53	-	76	-	-	-	129
Transfers from assets under construction	-	18,203	23	179	-	-	-	18,405
Disposals	-	(115)	-	(230)	-	-	-	(345)
Revaluation increment/(decrement)	40,788	109,673	-	-	-	-	-	150,461
Transfer between asset classes	-	(720)	-	720	-	-	-	-
Remeasurements/modifications	-	-	-	-	-	554	-	554
Depreciation and amortisation	-	(42,556)	(140)	(816)	-	(1,021)	(27)	(44,560)
Carrying amount at the end of the period	348,248	963,715	1,395	6,025	650	6,251	57	1,326,341
Gross carrying amount	348,248	1,784,826	13,860	16,464	650	12,431	84	2,176,563
Accumulated depreciation	-	(821,111)	(12,465)	(10,439)	-	(6,180)	(27)	(850,222)
Carrying amount	348,248	963,715	1,395	6,025	650	6,251	57	1,326,341

Department for Correctional Services
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5.6. Property, plant and equipment by asset class (continued)

	Land	Buildings	Leasehold improvements	Plant and equipment	Bearer plants	Right-of-use buildings	Right-of-use vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation 2025								
Carrying amount at the beginning of the period	207,882	796,414	1,649	6,633	650	7,509	1,867	1,022,604
Acquisitions	-	57	-	71	-	-	806	934
Transfers from assets under construction	-	23,181	195	317	-	-	-	23,693
Disposals	(545)	(9)	-	-	-	-	(1,829)	(2,383)
Revaluation increment/(decrement)	85,433	87,483	-	-	-	-	-	172,916
Donated assets in	14,690	-	-	-	-	-	-	14,690
Remeasurements/modifications	-	-	-	-	-	174	-	174
Depreciation and amortisation	-	(27,949)	(332)	(925)	-	(965)	(760)	(30,931)
Carrying amount at the end of the period	307,460	879,177	1,512	6,096	650	6,718	84	1,201,697
Gross carrying amount	307,460	1,660,437	13,837	14,414	650	11,876	84	2,008,758
Accumulated depreciation	-	(781,260)	(12,325)	(8,318)	-	(5,158)	-	(807,061)
Carrying amount	307,460	879,177	1,512	6,096	650	6,718	84	1,201,697

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5.7. 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 measurement is set out in Note 10.

Revaluation and impairment

Property, plant and equipment owned by the Department are non-cash generating assets that are specialised in nature and held for continual use of their service capacity. These assets are not tested for impairment as they are regularly revalued to fair value.

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 10. 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.

5.8. 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.

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 4.2.

The Department has a limited number of leases:

- In 2017 the Department partnered with Anglicare SA for the lease of a building located at Port Adelaide for the 'Arches' Bail Accommodation Support Program. The Department may not use the building other than for the purpose as outlined in the lease agreement. The initial term of the lease is 15 years with the option to renew for a further 15 years. The option to renew has not been included in the calculation of the lease liability.
- 5.5 tonne excavator lease with Kubpower South Australia. The initial lease term began in June 2025 and is for 3 years. The Department can request an extension at any time however an extension has not been included in the calculation of the lease liability.

The lease liabilities related to right-of-use assets and a maturity analysis of the Department's lease liabilities are disclosed in Note 6.3 and 10.2. Expenses related to leases, including depreciation and interest expenses, are disclosed in Note 4.2 and 6.3. Cash outflows related to right-of-use assets are disclosed in Note 7.2.

Impairment

There was no indication of impairment for property, plant and equipment leased by the Department as at 30 June 2026. No impairment loss or reversal of impairment loss was recognised in 2025-26.

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5.9. Intangible assets

The South Australian Government has issued water licences \$2.593 million (2025: \$2.593 million) to the Department under the *Landscape South Australia Act 2019*. The Department acquired the licences on 1 July 2009. The licences allow access to water from River Murray for stock, domestic and irrigation purposes at the Cadell Training Centre.

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

5.10. Biological assets

Reconciliation of biological assets (livestock)

	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	535	536
Increases due to purchases	58	29
The gain or loss arising from changes in fair value less costs to sell	36	83
Decreases attributable to sales	(187)	(113)
Carrying amount at the end of the period	442	535

All biological assets consist of livestock and are used for the purpose of milk and meat production.

The number of livestock at Cadell Training Centre and Port Lincoln Prison is currently 292 (2025: 355). The livestock are at various stages of life. As at reporting date there are no commitments for the development or acquisition of livestock.

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

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5.11. Assets under construction

Reconciliation of assets under construction

	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	19,185	6,972
Additions	72,666	35,966
Transfers to property, plant and equipment	(18,405)	(23,693)
Assets under construction write off	(31)	(60)
Carrying amount at the end of the period	73,415	19,185

Expenditure on additional accommodation projects totalled \$66.68 million, comprising \$36.15 million for Yatala Labour Prison, \$25.48 million for the Adelaide Women's Prison and \$5.05 million for Mount Gambier Prison.

Transfers to property, plant and equipment included \$16.61 million following the completion of upgrades to the high-security units at Port Augusta Prison.

6. Liabilities

6.1. Financial liabilities

	2026	2025
	\$'000	\$'000
Financial liabilities measured at amortised cost		
Contractual payables	42,978	21,469
Lease liabilities	6,755	7,205
Total financial liabilities	49,733	28,674

All financial liabilities are measured at amortised cost.

6.2. Payables

	2026	2025
	\$'000	\$'000
Current		
Contractual payables	42,978	21,469
Statutory payables	19	26
Total current payables	42,997	21,495
Total payables	42,997	21,495

Contractual payables include \$18.3 million (2025: \$4.1 million) for prisoner accommodation and redevelopment projects.

Payables and accrued expenses are recognised for all amounts owing but unpaid. All payables are non-interest bearing.

Contractual payables

Contractual payables are liabilities that arises from contracts. They include trade payables and accrued expenses. Accrued expenses are expenses incurred but not yet invoiced or paid. The balances are transferred to trade payables when invoices are received.

Contractual payables are normally settled within 15 days from the date the invoice is first received.

Statutory payables

Statutory payables do not arise from contracts. Statutory payables include government taxes and equivalents as well as statutory fees and charges.

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6.3. Other financial liabilities

	2026	2025
	\$'000	\$'000
<u>Current</u>		
Lease liability	1,022	980
Total current other financial liabilities	1,022	980
<u>Non-current</u>		
Lease liability	5,733	6,225
Total non-current other financial liabilities	5,733	6,225
Total other financial liabilities	6,755	7,205

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

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

Interest expense paid on lease liabilities during 2025-26 was \$0.145 million (2025: \$0.218 million). The Department does not capitalise borrowing costs.

Refer to Note 5.6 for right-of-use assets and depreciation expense associated with these lease liabilities.

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6.4. Employee related liabilities

	2026	2025
	\$'000	\$'000
Current		
Annual leave	18,093	16,742
Employment on costs	4,640	4,471
Long service leave	3,798	4,299
Skills and experience retention leave	695	658
Accrued salaries and wages	311	961
Other employee related liabilities	1	2
Employee related liabilities	27,538	27,133
Non-current		
Long service leave	25,411	24,310
Employment on costs	3,309	3,143
Annual leave	3,219	2,974
Skills and experience retention leave	263	241
Other employee related liabilities	4	-
Employee related liabilities	32,206	30,668
Total employee related liabilities	59,744	57,801

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

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

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

The salary inflation rate applied to the annual leave and SERL liabilities increased to 3.5% in 2026 from 3.2% in 2025.

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.

6.4. Employee related liabilities (continued)

Long service leave

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

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

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

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government increased to 4.75% (2025: 4.25%).

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$0.933 million and employee related expense of \$0.933 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The salary inflation rate applied in the actuarial assessment performed by DTF for the long service leave liability has remained unchanged at 3.5%.

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

Employment on costs

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

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

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has remained unchanged at 44% (2025: 44%) and the average factor for the calculation of employer superannuation on-costs has remained unchanged at 12% (2025: 12%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is nil.

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6.5. Provisions

	Workers compensation	Additional compensation	Total
	2026	2026	2026
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	25,823	874	26,697
Additions	6,848	265	7,113
Payments	(4,750)	(43)	(4,793)
Remeasurement	(2,624)	894	(1,730)
Carrying amount at the end of the period	25,297	1,990	27,287
Current provisions	6,579	231	6,810
Non-current provisions	18,718	1,759	20,477
Total provisions	25,297	1,990	27,287

Workers compensation provision (statutory and additional compensation schemes)

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

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

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2026 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

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

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

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

7. Other disclosures

7.1. 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.

Other reserves comprise the Prisoner Amenities Reserve, which represents funds available to provide amenities for the benefit and use of prisoners, such as gym equipment. Net proceeds from the sale of canteen goods to prisoners, less any associated prisoner amenities expenditure incurred during the year, are 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.

7.2. Cash flow

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

Total cash outflows for leases were \$2.128 million (2025: \$1.989 million).

	2026	2025
	\$'000	\$'000
Net cash provided by operating activities	109,682	39,277
Add/less non-cash items		
Resources received free of charge	-	14,690
Depreciation and amortisation expense of non-current assets	(44,560)	(30,931)
Gain/loss on derecognition of ROU	-	30
Impairment of assets	(601)	(41)
Gain/loss on sale or disposal of non-current assets	(270)	(9)
Capital accruals	21,746	(6,067)
Increments/decrements on revaluation of non-current assets	(93)	-
Assets de-recognised/written off	(376)	-
Add/less non-cash items	(24,154)	(22,328)
Movement in assets and liabilities		
Increase/decrease in receivables	(496)	(66)
Increase/decrease in inventories	143	175
Increase/decrease in biological assets	(93)	(1)
Increase/decrease in payables	(21,502)	13,978
Increase/decrease in employee related liabilities	(1,943)	(385)
Increase/decrease in provisions	(590)	(519)
Increase/decrease in other liabilities	(78)	-
Movement in assets and liabilities	(24,559)	13,182
Net result	60,969	30,131

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7.3. Trust funds

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

	2026	2025
	\$'000	\$'000
Balance at the beginning of the period	1,885	1,696
Prisoner monies receipts	9,972	9,870
Prisoner monies payments	(9,902)	(9,681)
Balance at the end of the period	1,955	1,885

8. Changes in accounting policy

The Department has assessed that the Australian Accounting Standards and Interpretations that first applied in 2025-26 did not have a material impact on the Department's financial statements.

9. Outlook

9.1. Unrecognised commitments

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

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

Contractual commitments to acquire property, plant and equipment for major infrastructure works are recognised in the DIT financial statements.

Other contractual commitments

	2026	2025
	\$'000	\$'000
Within one year	91,045	81,325
Later than one year but not longer than five years	160,308	107,148
Later than five years	5,098	10,070
Total expenditure commitments	256,451	198,543

The Department's contract commitments consist of:

- Prisoner movement and in-court management
- Home detention electronic monitoring system
- Management of the Adelaide Remand Centre and Mount Gambier Prison
- Provision of vocational training and employment opportunities through Work Ready Release Ready
- Home Detention Integrated Support Services to further support offenders on Court Ordered and Release Ordered Home Detention
- "Arches" Bail Accommodation Support Program
- New information and communication technology (ICT) system, iSAFE
- MoAA's with DIT for accommodation
- Provision of community-based initiatives that contribute to DCS' commitment to Closing the Gap and reducing recidivism targets including post-release wrap-around supported accommodation and remand to bail programs

The above contracts may be terminated by the Crown in accordance with the contractual terms. While no fixed termination penalty applies, termination for convenience may give rise to payments or reimbursements specified in the contracts, depending on the circumstances and notice period.

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 2025-26 prisoner populations.

9.2. Contingent assets and liabilities

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

The Department has a number of common law claims made against it by various claimants. The maximum exposure facing the Department in respect of these claims is \$0.260 million (2025: \$0.220 million). The Department does not have any contingent assets.

They represent a potential financial obligation in circumstances which have been deemed to be possible but not probable.

9.3. Impact of standards not yet effective

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

No Australian Accounting Standards have been early adopted.

9.4. Events after the reporting period

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

10. Measurement and risk

10.1. Fair value

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

Initial recognition

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

Where assets are acquired at significantly less than fair value, they are recorded at fair value in the Statement of Financial Position.

Revaluation

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

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

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

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

Fair value hierarchy

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

Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3 – not traded in an active market and are derived from unobservable inputs.

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

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

During 2026 and 2025, 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).

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10.1. Fair value (continued)

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.

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 2026

	Note	Level 2	Level 3	Total
		\$'000	\$'000	\$'000
<u>Recurring fair value measurements</u>				
Land		348,248	-	348,248
Buildings		1,149	962,566	963,715
Leasehold improvements		-	1,395	1,395
Plant and equipment		-	6,025	6,025
Bearer plants		650	-	650
Biological assets		442	-	442
Total recurring fair value measurements		350,489	969,986	1,320,475
Total		350,489	969,986	1,320,475

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10.1. Fair value (continued)

Fair value classification – non-financial assets at 30 June 2025

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<u>Recurring fair value measurements</u>				
Land		307,460	-	307,460
Buildings		1,078	878,099	879,177
Leasehold improvements		-	1,512	1,512
Plant and equipment		-	6,096	6,096
Bearer plants		650	-	650
Biological assets		535	-	535
Total recurring fair value measurements		309,723	885,707	1,195,430
Total		309,723	885,707	1,195,430

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.

The last full valuation of land and buildings was performed by independent valuer, Martin Burns of Liquid Pacific, as at 30 June 2023. A desktop valuation of land and buildings was undertaken as at 30 June 2025 by independent valuer, Martin Burns of Liquid Pacific. For the year ended 30 June 2026, a management revaluation was undertaken using relevant Office of the Valuer-General indices and other available market information.

Land values were assessed using market-based indices reflecting movements in site values within the relevant local government areas. Buildings and infrastructure were assessed using the cost approach, applying relevant construction cost and labour indices to estimate current replacement cost.

The application of these indices ensured assets continued to be measured at gross current replacement cost, being the estimated cost of replacing an asset with a modern equivalent that provides similar functionality and service potential.

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

Plant and equipment

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

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10.1. Fair value (continued)

Bearer plants

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

The olive grove is situated on approximately 16 hectares of land at the Cadell Training Centre. The grove has been developed to produce commercially viable olive oil.

The citrus grove is situated on approximately 25 hectares of land at the Cadell Training Centre. Younger trees are increasing yields each season.

Biological assets

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

Reconciliation of level 3 recurring fair value measurements at 30 June 2026

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 5.5.

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

	Buildings	Leasehold Improvements	Plant and Equipment
	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	878,099	1,512	6,096
Acquisitions	53	-	76
Capitalised subsequent expenditure	18,203	23	179
Disposals	(115)	-	(230)
Transfers between asset classes	(720)	-	720
Gains/(losses) for the period recognised in net result:	17,421	23	745
Revaluation increment/decrement	109,389	-	-
Depreciation	(42,343)	(140)	(816)
Total gains/(losses) recognised in net result	84,467	(117)	(71)
Carrying amount at the end of the period	962,566	1,395	6,025

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10.1. Fair value (continued)

Reconciliation of level 3 recurring fair value measurements at 30 June 2025

	Buildings	Leasehold Improvements	Plant and Equipment
	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	795,569	1,649	6,633
Acquisitions	57	-	71
Capitalised subsequent expenditure	22,917	195	317
Disposals	(9)	-	-
Gains/(losses) for the period recognised in net result:	22,965	195	388
Depreciation	(27,846)	(332)	(925)
Total gains/(losses) recognised in net result	(4,881)	(137)	(537)
Gains/(losses) for the period recognised in other comprehensive income (OCI):			
Revaluation increments/(decrements)	87,411	-	-
Total gains/(losses) recognised in OCI	87,411	-	-
Carrying amount at the end of the period	878,099	1,512	6,096

10.2. Financial instruments

Financial risk management

Risk management is managed by the Department's corporate services section. Departmental risk management policies are in accordance with the 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 6.1 and 6.3 for further information.

Credit risk

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

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

Impairment of financial assets

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

To measure the expected credit losses, contractual 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 contractual receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

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10.2. Financial instruments (continued)

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

	Debtor gross carrying amount	Loss percent	Lifetime expected losses
	\$'000	%	\$'000
Current (not past due)	375	2%	7
1 - 30 days past due	191	14%	27
31 - 60 days past due	79	13%	10
61 - 90 days past due	675	93%	628
More than 90 days past due	515	38%	195
Loss allowance	1,835	-	867

Loss rates are based on actual history of credit loss, these rates have been adjusted to reflect differences between previous economic conditions, current conditions and the department's view of the forecast economic conditions over the expected life of the contractual receivables.

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

Contractual receivables are written off when there is no reasonable expectation of recovery. The allowance was recognised when there was objective evidence that a receivable was impaired. The allowance for impairment was recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence existed.

Market risk

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

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

Categorisation of financial instruments

Details of the material accounting policy information 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 Notes 5.1 and 6.1.

Classification of financial instruments

The Department measures all financial instruments at amortised cost. All financial asset and liability carrying amounts equal their fair value as at 30 June 2026 and are expected to be settled within one year excluding lease liabilities.

For information relating to the carrying amount of financial assets refer to Notes 5.2 and 5.3. For the carrying amount of financial liabilities refer to Notes 6.1 and 6.3.

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10.2. Financial instruments (continued)

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

	2026	2025
	\$'000	\$'000
Lease liabilities		
Within 1 year	1,176	1,116
1-5 years	4,623	4,410
More than 5 years	903	2,193
Total lease liabilities	6,702	7,719

11. Disclosure of Administered Items

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

Statement of Administered Comprehensive Income

	Note	2026	2025
		\$'000	\$'000
<u>Administered income</u>			
Appropriation		396	481
Revenues from Victims of Crime Levy		250	247
Total administered income		646	728
<u>Administered expenses</u>			
Employee related expenses		357	482
Victims of Crime Levy payments		250	247
Total administered expenses		607	729
Net result		39	(1)
Total comprehensive result		39	(1)

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Statement of Administered Financial Position

	Note	2026	2025
		\$'000	\$'000
<u>Administered current assets</u>			
Cash and cash equivalents		109	(9)
Total current assets		109	(9)
Total assets		109	(9)
<u>Administered current liabilities</u>			
Payables		102	23
Total current liabilities		102	23
Total liabilities		102	23
Net assets		7	(32)
<u>Administered equity</u>			
Retained earnings		7	(32)
Total equity		7	(32)

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Statement of Administered Cash Flows

	Note	2026 \$'000	2025 \$'000
Cash flows from operating activities			
<u>Cash inflows</u>			
Appropriation		396	480
Victims of Crime Levy		250	247
Mobilong Inmate Charity Fund		-	4
Prisoner Compensation Quarantine Fund		79	2
<u>Cash outflows</u>			
Employee benefit payments		(357)	(482)
Victims of Crime Levy payments		(250)	(247)
Prisoner Compensation Quarantine Fund payments		-	(21)
Net cash provided by operating activities		118	(17)
 Net cash movement		 118	 (17)
Cash and cash equivalents at the beginning of the reporting period		(9)	8
Cash and cash equivalents at the end of the reporting period		109	(9)

The negative cash balance as at 30 June 2025 for administered items is due to the timing of Prisoner Compensation Quarantine Fund payments which were received prior to 30 June 2024 but paid out in 2024-25.