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**To the Chair  
TAFE SA Board  
TAFE SA**

## Opinion

I have audited the financial report of TAFE SA for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of TAFE SA as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, TAFE SA Board, the Chief Executive and the Executive Director, Finance and Performance.

## 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 TAFE SA. 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 and the TAFE SA Board for the financial report**

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

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

The TAFE SA Board is responsible for overseeing the entity's financial reporting process.

### **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* and section 32 of the *Public Corporations Act 1993*. I have audited the financial report of TAFE SA for the financial year ended 30 June 2023.

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

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

I communicate with the Chief Executive and the Chair of TAFE SA Board 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**

18 September 2023

# **TAFE SA**

## **Financial Statements**

**For the year ended 30 June 2023**

**TAFE SA**  
**Certification of Financial Statements**  
*for the year ended 30 June 2023*

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We certify that:

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



Joanne Denley  
**Chair, TAFE SA Board**  
September 2023



David Coltman  
**Chief Executive**  
14 September 2023



Graham Rix  
**Executive Director, Finance and Performance**  
14 September 2023

**TAFE SA**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2023*

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	Note	2023 \$'000	2022 \$'000
<b>Income</b>			
SA Government subsidy funding	2.1	218 898	236 495
Student and other fees and charges	2.2	82 314	77 278
Commonwealth-sourced grants and funding	2.3	6 328	4 340
Resources received free of charge	2.5	2 881	2 805
Other grants and contributions		34	24
Other SA Government grants, subsidies and transfers	2.4	567	2 185
Other income		1 290	3 636
<b>Total income</b>		<b>312 312</b>	<b>326 763</b>
<b>Expenses</b>			
Employee benefits expenses	3.3	213 256	208 701
Supplies and services	4.1	80 939	69 538
Depreciation and amortisation	5.1, 5.2	26 506	26 116
Grants and subsidies		275	75
Net loss from disposal of non-current assets	2.6	62	163
Borrowing costs	7.2	12	6
Other expenses	4.2	(165)	840
<b>Total expenses</b>		<b>320 885</b>	<b>305 439</b>
<b>Net result</b>		<b>(8 573)</b>	<b>21 324</b>
<b>Total comprehensive result</b>		<b>(8 573)</b>	<b>21 324</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.

**TAFE SA**  
**Statement of Financial Position**  
*as at 30 June 2023*

	Note	2023 \$'000	2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents		73 096	110 773
Receivables	6.1	12 620	9 209
Inventories	5.3	1 687	1 443
Contract assets	2.2	6 646	6 511
Non-current assets classified as held for sale	5.4	419	-
<b>Total current assets</b>		<b>94 468</b>	<b>127 936</b>
<b>Non-current assets</b>			
Receivables	6.1	-	89
Property, plant and equipment	5.1	582 883	595 798
Intangible assets	5.2	7 969	7 131
<b>Total non-current assets</b>		<b>590 852</b>	<b>603 018</b>
<b>Total assets</b>		<b>685 320</b>	<b>730 954</b>
<b>Current liabilities</b>			
Payables	7.1	18 698	18 093
Employee benefits	3.4	16 551	16 407
Financial liabilities	7.2	290	241
Provisions	7.3	1 505	1 399
Contract liabilities	2.2	3 460	2 896
Other liabilities		210	330
<b>Total current liabilities</b>		<b>40 714</b>	<b>39 366</b>
<b>Non-current liabilities</b>			
Payables	7.1	4 189	4 176
Employee benefits	3.4	32 896	33 325
Financial liabilities	7.2	297	104
Provisions	7.3	4 945	4 638
<b>Total non-current liabilities</b>		<b>42 327</b>	<b>42 243</b>
<b>Total liabilities</b>		<b>83 041</b>	<b>81 609</b>
<b>Net assets</b>		<b>602 279</b>	<b>649 345</b>
<b>Equity</b>			
Contributed capital		552 802	591 074
Retained earnings		48 125	56 919
Asset revaluation surplus		1 352	1 352
<b>Total equity</b>		<b>602 279</b>	<b>649 345</b>

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

**TAFE SA**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2023*

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	Asset revaluation surplus	Retained Earnings	Contributed capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	1 352	35 595	641 074	678 021
<b>Net result for 2021-22</b>	-	21 324	-	21 324
<b>Total comprehensive result for 2021-22</b>	-	<b>21 324</b>	-	<b>21 324</b>
Contributed capital*	-	-	(50 000)	(50 000)
<b>Balance at 30 June 2022</b>	<b>1 352</b>	<b>56 919</b>	<b>591 074</b>	<b>649 345</b>
Adjustments	-	(221)	-	(221)
<b>Adjusted balance at 1 July 2022</b>	<b>1 352</b>	<b>56 698</b>	<b>591 074</b>	<b>649 124</b>
<b>Net result for 2022-23</b>	-	(8 573)	-	(8 573)
<b>Total comprehensive result for 2022-2023</b>	-	(8 573)	-	(8 573)
Contributed capital*	-	-	(38 272)	(38 272)
<b>Balance at 30 June 2023</b>	<b>1 352</b>	<b>48 125</b>	<b>552 802</b>	<b>602 279</b>

\*Payment made to the Department of Treasury and Finance (DTF) as part of DTF's Cash Alignment Policy returned as equity.

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

**TAFE SA**  
**Statement of Cash Flows**  
*for the year ended 30 June 2023*

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
SA Government subsidy funding		218 898	236 495
Student and other fees and charges		82 007	77 551
Commonwealth sourced grants and funding		6 097	3 756
Other grants and contributions		34	608
Other SA Government grants, subsidies and transfers		567	2 185
Interest received		6	-
GST recovered from the ATO		6 140	5 844
Other income		1 972	3 232
<b>Cash generated from operations</b>		<b>315 721</b>	<b>329 671</b>
<b>Cash outflows</b>			
Employee benefits		(211 364)	(218 203)
Supplies and services		(88 261)	(76 765)
Interest paid		(12)	(6)
Grants and subsidies		(275)	(75)
Other payments		(556)	(449)
<b>Cash used in operations</b>		<b>(300 468)</b>	<b>(295 498)</b>
<b>Net cash provided by operating activities</b>	8.1	<b>15 253</b>	<b>34 173</b>
<b>Cash flows from investing activities</b>			
<b>Cash inflows</b>			
Proceeds from the sale of property, plant and equipment	2.7	36	41
<b>Cash generated from investing activities</b>		<b>36</b>	<b>41</b>
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(10 958)	(7 975)
Purchase of intangibles		(3 386)	(1 857)
<b>Cash used in investing activities</b>		<b>(14 344)</b>	<b>(9 832)</b>
<b>Net cash used in investing activities</b>		<b>(14 308)</b>	<b>(9 791)</b>
<b>Cash flows from financing activities</b>			
<b>Cash outflows</b>			
Return of equity		(38 272)	(50 000)
Repayment of leases		(350)	(448)
<b>Cash used by financing activities</b>		<b>(38 622)</b>	<b>(50 448)</b>
<b>Net cash provided by financing activities</b>		<b>(38 622)</b>	<b>(50 448)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(37 677)</b>	<b>(26 066)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>110 773</b>	<b>136 839</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>73 096</b>	<b>110 773</b>

The accompanying notes form part of these financial statements.

# **TAFE SA**

## **Notes to and forming part of the financial statements**

*For the year ended 30 June 2023*

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### **1. About TAFE SA**

TAFE SA is a not-for-profit statutory corporation of the state of South Australia, established pursuant to the *TAFE SA Act 2012*.

TAFE SA has a 20% interest in the South Australian Tertiary Admissions Centre (SATAC).

TAFE SA is a member of SATAC who provides admission services to TAFE SA under a service agreement. SATAC became established as an incorporated association on 1 July 2017.

SATAC is an arrangement between the three public South Australian universities, the Minister for Education, Training and Skills and Charles Darwin University in the Northern Territory.

The interests in this associate are not considered material to TAFE SA's core activities. Consequently, as per AASB 128 *Investments in Associates and Joint Ventures*, they have not been taken up in the accounts on an equity basis.

TAFE SA was funded for 2021-22 Financial Year by the Department of Innovation and Skills (DIS). From 1 July 2022, the responsibility for TAFE SA Funding arrangements has transferred to the Department for Education.

#### **1.1. Basis of preparation**

The 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*
- relevant Australian Accounting Standards.

No Australian Accounting Standards have been early adopted other than AASB 2021-1 which was adopted from 1 July 2021.

The financial statements are prepared based on a 12-month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars \$'000. Any transactions in foreign currency are translated into Australian dollars at the exchange rate at the date the transaction occurs.

The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

Significant accounting policies are set out throughout the notes.

TAFE SA 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.

The net amount of GST recoverable from, or payable to the ATO is included as part of receivables or payables in the Statement of Financial Position.

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.

**TAFE SA**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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TAFE SA was not required to pay a dividend or make an Income Tax Equivalent payment for the 2021-22 financial year and is not required to pay a dividend or make an Income Tax Equivalent payment for the 2022-23 financial years.

**1.2. Objectives and functions**

TAFE SA was established as a Public Corporation on 1 November 2012 by the *TAFE SA Act 2012* (the Act). TAFE SA is responsible to the Minister for Education, Training and Skills.

TAFE SA is the public provider of high-quality vocational education and training to support the economic and social needs of South Australia.

The *Public Corporations Act 1993* applies to TAFE SA and requires a Charter and Performance Statement to be prepared for TAFE SA by the Minister for Education, Training and Skills and Treasurer after consultation with TAFE SA.

***Functions of TAFE SA***

The primary objectives of TAFE SA are to:

- provide technical and further education in a manner that is efficient, effective and responsive to the needs of industry, students and the general community; and
- undertake or facilitate research that relates to technical and further education; and
- provide consultancy or other services, for a fee or otherwise, in any area in which staff of TAFE SA have particular expertise developed (whether wholly or partly) in the course of, or incidental to, the provision of technical and further education; and
- undertake or provide for the development or use, for commercial, community or other purposes, of any intellectual property, product or process created or developed (whether wholly or partly) in the course of, or incidentally to, the provision of technical and further education
- perform any other function assigned to it by the Minister.

***Funding***

From 1 July 2022 TAFE is partially funded through an intra-government transfer from the Department for Education and prior to that via the Department for Innovation and Skills.

For 2022-23 the intra-government funding included financial support to contribute towards forgone student fees, ancillary costs and student support associated with implementation of Fee Free TAFE.

**TAFE SA**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**1.3. Budget performance**

The budget performance table compares TAFE SA's outcomes against budget information presented to Parliament (2022-23 Budget Paper 4). The budget amounts have not been adjusted to reflect subsequent budget revisions or administrative restructures. The budget process is not subject to audit.

	<b>Original budget 2023 \$'000</b>	<b>Actual 2023 \$'000</b>	<b>Variance \$'000</b>
<b>Statement of Comprehensive Income</b>			
<b>Income</b>			
SA Government subsidy funding	222 155	218 898	(3 257)
Student and other fees and charges	86 109	82 314	(3 795)
Commonwealth sourced grants and funding	900	6 328	5 428
Other grants and contributions	2 507	34	(2 473)
Other SA Government grants, subsidies and transfers	1 102	567	(535)
Resources received free of charge	-	2 881	2 881
Other income	634	1 290	656
<b>Total income</b>	<b>313 407</b>	<b>312 312</b>	<b>(1 095)</b>
<b>Expenses</b>			
Employee benefits expenses	225 537	213 256	(12 281)
Supplies and services	65 130	80 939	15 809
Depreciation and amortisation expense	26 183	26 506	323
Grants and subsidies	-	275	275
Net loss from disposal of non-current assets	-	62	62
Borrowing costs	16	12	(4)
Other expenses	3 601	(165)	(3 766)
<b>Total expenses</b>	<b>320 467</b>	<b>320 885</b>	<b>418</b>
<b>Net result</b>	<b>(7 060)</b>	<b>(8 573)</b>	<b>(1 513)</b>
<b>Total comprehensive result</b>	<b>(7 060)</b>	<b>(8 573)</b>	<b>(1 513)</b>

**TAFE SA**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**1.3 Budget performance (continued)**

	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
<b>Investing expenditure summary</b>			
Total new and existing projects	8 970	4 511	(4 459)
Total annual programs	12 356	9 833	(2 523)
Total Right of Use leases	676	567	(109)
<b>Total investing expenditure</b>	<b>22 002</b>	<b>14 911</b>	<b>(7 091)</b>

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted amount for expenses. No Items meet these criteria.

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

Significant transactions with the SA Government are identifiable throughout this financial report. Noteworthy are transactions with Department for Education - refer Note 2.1.

**TAFE SA**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**2. Income**

**2.1. SA Government subsidy funding**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Funding for delivery of VET training	198 789	212 415
Funding for VET capital projects	20 109	24 080
<b>Total SA Government subsidy funding</b>	<b>218 898</b>	<b>236 495</b>

Grants and subsidies from Department for Education are recognised on receipt as the Memorandum of Administrative Arrangement provides for the allocation of funding without any withholding of funds associated with student numbers or non-achievement of performance criteria.

**2.2. Student and other fees and charges**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Sales/fee for service revenue	52 355	44 587
Student enrolment fees and charges	21 517	26 657
Other user fees and charges	8 442	6 034
<b>Total student and other fees and charges</b>	<b>82 314</b>	<b>77 278</b>

**Contract balances**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Contract assets	6 646	6 511
<b>Total Contract Assets</b>	<b>6 646</b>	<b>6 511</b>

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Contract liabilities	3 460	2 896
<b>Total Contract Liabilities</b>	<b>3 460</b>	<b>2 896</b>

Student and other fees and charges are recognised when performance obligations have been satisfied.

Performance obligations for student enrolment and charges for domestic and international students as well as short courses, are provided over time and inputs are expended evenly over the performance period.

Contract assets primarily relate to TAFE SA's rights to consideration for work completed but not billed at the reporting date in relation to Adult Migrant English Program and Skills for Education and Employment. Amounts are billed in accordance with agreed upon contractual terms (i.e. periodic intervals). Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to student and fee charges where student courses have not commenced at reporting date and the proportion of fees relating to courses commenced but not completed at reporting date. The remaining performance obligations in relation to contract liabilities are expected to be recognised within the next 12 months.

**TAFE SA**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Child Care Fee Relief	2 966	2 523
Revitalising TAFE campuses project across Australia project	1 830	650
Mt Barker and Victor Harbour upgrades	1 000	-
Other specific commonwealth revenue	230	583
Destination Australia	302	584
<b>Total Commonwealth-sourced grants and funding</b>	<b>6 328</b>	<b>4 340</b>

Commonwealth sourced grants and funding are recognised on completion of agreed deliverables and in compliance with all obligations under the agreement.

**2.4. Other SA Government grants, subsidies and transfers**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
TVSP reimbursement from Department of Treasury and Finance	431	1 995
Grants from other entities within SA government	136	190
<b>Total Other SA Government grants, subsidies and transfers</b>	<b>567</b>	<b>2 185</b>

Revenue is recognised upon receipt.

**2.5. Resources received free of charge**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Services received free of charge - Shared Services SA	2 234	2 174
Services received free of charge - Department of the Premier and Cabinet (DPC)	647	631
<b>Total resources received free of charge</b>	<b>2 881</b>	<b>2 805</b>

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 received free of charge.

TAFE SA receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA and ICT services from DPC free of charge following Cabinet's approval to cease intra-government charging.

**TAFE SA**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**2.6. Net loss from disposal of property, plant and equipment**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Plant and equipment</b>		
Proceeds from disposal	36	41
Less carrying amount of assets disposed	(98)	(204)
<b>Net (Loss) / gain from disposal of plant and equipment</b>	<u>(62)</u>	<u>(163)</u>

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

**TAFE SA**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**3. Board, committees and employees**

**3.1. Key management personnel**

Key management personnel of TAFE SA include the Minister for Education, Training and Skills, the non-executive board members, the Chief Executive Officer and the members of the Executive Team who have responsibility for the strategic direction and management of TAFE SA.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Education, Training and Skills receives. The Ministers' remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2023	2022
	\$'000	\$'000
<b>Compensation</b>		
Salaries and other short term employee benefits	1 676	2 225
Post-employment benefits	815	223
<b>Total compensation</b>	<b>2 491</b>	<b>2 448</b>

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

There were no transactions with key management personnel and other related parties.

**3.2. Board and committee members**

Members during the 2023 financial year were:

**TAFE SA Board**

Joanne Denley (Chair)  
 Dr Jennifer Cleary  
 Judith Curran  
 David Hughes  
 Dr Craig Fowler  
 Sam Scammell  
 Paul Brock  
 Michael Boyce OAM  
 Julieann Riedstra (Appointed January 2023)

**People and Culture Committee**

Joanne Denley (Chair)  
 Judith Curran  
 Sam Scammell  
 Paul Brock

**Academic & Quality Committee**

Dr Craig Fowler (Chair)  
 Dr Jennifer Cleary  
 Judith Curran  
 Joanne Denley  
 Michael Boyce OAM

**Audit & Risk Committee**

David Hughes (Chair)  
 Joanne Denley  
 Sam Scammell  
 Julieann Riedstra (Appointed January 2023)

**Higher Education Academic Board**

Dr Craig Fowler (Chair)

**TAFE SA**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**3.2 Board and committee members (continued)**

***Board and committee remuneration***

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

	<b>2023</b>	<b>2022</b>
\$0 - \$19 999	1	1
\$20 000 - \$39 999	-	2
\$40 000 - \$59 999	7	5
\$80 000 - \$99 999	1	1
<b>Total number of members</b>	<b>9</b>	<b>9</b>

The total remuneration received or receivable by members was \$433 000 (2022: \$398 000). 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.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length.

**3.3. Employee benefits expenses**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages (including annual leave)	174 892	172 918
Employment on-costs - superannuation	18 635	17 218
Employment on-costs - other	9 915	9 424
Long service leave	4 441	(1 142)
Workers' compensation	2 549	4 134
Skills and experience retention leave	1 124	1 085
Targeted voluntary separation payments	587	4 048
Board and committee fees	393	365
Other employee related costs	720	651
<b>Total employee benefits expenses</b>	<b>213 256</b>	<b>208 701</b>

***Employment Expenses***

TAFE SA's employees are employed under *Tafe SA Act* and *Public Sector Act*. The superannuation employment on-cost charge represents TAFE SA's contributions to superannuation plans in respect of current services of current employees.

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**3.3 Employee benefits expenses (continued)**

**Employee remuneration**

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
The number of employees whose remuneration received or receivable falls within the following bands:		
\$157 001 to \$160 000*	n/a	1
\$160 001 to \$180 000**	9	7
\$180 001 to \$200 000**	9	7
\$200 001 to \$220 000	5	2
\$220 001 to \$240 000	4	5
\$260 001 to \$280 000	1	2
\$280 001 to \$300 000	3	2
\$300 001 to \$320 000	1	-
\$460 001 to \$480 000	1	1
<b>Total</b>	<b>33</b>	<b>27</b>

The total remuneration received by these employees for the year was \$7.0 million (2022: \$5.8 million).

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

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

\*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2021-22.

\*\*Includes non-executive employees who received/accepted Targeted Voluntary Separation Package termination payments or temporary allowances in 2022-23.

**Targeted voluntary separation packages**

The number of employees who accepted a Targeted Voluntary Separation Package during the reporting period was 6 (2022: 22).

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Amount paid to separated employees:		
Targeted Voluntary Separation Packages	587	1 985
Public Sector Workforce Rejuvenation Packages	-	2 063
Leave paid to separated employees	182	1 700
Recovery from the Department of Treasury and Finance	(431)	(1 995)
<b>Net cost to TAFE SA</b>	<b>338</b>	<b>3 753</b>

During the 2021-2022 financial year, the Government offered employees the opportunity to participate in the South Australian Public Sector Workforce Rejuvenation Scheme. The above table includes 48 employees who accepted the offer under the scheme (\$2.1 million) in 2021-2022 financial year.

**TAFE SA**  
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**3.4. Employee benefits liability**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual leave	7 333	7 353
Non-attendance days	4 430	4 368
Long service leave	2 427	2 222
Skills and experience retention leave	1 869	1 909
Accrued salaries and wages	492	555
<b>Total current employee benefits</b>	<b>16 551</b>	<b>16 407</b>
<b>Non-current</b>		
Long service leave	32 896	33 325
<b>Total non-current employee benefits</b>	<b>32 896</b>	<b>33 325</b>
<b>Total employee benefits</b>	<b>49 447</b>	<b>49 732</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), non-attendance days and sick leave.**

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

The annual leave and SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. Non-attendance days are accrued annually for employees engaged under the TAFE SA Act but are non-cumulative.

Salary inflation rate for annual leave and skills, experience and retention leave liability changed to 2% (2022:1.5%).

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 for 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.

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

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

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 to 4% (2022: 3.5%).

The actuarial assessment performed by the DTF has increased the salary inflation rate to 3.5% (2022: 2.5%) for 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 of \$1 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using several demographic and financial assumptions – including the long-term discount rate.

**TAFE SA**  
**Notes to and forming part of the financial statements**  
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**3.4 Employee benefits liability (continued)**

Long service leave entitlements for hourly paid instructors (HPIs) have been excluded from these statements. Long service leave entitlement data for HPIs is only updated in CHRIS21 once actual leave requests have been manually verified against Human Resource records on a case-by-case basis. The empirical evidence of HPI employees taking long service leave entitlements indicates that the HPI long service leave balance is immaterial.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months based on the average long service leave taken annually over the previous 2 years.

**4. Expenses**

**4.1. Supplies and services**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
General administration and consumables	23 726	19 928
Fees - contracted services	12 047	11 455
Minor works, maintenance and equipment	13 551	10 398
Information technology and communication	10 581	9 177
Books materials and copyright	9 664	8 229
Temp agency costs	3 785	3 141
Shared Services SA	2 234	2 174
Accommodation	994	847
Consultants	992	560
DPC Communication and computing	647	631
Short term leases	602	463
Legal costs	297	394
Funding to external vocational education and training providers	81	195
Other	1 738	1 946
<b>Total supplies and services</b>	<b>80 939</b>	<b>69 538</b>

**4.2. Other expenses**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Other*	523	401
Bad debts written off	280	437
Impairment loss on receivables	(968)	2
<b>Total other expenses</b>	<b>(165)</b>	<b>840</b>

\*Includes audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$282 000 (2022: \$254 000). No other services were provided by the Auditor-General's Department.

**TAFE SA**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2023*

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**5. Non-financial assets**

**5.1. Property, plant and equipment owned or leased by TAFE SA**

Property, plant and equipment owned by TAFE SA with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Property plant and equipment owned by TAFE SA is recorded at fair value. Detail about TAFE SA's approach to fair value is set out in note 10.1.

Plant and equipment includes \$43.4 million of fully depreciated plant and equipment still in use.

**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.

**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 of the following classes of assets as follows:

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings	10 - 45
Plant and equipment	1 - 40
Library collections	3 - 15
Right-of-use assets	Lease term
Intangibles	5 - 10

The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

**Review of accounting estimates**

Assets' residual values, useful lives and amortisation methods 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.

**TAFE SA**  
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**5.1. Property, plant and equipment owned and leased by TAFE SA (continued)**

Reconciliation 2022-23

The following table shows movement in property, plant and equipment during 2022-23

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Library Collection \$'000	Work in progress \$'000	ROU Vehicles \$'000	Total \$'000
Carrying amount at the beginning of the period	136 060	443 372	8 911	635	6 483	337	595 798
Additions	-	-	1 619	-	9 339	567	11 525
Disposals	-	-	(98)	-	-	-	(98)
Asset reclassified to asset held for sale	(419)	-	-	-	-	-	(419)
Transfers to/(from) work in progress	-	7 316	-	-	(7 316)	-	-
Other	-	-	-	-	-	35	35
<b>Subtotal:</b>	<b>135 641</b>	<b>450 688</b>	<b>10 432</b>	<b>635</b>	<b>8 506</b>	<b>939</b>	<b>606 841</b>
<b>Gains/(losses) for the period recognised in net result:</b>							
Depreciation	-	(21 736)	(1 795)	(71)	-	(356)	(23 958)
<b>Subtotal:</b>	<b>-</b>	<b>(21 736)</b>	<b>(1 795)</b>	<b>(71)</b>	<b>-</b>	<b>(356)</b>	<b>(23 958)</b>
<b>Carrying amount at the end of the period</b>	<b>135 641</b>	<b>428 952</b>	<b>8 637</b>	<b>564</b>	<b>8 506</b>	<b>583</b>	<b>582 883</b>
<b>Gross carrying amount</b>							
Gross carrying amount	135 641	507 855	32 004	16 549	8 506	1 238	701 793
Accumulated depreciation	-	(78 903)	(23 367)	(15 985)	-	(655)	(118 910)
<b>Carrying amount at the end of the period</b>	<b>135 641</b>	<b>428 952</b>	<b>8 637</b>	<b>564</b>	<b>8 506</b>	<b>583</b>	<b>582 883</b>

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**5.1. Property, plant and equipment owned and leased by TAFE SA (continued)**

**Reconciliation 2021-22**

The following table shows movement in property, plant and equipment during 2021-22

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Library Collection \$'000	Work in progress \$'000	ROU Buildings \$'000	ROU Vehicles \$'000	Total \$'000
Carrying amount at the beginning of the period	136 060	461 020	10 124	711	3 441	-	602	611 958
Additions	-	11	1 515	2	6 447	-	187	8 162
Disposals	-	-	(204)	-	-	-	(1)	(205)
Transfers to/(from) work in progress	-	3 403	2	-	(3 405)	-	-	-
Transfers between asset classes	-	267	(267)	-	-	-	-	-
<b>Subtotal:</b>	<b>136 060</b>	<b>464 701</b>	<b>11 170</b>	<b>713</b>	<b>6 483</b>	<b>-</b>	<b>788</b>	<b>619 915</b>
<b>Gains/(losses) for the period recognised in net result:</b>								
Depreciation	-	(21 329)	(2 259)	(78)	-	-	(451)	(24 117)
<b>Subtotal:</b>	<b>-</b>	<b>(21 329)</b>	<b>(2 259)</b>	<b>(78)</b>	<b>-</b>	<b>-</b>	<b>(451)</b>	<b>(24 117)</b>
Carrying amount at the end of the period	136 060	443 372	8 911	635	6 483	-	337	595 798
<b>Gross carrying amount</b>								
Gross carrying amount	136 060	500 538	31 211	16 549	6 483	-	1 271	692 112
Accumulated depreciation	-	(57 166)	(22 300)	(15 914)	-	-	(934)	(96 314)
Carrying amount at the end of the period	136 060	443 372	8 911	635	6 483	-	337	595 798

**TAFE SA**  
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**Property, plant and equipment leased by TAFE SA**

Property, plant and equipment leased by TAFE SA as lessee is measured at cost. Additions to leased vehicles during 2022-23 were \$567 000 (2022: \$187 000).

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.

TAFE SA has a limited number of leases, namely 66 (2022: 81) 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.

The lease liabilities related to the right-of-use vehicles and the maturity analysis of its lease liabilities are disclosed in note 7.2. Depreciation expenses related to the leases is disclosed in note 5.1. Cash outflows related to leases are disclosed in note 8.1.

Depreciation on right-of-use vehicles is calculated on a straight-line basis over the life of the lease.

**5.2. Intangible assets**

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The acquisition of internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

**TAFE SA**  
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**5.2. Intangible assets (continued)**

**Reconciliation of intangible assets 2022-23**

	Intangibles \$'000	Intangibles work in progress		Total \$'000
		\$'000	\$'000	
<b>Carrying amount at the beginning of the period</b>	<b>4 937</b>	<b>2 194</b>		<b>7 131</b>
Additions	-	3 386		3 386
Capitalisations	2 335	(2 335)		-
Amortisation	(2 548)	-		(2 548)
<b>Carrying amount at the end of the period</b>	<b>4 724</b>	<b>3 245</b>		<b>7 969</b>
<b>Gross carrying amount</b>				
Gross carrying amount	28 625	3 245		31 870
Accumulated amortisation	(23 901)	-		(23 901)
<b>Carrying amount at the end of the period</b>	<b>4 724</b>	<b>3 245</b>		<b>7 969</b>

**Reconciliation of intangible assets 2021-2022**

	Intangibles \$'000	Intangibles work in progress		Total \$'000
		\$'000	\$'000	
<b>Carrying amount at the beginning of the period</b>	<b>6 617</b>	<b>656</b>		<b>7 273</b>
Additions	-	1 857		1 857
Capitalisations	319	(319)		-
Amortisation	(1 999)	-		(1 999)
<b>Carrying amount at the end of the period</b>	<b>4 937</b>	<b>2 194</b>		<b>7 131</b>
<b>Gross carrying amount</b>				
Gross carrying amount	26 290	2 194		28 484
Accumulated amortisation	(21 353)	-		(21 353)
<b>Carrying amount at the end of the period</b>	<b>4 937</b>	<b>2 194</b>		<b>7 131</b>

**TAFE SA**  
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**5.3. Inventories**

	2023 \$'000	2022 \$'000
<b>Current</b>		
Held for sale	33	32
<b>Current - held for distribution at no or nominal amount</b>		
Held for distribution at no or nominal amount	1 654	1 411
<b>Total current inventories</b>	<u>1 687</u>	<u>1 443</u>
<b>Total inventories</b>	<u>1 687</u>	<u>1 443</u>

Inventories held for distribution at no or nominal consideration are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Cost is assigned to low volume inventory items on a specific identification of cost basis.

Cost of all other inventory is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

**5.4. Non-current assets classified as held for sale**

	2023 \$'000	2022 \$'000
Land	419	-
<b>Total non-current assets classified as held for sale</b>	<u>419</u>	<u>-</u>

TAFE SA and the Department for Infrastructure and Transport (DIT) have agreed to the terms of an MAA to ratify the transfer of two adjoining portions of land along the eastern boundary of Regency campus, adjacent to South Road, compulsorily acquired by the Commissioner for the North-South Corridor project. Although this land is already being used by DIT for the project, it is expected this transfer will be settled in the 2023-24 Financial Year.

**TAFE SA**  
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**6. Financial assets**

The financial activities of TAFE SA are primarily conducted through a Special Deposit Account with DTF pursuant to section 8 of the *Public Finance and Audit Act 1987*. The Special Deposit Account is used for funds provided by the *Subsidised Training* program from Department for Education, Commonwealth-sourced grants and revenues from fees and charges.

All deposits are with the Treasurer.

**6.1. Receivables**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Receivables	8 469	6 629
Less ECL impairment loss on receivables	(2 090)	(3 058)
GST input tax recoverable	1 818	1 790
Prepayments	4 423	3 832
Workers' compensation recoveries	-	16
<b>Total current receivables</b>	<b>12 620</b>	<b>9 209</b>
<b>Non-current</b>		
Workers' compensation recoveries	-	89
<b>Total non-current receivables</b>	<b>-</b>	<b>89</b>
<b>Total receivables</b>	<b>12 620</b>	<b>9 298</b>

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

Other than as recognised in the 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.

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

***Impairment loss on receivables***

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at the beginning of the period</b>	<b>3 058</b>	<b>3 056</b>
Increase / (decrease) in the allowance recognised in Profit or loss	(968)	2
<b>Carrying amount at end of the period</b>	<b>2 090</b>	<b>3 058</b>

Impairment losses related to receivables arising from contracts with customers that are external to SA Government. Refer to note 10.2 for information on the expected credit loss model.

**TAFE SA**  
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**7. Liabilities**

**7.1. Payables**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Accrued expenses	12 395	13 596
Employment on-costs	3 862	3 638
Trade payables	2 399	843
Paid parental leave scheme payable	17	14
Other	25	2
<b>Total current payables</b>	<b>18 698</b>	<b>18 093</b>
<b>Non-current</b>		
Employment on-costs	4 119	4 096
Creditors	70	80
<b>Total non-current payables</b>	<b>4 189</b>	<b>4 176</b>
<b>Total payables</b>	<b>22 887</b>	<b>22 269</b>

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

***Employment on-costs***

Employment on-costs include payroll tax, Return to Work SA levies and superannuation contributions and are settled when the respective employee benefits 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.

TAFE SA contributes 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 South Australian Superannuation Board and externally managed superannuation schemes.

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has changed from the 2022 rate (66%) to 65% and the average factor for the calculation of employer superannuation on-costs changed from the 2022 rate (10.6%) to 11.1%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in current financial year is immaterial.

**TAFE SA**  
**Notes to and forming part of the financial statements**  
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**7.2. Financial liabilities**

All financial liabilities are lease liabilities, which have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTF's incremental borrowing rate. There were no defaults or breaches on the financial liabilities throughout the year.

The borrowing costs associated with these lease liabilities was \$12,000 (2022: \$6 000).

A maturity analysis of lease liabilities based on undiscounted gross cash flows is reported in the table below:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Lease liabilities</b>		
Repayable in less than 1 year	290	266
Repayable in more than 1 year and less than 2 years	297	87
Repayable in more than 2 years and less than 3 years	-	19
<b>Total lease liabilities - undiscounted</b>	<b>587</b>	<b>372</b>

Refer to note 10.2 for information on risk management.

**7.3. Provisions**

	<b>\$'000</b>	<b>\$'000</b>
<b>Movement in provision for workers compensation</b>		
<b>Carrying amount at the beginning of the period</b>	<b>5 937</b>	<b>3 630</b>
Additions	1 248	-
Revaluations of prior year accidents	(884)	2 307
<b>Carrying amount at the end of the period</b>	<b>6 301</b>	<b>5 937</b>
 <b>Movement in provision for additional compensation</b>		
<b>Carrying amount at the beginning of the period</b>	<b>100</b>	<b>131</b>
Additions	30	-
Revaluation of prior year accidents	19	(31)
<b>Carrying amount at the end of the period</b>	<b>149</b>	<b>100</b>

All provisions relate to work cover compensation.

TAFE SA is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, TAFE SA is responsible for the management and payment of workers rehabilitation and compensation and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventative 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 2023 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.

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**7.3 Provision (continued)**

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.

**8. Other disclosures**

**8.1. Cash flow**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<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	73 096	110 773
Balance as per the Statement of Cash Flows	<u>73 096</u>	<u>110 773</u>
<b>Reconciliation of net cash provided by operating activities to net cost of providing services</b>		
Net cash provided by operating activities	15 253	34 173
<b>Add / (less) non-cash items</b>		
Depreciation and amortisation	(26 506)	(26 116)
Net gain/(loss) from disposal of non-current and other assets	(62)	(163)
Other expenses	(2)	4
<b>Movement in assets and liabilities</b>		
Increase / (decrease) in receivables	3 309	(3 402)
(Decrease) in inventories	244	735
Increase in contract asset	135	4 030
Decrease in payables	(613)	2 268
(Increase) / decrease in employee benefits liability	295	11 286
Decrease in other liabilities	120	7
(Increase) in provisions	(413)	(2 276)
Decrease in contract liabilities	(333)	778
<b>Net result</b>	<u><b>(8 573)</b></u>	<u><b>21 324</b></u>

The cash outflows for leases are \$350 000 (2022: \$448 000).

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**9. Outlook**

**9.1. Unrecognised contractual commitments**

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

***Contractual commitments to acquire property, plant and equipment***

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	3 069	1 500
Later than one year but not later than five years	336	300
<b>Total capital commitments</b>	<b>3 405</b>	<b>1 800</b>

TAFE SA's contractual commitments are in relation to improving and maintaining property, plant and equipment at the campuses.

***Other contractual commitments***

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	25 738	15 298
Later than one year but not later than five years	3 619	8 775
Later than five years	-	21
<b>Total other commitments</b>	<b>29 357</b>	<b>24 094</b>

TAFE SA's other commitments relate to cleaning, security and other maintenance commitments.

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**9.2. Contingent assets and liabilities**

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

TAFE SA is not aware of any contingent assets.

Future liabilities may arise in relation to rectification and remediation training of Aviation Engineering Maintenance students impacted by the Civil Aviation Safety Authority audit and potential claims from students affected by the release of personal information as notified to students in early 2023. These liabilities are contingent on student claims being lodged. Further, an injury compensation claim is contingent upon legal advice.

The combined value of the contingent liabilities is difficult to reliably estimate.

TAFE SA insures against known insurable risks with the South Australian Government Financing Authority subject to relevant deductibles. Where liabilities arise these are initially funded by TAFE SA and then reimbursed under the relevant insurance provisions where appropriate.

**9.3. Impact of standards and statements not yet effective**

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

**9.4. Events after the reporting period**

There are no identified events after the reporting period.

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**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 no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (that is the amount recorded by the transferor public authority immediately prior to the restructure).

**Revaluation**

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

All non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

In the normal course of business, revaluation is required at least 6 years in accordance with APS 116.E. 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**

TAFE SA 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.

TAFE SA's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 2022 and 2023, TAFE SA had no valuations categorised into level 1 and 2; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

TAFE SA held all assets as recurring and level 3.

**Plant and equipment**

All items of plant and equipment that had a fair value at the time of acquisition less than \$1.0 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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**10.2. Financial instruments**

***Financial risk management***

TAFE SA's risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

TAFE SA'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***

TAFE SA is funded principally from Department for Education. TAFE SA works with DTF and the Department for Education 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.

The *Public Corporations Act 1993* applies to TAFE SA and in accordance with paragraph 28(1) of this Act, the liabilities of a public corporation are guaranteed by the Treasurer.

***Credit risk***

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

The credit risk is spread across a large volume of customers.

***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. TAFE SA uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprise a large number of small balances.

The loss allowance matrix has factored in the potential impact of COVID-19 in receivables with a forward-looking adjustment which has decreased the impairment of receivables.

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, TAFE SA 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 TAFE SA'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 TAFE SA 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 receivables progressing through stages to write off based on the common risk characteristics of the transactions and debtors.

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**10.2. Financial instruments (continued)**

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

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

	<b>Debtor gross carrying amount*</b>	<b>Loss</b>	<b>Lifetime expected losses</b>
	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>
Current (not past due)	1 001	22.4%	224
1 to 30 days past due	1 604	20.6%	330
31 to 60 days past due	856	27.1%	232
61 to 90 days past due	523	32.5%	170
More than 90 days past due	3 055	37.1%	1 133
<b>Loss Allowance</b>	<b>7 039</b>		<b>2 090</b>

Impairment losses relate to receivables arising from contracts with customers that are external to SA government.

*\*Five year average to 30 June 2023.*

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 TAFE SA's view of the forecast economic conditions over the expected life of the receivables.

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

**Market risk**

TAFE SA does not trade in foreign currency, nor enter into transactions for speculative purposes. TAFE SA manages its risk as per the government's risk management strategy articulated in TI 23 *Management of Foreign Currency Exposures*.

There is no exposure to interest rate risk as TAFE SA does not have interest bearing liabilities.

**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. Financial assets and financial liabilities are measured at amortised cost. Amounts relating to statutory receivables and payables (e.g. Commonwealth taxes, Auditor-General's Department audit fees etc) and prepayments are excluded as they are not financial assets or liabilities.

TAFE SA measures Trade receivables and payables at amortised cost. Lease liability is measured at present value of future cash flows.