

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Audit Office of South Australia

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
ABN 53 327 061 410
enquiries@audit.sa.gov.au
www.audit.sa.gov.au

**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 2025.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of TAFE SA as at 30 June 2025, 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 2025
- a Statement of Financial Position as at 30 June 2025
- a Statement of Changes in Equity for the year ended 30 June 2025
- a Statement of Cash Flows for the year ended 30 June 2025
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, TAFE SA Board, the Interim Chief Executive and the Executive Director, Operations.

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 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(4) of the *Public Corporations Act 1993*, I have audited the financial report of TAFE SA for the financial year ended 30 June 2025.

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 the 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 Blaskett
Auditor-General

22 September 2025

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TAFE SA

Financial Statements

For the year ended 30 June 2025

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TAFE SA
Certification of Financial Statements
for the year ended 30 June 2025

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.



Ingrid Haythorpe
Chair, TAFE SA Board
11 September 2025



Adam Kilvert
Interim Chief Executive
11 September 2025



Graham Rix
Executive Director, Operations
11 September 2025

TAFE SA
Statement of Comprehensive Income
for the year ended 30 June 2025

		2025	2024
	Note	\$'000	\$'000
Income			
SA Government subsidy funding	3.1	266 791	242 686
Student and other fees and charges	3.2	99 761	90 715
Grants and subsidies	3.3	4 603	4 960
Resources received free of charge	3.4	3 139	2 864
Intra-government transfers	3.5	104	105
Net gain from disposal of non-current assets	3.6	-	196
Other income		1 388	1 326
Total income		375 786	342 852
Expenses			
Employee related expenses	4.1	249 269	229 269
Supplies and services	4.2	99 036	92 184
Depreciation and amortisation	5.4, 5.5	33 553	26 571
Net loss from disposal of non-current assets	3.6	182	-
Grants and subsidies		75	75
Borrowing costs		31	25
Other expenses	4.4	1 289	558
Total expenses		383 435	348 682
Net result		(7 649)	(5 830)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus	5.4	-	316 093
Total other comprehensive income		-	316 093
Total comprehensive result		(7 649)	310 263

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 2025

		2025	2024
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	5.1	99 195	87 215
Receivables	5.2	14 033	13 840
Inventories	5.6	1 681	1 765
Contract assets	5.3	7 304	7 269
Non-current assets classified as held for sale	5.7	-	141
Total current assets		122 213	110 230
Non-current assets			
Property, plant and equipment	5.4	872 665	883 907
Intangible assets	5.5	5 268	8 339
Total non-current assets		877 933	892 246
Total assets		1 000 146	1 002 476
Current liabilities			
Employee related liabilities	6.4	24 879	22 056
Payables	6.1	14 223	15 932
Contract liabilities	6.3	4 878	4 662
Provisions	6.5	2 285	1 739
Other financial liabilities	6.2	-	427
Other non-financial liabilities		309	283
Total current liabilities		46 574	45 099
Non-current liabilities			
Employee related liabilities	6.4	39 584	38 607
Provisions	6.5	9 013	5 728
Payables	6.1	82	70
Other financial liabilities	6.2	-	430
Total non-current liabilities		48 679	44 835
Total liabilities		95 253	89 934
Net assets		904 893	912 542
Equity			
Contributed capital		552 802	552 802
Asset revaluation surplus		317 445	317 445
Retained earnings		34 646	42 295
Total equity		904 893	912 542

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 2025

	Asset revaluation surplus \$'000	Retained Earnings \$'000	Contributed capital \$'000	Total equity \$'000
Balance at 1 July 2023	1 352	48 125	552 802	602 279
Net result for 2023-24	-	(5 830)	-	(5 830)
Gain on revaluation of land during 2023-24	85 309	-	-	85 309
Gain on revaluation of building during 2023-24	230 784	-	-	230 784
Total comprehensive result for 2023-24	316 093	(5 830)	-	310 263
Balance at 30 June 2024	317 445	42 295	552 802	912 542
Net result for 2024-25	-	(7 649)	-	(7 649)
Total comprehensive result for 2024-25	-	(7 649)	-	(7 649)
Balance at 30 June 2025	317 445	34 646	552 802	904 893

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 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Cash inflows			
SA Government subsidy funding		266 791	242 686
Student and other fees and charges		102 247	85 722
Grants and subsidies		4 707	5 065
GST recovered		8 907	7 091
Interest received		17	9
Other income		634	1 312
		383 303	341 885
Cash outflows			
Employee related liabilities		(242 855)	(224 947)
Supplies and services		(107 996)	(91 118)
Interest paid		(31)	(25)
Grants and subsidies		(75)	(75)
Other payments		(228)	(456)
		(351 185)	(316 621)
Net cash provided by operating activities	7.1	32 118	25 264
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of property, plant and equipment		33	106
Proceeds from the sale of land held for sale		-	550
Cash generated from investing activities		33	656
Cash outflows			
Purchase of property, plant and equipment		(19 636)	(8 695)
Purchase of intangibles		(129)	(2 726)
Cash used in investing activities		(19 765)	(11 421)
Net cash used in investing activities		(19 732)	(10 765)
Cash flows from financing activities			
Cash outflows			
Repayment of leases		(406)	(380)
Cash used by financing activities		(406)	(380)
Net cash provided by financing activities		(406)	(380)
Net (decrease) / increase in cash and cash equivalents		11 980	14 119
Cash and cash equivalents at the beginning of the reporting period		87 215	73 096
Cash and cash equivalents at the end of the reporting period	5.1	99 195	87 215

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 2025*

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 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.

Responsibility for provision of SA Government subsidy funding to TAFE SA transferred from the Department for Education to the Department of State Development on 1 July 2024. SA Government subsidy funding includes financial support to contribute towards foregone student fees, ancillary costs and student support associated with implementation of Fee Free TAFE.

1.1. Objectives and functions

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 the Treasurer after consultation with TAFE SA, which detail TAFE SA's objectives, functions and targets.

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.
- Undertake or facilitate research that relates to technical and further education.
- 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.
- 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.

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

- 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.
- SATAC provides admission services to TAFE SA under a service agreement.
- 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**Notes to and forming part of the financial statements.***For the year ended 30 June 2025*

1.2. 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*; and
- relevant Australian Accounting Standards.

No Australian Accounting Standards have been early adopted.

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 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 reporting period or for which TAFE SA 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.

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 was not required to pay a dividend or make an Income Tax Equivalent payment for the 2023-24 financial year or the 2024-25 financial year.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***1.3. Budget performance**

The budget performance table compares TAFE SA's outcomes against budget information presented to Parliament (2024-25 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.

		Original budget 2025 \$'000	Actual 2025 \$'000	Variance 2025 \$'000
Statement of Comprehensive Income				
Income				
SA Government subsidy funding	(a)	245 568	266 791	21 223
Student and other fees and charges		83 070	99 761	16 691
Grants and subsidies		2 763	4 603	1 840
Resources received free of charge		-	3 139	3 139
Intra-government transfers		-	104	104
Other income		673	1 388	715
Total income		332 074	375 786	43 712
Expenses				
Employee related expenses		240 295	249 269	8 974
Supplies and services	(b)	72 227	99 036	26 809
Depreciation and amortisation expense		26 583	33 553	6 970
Grants and subsidies		75	75	-
Net loss from disposal of non-current assets		-	182	182
Borrowing costs		11	31	20
Payments to state government		625	-	(625)
Other expenses		3 612	1 289	(2 323)
Total expenses		343 428	383 435	40 007
Net result		(11 354)	(7 649)	3 705
Other comprehensive income				
<i>Items that will not be reclassified to net results</i>				
Changes in revaluation surplus		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive result		(11 354)	(7 649)	3 705

- (a) Higher SA Government subsidy funding compared to the original budget relates primarily to increased funding provided during the year as part of the National Skills Agreement, including additional funding for teaching plant and equipment, expanding training capacity and to commence the establishment of a National TAFE Centre of Excellence for Early Childhood Education and Care.
- (b) Higher supplies and services expenditure compared to the original budget relates primarily to activities funded by higher student and other fees and charges, additional expenditure as part of the National Skills Agreement that was provided during the financial year and higher property maintenance cleaning and utility costs, partly offset by a greater proportion of project expenditure being investing rather than operating in nature than was assumed in the budget.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***1.3 Budget performance (continued)**

		Original budget 2025 \$'000	Actual 2025 \$'000	Variance 2025 \$'000
Investing expenditure summary				
Total new and existing projects	(c)	5 502	2 045	(3 457)
Total annual programs	(d)	10 809	17 720	6 911
Total Right of Use leases		202	385	183
Total investing expenditure		16 513	20 150	3 637

- (c) New and existing investing expenditure was lower than the original budget due to the Mount Gambier Refurbishment Project being retimed to 2025-26 to align with delivery of the Mount Gambier Technical College for an integrated precinct, partially offset by retiming of unspent Student Engagement Hub expenditure from 2023-24 to 2024-25. These timing adjustments were reflected in TAFE SA's approved revised budget.
- (d) Annual programs investing expenditure was higher than the original budget principally due to additional expenditure related to the National Skills Agreement, increased expenditure on campus maintenance, as well as a greater proportion of project and teaching plant and equipment expenditure being investing in nature than was assumed in the budget.

There were no other variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted amount for total expenses.

1.4. Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report. Noteworthy are transactions with the Department of State Development (2025) and Department for Education (2024) refer Note 3.1.

2. Board, committees and employees**2.1. Key management personnel**

Key management personnel of TAFE SA include the Minister for Education, Training and Skills, the non-executive TAFE SA 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 the Department of Treasury and Finance (DTF)) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2025 \$'000	2024 \$'000
Compensation		
Salaries and other short term employee benefits	1 839	2 049
Post-employment benefits	837	777
Total compensation	2 676	2 826

Transactions with key management personnel and other related parties

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

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***2.2. Board and committee members**

Members during the 2024-25 financial year were:

TAFE SA Board

Ingrid Haythorpe (Chair)
 David Hughes
 Dr Craig Fowler
 Andrea Broadfoot
 Leah Marrone
 Andrew Clarke (commenced 15 October 2024)
 Sharon Gollan (commenced 15 October 2024)
 Prof Susan James Relly (commenced 15 October 2024)
 Nicolle Rantanen Reynolds (commenced 15 October 2024)
 Helen Strickland (commenced 15 October 2024)
 Joanne Denley (Chair) (until 14 October 2024)
 Paul Brock (until 14 October 2024)
 Michael Boyce OAM (until 14 October 2024)
 Julieann Riedstra (until 14 October 2024)

Academic & Quality Committee

Dr Craig Fowler (Chair)
 Andrea Broadfoot
 Andrew Clarke (commenced 24 October 2024)
 Prof Susan James Relly (commenced 24 October 2024)
 Michael Boyce OAM (until 14 October 2024)
 Joanne Denley (until 14 October 2024)

Audit & Risk Committee

David Hughes (Chair)
 Ingrid Haythorpe
 Leah Marrone (commenced 24 October 2024)
 Helen Strickland (commenced 24 October 2024)
 Julieann Riedstra (until 14 October 2024)
 Joanne Denley (until 14 October 2024)

People and Culture Committee

Nicolle Rantanen Reynolds (Chair) (commenced 24 October 2024)
 Leah Marrone
 Sharon Gollan (commenced 24 October 2024)
 Joanne Denley (Chair) (until 14 October 2024)
 Paul Brock (until 14 October 2024)

Higher Education Academic Board

Dr Craig Fowler (Chair)

Board and committee remuneration

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

	2025	2024
\$1 - \$19 999	3	3
\$20 000 - \$39 999	6	3
\$40 000 - \$59 999	4	5
\$60 000 - \$79 999	1	-
\$80 000 - \$99 999	-	1
Total number of members	14	12

The total remuneration received or receivable by members was \$492 402 (2024: \$470 289). 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. The number of members includes members who commenced or ceased during the financial year.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***3. Income****3.1. SA Government subsidy funding**

	2025	2024
	\$'000	\$'000
Funding for delivery of VET training	222 176	207 020
Funding for VET capital projects	24 836	20 939
Funding for Fee Free TAFE	12 816	14 727
Funding for other VET activities	6 963	-
Total SA government subsidy funding	266 791	242 686

Grant and subsidy revenue from the Department of State Development (2024- Department for Education) is recognised on receipt as the TAFE SA Funding Arrangement allows for the allocation of funding without any withholding of funds associated with student numbers or non-achievement of performance criteria.

3.2. Student and other fees and charges

	2025	2024
	\$'000	\$'000
Sales/fee for service revenue	64 774	58 577
Student enrolment fees and charges	26 237	22 861
Other user fees and charges	8 750	9 277
Total student and other fees and charges	99 761	90 715

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.

3.3. Grants and subsidies

	2025	2024
	\$'000	\$'000
Child Care Fee Relief	3 462	3 633
Destination Australia	677	560
Other specific Commonwealth revenue	51	51
Total Commonwealth-sourced grants	4 190	4 244
Other grants and subsidies	413	716
Total grants and subsidies	4 603	4 960

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

Grants from South Australian Government entities are recognised upon receipt.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***3.4. Resources received free of charge**

	2025	2024
	\$'000	\$'000
Services received free of charge - Department of the Premier and Cabinet (DPC)	637	644
Services received free of charge - Shared Services SA	2 248	2 220
Services received free of charge - Audit Office of South Australia	254	-
Total resources received free of charge	3 139	2 864

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 free of charge. Information and communications technology services are received free of charge from the Department of the Premier and Cabinet.

TAFE SA also receives audit services free of charge from Audit Office of South Australia. From 30 June 2024, audit fees are accounted for as auditing services received free of charge, under AASB 1058 Income of Not-for-Profit Entities. Audit fees payable for 2023-24 have been derecognised in accordance with the changes and recognised in Other Income.

Corresponding expenses for each service are recognised in the financial statements (see note 4.2 and 4.4).

3.5. Intra-government transfers

	2025	2024
	\$'000	\$'000
Transfers received from other SA government entities		
Funding provided by Department of Treasury and Finance	104	105
Total intra-government transfers	104	105

Intra-government transfer revenue is recognised upon receipt.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***3.6. Net gain/(loss) from disposal of property, plant and equipment**

	2025	2024
	\$'000	\$'000
Land held for sale		
Proceeds from disposal	-	550
Less net book value of assets disposed	-	(422)
Net gain/(loss) from disposal of land held for sale	-	128
Plant and equipment		
Proceeds from disposal	33	106
Less carrying amount of assets disposed	(231)	(38)
Net gain/(loss) from disposal of plant and equipment	(198)	68
Right of use vehicles		
Net gain on termination of lease	16	-
Net gain/(loss) on termination of lease	16	-
Total property, plant and equipment		
Total proceeds from disposal	33	656
Less total carrying amount of assets disposed	(215)	(460)
Net gain/(loss) from disposal of assets	(182)	196

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 2025***4. Expenses****4.1. Employee related expenses**

	2025	2024
	\$'000	\$'000
Salaries and wages	169 668	159 356
Annual leave	28 350	26 359
Superannuation	23 748	21 077
Long service leave	6 323	6 881
Workers' compensation	6 052	2 913
Skills and experience retention leave	1 183	1 135
Board and committee fees	443	424
Targeted voluntary separation payments	1 648	-
Other employee related costs	11 854	11 124
Total employee related expenses	249 269	229 269

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.

Employee remuneration

	2025	2024
	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$166 001 to \$171 000*	n/a	2
\$171 001 to \$191 000	6	10
\$191 001 to \$211 000	11	7
\$211 001 to \$231 000	6	4
\$231 001 to \$251 000	1	3
\$251 001 to \$271 000	3	2
\$271 001 to \$291 000	-	1
\$291 001 to \$311 000	-	2
\$311 001 to \$331 000	2	1
\$331 001 to \$351 000	1	-
\$351 001 to \$371 000	1	-
\$391 001 to \$411 000	1	-
\$451 001 to \$471 000	-	1
\$471 001 to \$491 000	-	1
\$491 001 to \$501 000	1	-
Total	33	34

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2023-24.

The total remuneration received by these employees for the year was \$7.86 million (2024: \$7.83 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.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***4.1. Employee related expenses (continued)*****Targeted voluntary separation packages.***

During the reporting period 18 employees accepted a Targeted Voluntary Separation Package (2024: nil).

	2025	2024
	\$'000	\$'000
Amount paid to separated employees:		
Targeted Voluntary Separation Packages	1 648	-
Leave paid to separated employees	344	-
Net cost to TAFE SA	1 992	-

4.2. Supplies and services

	2025	2024
	\$'000	\$'000
General administration and consumables	29 556	26 326
Fees - contracted services	12 406	12 435
Minor works, maintenance and equipment	17 061	16 542
Information technology and communication	15 605	12 750
Books, materials and copyright	10 288	10 200
Temp agency costs	5 032	5 216
Shared Services SA	2 248	2 220
Consultants	1 184	1 372
Accommodation	838	808
DPC communication and computing	637	644
Short term leases	635	645
Legal costs	532	295
Other	3 014	2 731
Total supplies and services	99 036	92 184

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***4.3. Expenditure – SA Business and Non-SA Business**

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

Expenditure is inclusive of non-recoverable GST

	2025	Proportion SA and non-SA businesses
	\$'000	
Total expenditure with South Australian businesses	82 514	82%
Total expenditure with non-South Australian businesses	18 122	18%
	100 636	100%

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

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

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

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

4.4. Other expenses

	2025	2024
	\$'000	\$'000
Bad debts written off/ (recovered)	707	(36)
Impairment loss on receivables	30	41
Other*	552	553
Total other expenses	1 289	558

*Includes audit fees paid / payable or received free of charge from the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* of \$254 000 (2024: \$254 000). No other services were provided by the Audit Office of South Australia.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***5. Assets**

The financial activities of TAFE SA are primarily conducted through an operating account with the Treasurer.

All deposits are with the Treasurer.

5.1. Cash and cash equivalents

	2025	2024
	\$'000	\$'000
Deposits with the Treasurer	99 195	87 215
Total cash and cash equivalents	99 195	87 215

5.2. Receivables

	2025	2024
	\$'000	\$'000
Current		
Contractual receivables		
Receivables	8 182	8 819
Less impairment loss on receivables	(2 161)	(2 131)
Total contractual receivables	6 021	6 688
Statutory receivables		
GST receivable	2 482	2 045
Total statutory receivables	2 482	2 045
	-	
Prepayments	5 530	5 107
Total current receivables	14 033	13 840

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. 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 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.

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

Impairment loss on contractual receivable

	2025	2024
	\$'000	\$'000
Carrying amount at the beginning of the period	2 131	2 090
Increase / (decrease) in the allowance recognised in profit or loss	30	41
Carrying amount at end of the period	2 161	2 131

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**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***5.3. Contract Assets**

	2025	2024
	\$'000	\$'000
Contract assets	7 304	7 269
Total Contract assets	7 304	7 269

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.

5.4. 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.

Property, plant and equipment includes \$31.02 million of fully depreciated assets still in use.

An independent valuation of TAFE SA's land and building assets was undertaken during the 2023-24 financial year, which resulted in an increase in fair value of \$316.09 million.

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:

Class of asset	Useful life (years)
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 are 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**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***5.4. Property, plant and equipment owned and leased by TAFE SA (continued)****Reconciliation 2024-25**

The following table shows movement in property, plant and equipment during 2024-25

	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	220 950	647 302	8 623	498	5 687	847	883 907
Additions	-	-	6 485	-	13 151	385	20 021
Disposals	-	-	(90)	-	-	(820)	(910)
Transfers to/(from) work in progress	-	10 529	284	-	(10 813)	-	-
Other	-	-	-	-	-	-	-
Transfers between asset classes	-	-	-	-	284	-	284
Subtotal:	220 950	657 831	15 302	498	8 309	412	903 302
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(28 592)	(1 568)	(65)	-	(412)	(30 637)
Subtotal:	-	(28 592)	(1 568)	(65)	-	(412)	(30 637)
Carrying amount at the end of the period	220 950	629 239	13 734	433	8 309	-	872 665
Gross carrying amount							
Gross carrying amount	220 950	659 016	37 194	16 549	8 309	-	942 018
Accumulated depreciation	-	(29 777)	(23 460)	(16 116)	-	-	(69 353)
Carrying amount at the end of the period	220 950	629 239	13 734	433	8 309	-	872 665

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***5.4. Property, plant and equipment owned and leased by TAFE SA (continued)****Reconciliation 2023-24**

The following table shows movement in property, plant and equipment during 2023-24

	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	135 641	428 952	8 637	564	8 506	583	582 883
Additions	-	-	1 849	-	6 846	610	9 305
Disposals	-	(3)	(38)	-	-	-	(41)
Revaluation increment/(decrement)	85 309	230 784	-	-	-	-	316 093
Asset reclassified to asset held for sale	-	-	(141)	-	-	-	(141)
Transfers to/(from) work in progress	-	9 652	13	-	(9 665)	-	-
Other	-	(21)	1	-	-	43	23
Subtotal:	220 950	669 364	10 321	564	5 687	1 236	908 122
Gains/(losses) for the period recognised in net result:							
Depreciation	-	(22 062)	(1 698)	(66)	-	(389)	(24 215)
Subtotal:	-	(22 062)	(1 698)	(66)	-	(389)	(24 215)
Carrying amount at the end of the period	220 950	647 302	8 623	498	5 687	847	883 907
Gross carrying amount							
Gross carrying amount	220 950	648 487	31 824	16 549	5 687	1 603	925 100
Accumulated depreciation	-	(1 185)	(23 201)	(16 051)	-	(756)	(41 193)
Carrying amount at the end of the period	220 950	647 302	8 623	498	5 687	847	883 907

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025*

5.4 Property, plant and equipment leased by TAFE SA (continued)

Property, plant and equipment leased by TAFE SA as lessee are measured at cost. Additions to leased vehicles during 2024-25 were \$385 000 (2024: \$610 000).

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 4.2.

Effective 1 April 2025, motor vehicle lease contractual arrangements with SAFA Fleet are no longer accounted for under AASB 16 *Leases*. From 1 April 2025, SAFA Fleet motor vehicle lease payments were recorded directly in the Income Statement. All related right-of-use assets (ROU) and liabilities up to 31 March 2025 were derecognised in accordance with the changes.

Prior to 1 April 2025, TAFE SA held 82 motor vehicles leases (2024: 78) with the South Australian Government Financing Authority (SAFA). Motor vehicle leases were non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms could range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions existed within the lease agreements and no options existed 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 6.2 Depreciation expenses related to the leases is disclosed in note 5.4. Cash outflows related to leases are disclosed in note 7.1.

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

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***5.5. 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.

Intangible assets include \$24.12 million of fully amortised assets still in use.

Reconciliation of intangible assets 2024-25

	Intangibles	Intangibles work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	2 368	5 971	8 339
Additions	-	129	129
Capitalisations	4 575	(4 575)	-
Transfers between asset classes	-	(284)	(284)
Amortisation	(2 916)	-	(2 916)
Carrying amount at the end of the period	4 027	1 241	5 268
Gross carrying amount			
Gross carrying amount	33 200	1 241	34 441
Accumulated amortisation	(29 173)	-	(29 173)
Carrying amount at the end of the period	4 027	1 241	5 268

Reconciliation of intangible assets 2023-24

	Intangibles	Intangibles work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	4 724	3 245	7 969
Additions	-	2 726	2 726
Amortisation	(2 356)	-	(2 356)
Carrying amount at the end of the period	2 368	5 971	8 339
Gross carrying amount			
Gross carrying amount	28 625	5 971	34 596
Accumulated amortisation	(26 257)	-	(26 257)
Carrying amount at the end of the period	2 368	5 971	8 339

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***5.6. Inventories**

	2025	2024
	\$'000	\$'000
Current		
Held for sale	43	34
Current - held for distribution at no or nominal amount		
Held for distribution at no or nominal amount	1 638	1 731
Total current inventories	1 681	1 765

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.

5.7. Non-current assets classified as held for sale

	2025	2024
	\$'000	\$'000
Plant and equipment	-	141
Total non-current assets classified as held for sale	-	141

Reconciliation for assets held for sale

	2025	2024
	\$'000	\$'000
Opening balance 2023-24	141	419
Additions	-	141
Disposals	(141)	(419)
Closing balance 2024-25	-	141

Two adjoining portions of land of Regency campus, adjacent to South Road, were compulsorily acquired by the Commissioner for the North-South Corridor project and were transferred to the Department for Infrastructure and Transport during 2023-24.

During 2024-25 TAFE SA disposed of surplus offshore mining plant and equipment that had previously been used for training delivery at Tonsley Campus.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***6. Liabilities****6.1. Payables**

	2025	2024
	\$'000	\$'000
Current		
Contractual payables	1 151	2 924
Accrued expenses	13 031	12 907
Statutory payable	37	36
Other	4	65
Total current payables	14 223	15 932
Non-current		
Contractual payables	82	70
Total non-current payables	82	70
Total payables	14 305	16 002

Payables are measured at nominal amounts. Payables and accruals are recognised for all amounts owing but unpaid. Contractual payables are normally settled within 15 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.

6.2. Other 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.

Effective 1 April 2025, motor vehicle lease contractual arrangements with SAFA Fleet are no longer accounted for under AASB 16 *Leases*. From 1 April 2025, SAFA Fleet motor vehicle lease payments were recorded directly in the Income Statement. All related right-of-use assets (ROU) and liabilities up to 31 March 2025 were derecognised in accordance with the changes. The borrowing costs associated with these lease liabilities was \$31 000 (2024: \$25 000). For more details refer note 5.4

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

	2025	2024
	\$'000	\$'000
Lease liabilities		
Repayable in less than 1 year	-	427
Repayable in more than 1 year and less than 2 years	-	430
Total lease liabilities - undiscounted	-	857

Refer to note 10.2 for information on risk management.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***6.3. Contract liabilities**

	2025	2024
	\$'000	\$'000
Contract liabilities	4 878	4 662
Total Contract liabilities	4 878	4 662

Contract liabilities primarily relate to student fees and charges where student courses have not commenced at reporting date and reflect 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.

Revenue totalling \$4.038 million was recognised in 2024-25 that was included in contract liabilities at 1 July 2024. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

6.4. Employee related liabilities

	2025	2024
	\$'000	\$'000
Current		
Annual leave	8 394	7 476
Non-attendance days	5 039	4 788
Long service leave	3 942	3 578
Employment on-costs	4 239	3 682
Skills and experience retention leave	1 972	1 962
Accrued salaries and wages	1 293	570
Total current employee related liabilities	24 879	22 056
Non-current		
Long service leave	34 794	34 118
Employment on-costs	4 790	4 489
Total non-current employee related liabilities	39 584	38 607
Total employee related liabilities	64 463	60 663

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, 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 skill and experience retention leave liability are expected to be paid within 12 months and is measured at the undiscounted amounts 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 3.2% (2024: 2.4%).

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.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025*

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 related liabilities* contains the calculation methodology for long service leave liability.

The expected timing and amount of long service payments is determined through whole-of-government actuarial calculations, which 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.

The discount rate used in measuring the liability is reflective 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 decreased to 4% in 2025 (2024: 4.25%).

The actuarial assessment performed by the DTF kept the salary inflation rate at 3.5% in 2025 (2024: 3.5%) for the long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$0.54 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.

Long service leave entitlements for hourly paid instructors (HPIs) have been included in these statements for HPIs who are entitled to long service leave. Long service leave is only updated in CHRIS21 once actual leave requests from HPIs 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.

Employment on-costs

Employment on-costs liabilities include payroll tax, Fringe benefits Tax, Pay As You Go Withholding, Return to Work SA levies and superannuation contributions. They are settled when the respective employee related liabilities they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. The estimated proportion of long service leave to be taken as leave, rather than to be paid on termination, affects the amounts of on-costs liabilities 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 to 70% in 2025 rate (2024: 68%). The average factor for the calculation of employer superannuation on-costs changed to 12% in 2025 (2024: 11.5%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year on employment on-costs and employee benefit expense is impracticable to estimate.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***6.5. Provisions**

All provisions relate to workers compensation.

	2025	2024
	\$'000	\$'000
Movement in provision for workers compensation		
Carrying amount at the beginning of the period	7 324	6 301
Additions	2 718	1 740
Payments	(1 783)	(1 536)
Revaluations of prior year accidents	2 924	819
Carrying amount at the end of the period	11 183	7 324
Movement in provision for additional compensation		
Carrying amount at the beginning of the period	143	149
Additions	33	31
Revaluation of prior year accidents	(61)	(37)
Carrying amount at the end of the period	115	143
Current provisions	2 285	1 739
Non-current provisions	9 013	5 728
Total provisions	11 298	7 467

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 2025 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 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.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***7. Other disclosures****7.1. Cash flow**

Cash Flow Reconciliation	2025 \$'000	2024 \$'000
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	32 118	25 264
Add / (less) non-cash items		
Depreciation and amortisation	(33 553)	(26 571)
Net gain/(loss) from disposal of non-current and other assets	(182)	196
Resources received free of charge - income	3 139	2 864
Resources received free of charge - expense	(3 139)	(2 864)
Movement in assets and liabilities		
Increase in receivables	193	1 180
(Decrease) / Increase in inventories	(84)	78
(Decrease) / Increase in contract asset	35	623
Decrease / (Increase) in payables	1 697	(976)
(Increase) in employee related liabilities	(3 800)	(3 340)
(Increase) in other liabilities	(26)	(65)
(Increase) in provisions	(3 831)	(1 017)
(Increase) in contract liabilities	(216)	(1 202)
Net result	(7 649)	(5 830)

The cash outflows for leases are \$415 000 (2024: \$380 000).

8. Changes in accounting policy

TAFE SA has assessed that the Australian Accounting Standards and Interpretations that first applied in 2024-25 did not have a material impact on TAFE SA's financial statements.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***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.

	2025	2024
	\$'000	\$'000
Within one year	546	899
Later than one year but not later than five years	-	246
Total capital commitments	546	1 145

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

Other contractual commitments

	2025	2024
	\$'000	\$'000
Within one year	24 295	22 414
Later than one year but not later than five years	5 483	14 752
Total other commitments	29 778	37 166

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

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 in 2017. These liabilities are contingent on student claims being lodged.

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 TAFE SA's financial statements.

9.4. Events after the reporting period

On 6 July 2025, TAFE SA's Chief Executive, Mr David Coltman, formally resigned from his position. Mr Adam Kilvert commenced as TAFE SA's Interim Chief Executive on 14 July 2025.

There are no other identified events after the reporting period.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025*

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.

Certified Practising Valuer m3 Property were engaged to undertake an independent valuation of TAFE SA's land and building assets as at 30 June 2024.

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 2023-24 and 2024-25, TAFE SA had no valuations categorised into level 1, and there were no transfers of assets between level 1 and 2 fair value hierarchy levels.

TAFE SA held all assets as recurring and level 3, except for land (\$221 million) which is measured at level 2 following an independent revaluation performed as at 30 June 2024.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025*

10.1. Fair value (continued)***Land and buildings***

An independent valuation of land and buildings was undertaken by the Certified Practising Valuer m3 Property as at 30 June 2024.

Fair value of land has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land such as size, zoning and location.

The fair value of buildings was determined using current replacement cost less accumulated depreciation. The current replacement cost considered the need for ongoing provision of services/utility, specialised nature and restricted use of the assets, their size, age, condition and location.

For 2024-25, management undertook an assessment of land and buildings to determine whether the carrying amounts materially differed from their fair values. As a result of this assessment, no assets required revaluation outside of the formal valuation cycle.

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.

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 of State Development. TAFE SA works with DTF and the Department of State Development 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 TAFE SA 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.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2025***10.2. Financial instruments (continued)**

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.

TAFE SA has adopted the simplified impairment approach under AASB 9 *Financial Instruments* and measured lifetime expected credit losses on all contractual 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.

	Debtor gross carrying amount	Loss	Lifetime expected losses
	\$'000	%	\$'000
Current (not past due)	1 607	22.6%	363
1 to 30 days past due	1 508	20.1%	303
31 to 60 days past due	259	26.0%	67
61 to 90 days past due	292	30.6%	90
More than 90 days past due	3 867	34.7%	1 338
	7 533		2 161

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

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.

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