

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Audit Office of South Australia

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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 2026.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of TAFE SA as at 30 June 2026, 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 2026
- a Statement of Financial Position as at 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, TAFE SA Board, the 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 the TAFE SA for the financial year ended 30 June 2026.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

23 September 2026

OFFICIAL

TAFE SA

Financial Statements

**For the year ended
30 June 2026**

TAFE SA
Certification of Financial Statements
for the year ended 30 June 2026

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

14 September 2026



Adam Kilvert
Chief Executive

14 September 2026



Graham Rix
Executive Director, Operations

14 September 2026

TAFE SA
Statement of Comprehensive Income
for the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Income			
SA Government subsidy funding	3.1	278 106	266 791
Student and other fees and charges	3.2	100 974	99 761
Grants and subsidies	3.3	5 768	4 603
Resources received free of charge	3.4	4 392	3 139
Intra-government transfers	3.5	-	104
Net gain from disposal of non-current assets	3.6	911	-
Other income		2 223	1 388
Total income		392 374	375 786
Expenses			
Employee related expenses	4.1	262 669	249 269
Supplies and services	4.2	106 554	99 036
Depreciation and amortisation	5.4, 5.5	32 461	33 553
Grants and subsidies		75	75
Net loss from disposal of non-current assets	3.6	-	182
Borrowing costs		-	31
Other expenses	4.3	445	1 289
Total expenses		402 204	383 435
Net result		(9 830)	(7 649)
Other comprehensive income			
Changes in property, plant and equipment asset revaluation surplus	5.4	61 943	-
Total other comprehensive income		61 943	-
Total comprehensive result		52 113	(7 649)

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 2026

		2026	2025
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	5.1	102 774	99 195
Receivables	5.2	11 980	14 033
Inventories	5.6	2 298	1 681
Contract assets	5.3	5 809	7 304
Total current assets		122 861	122 213
Non-current assets			
Property, plant and equipment	5.4	921 017	872 665
Intangible assets	5.5	2 462	5 268
Total non-current assets		923 479	877 933
Total assets		1 046 340	1 000 146
Current liabilities			
Employee related liabilities	6.3	28 418	24 879
Payables	6.1	13 447	14 223
Contract liabilities	6.2	3 950	4 878
Provisions	6.4	2 301	2 285
Other non-financial liabilities		347	309
Total current liabilities		48 463	46 574
Non-current liabilities			
Employee related liabilities	6.3	40 861	39 584
Provisions	6.4	8 250	9 013
Payables	6.1	85	82
Total non-current liabilities		49 196	48 679
Total liabilities		97 659	95 253
Net assets		948 681	904 893
Equity			
Contributed capital		544 477	552 802
Asset revaluation surplus		376 763	317 445
Retained earnings		27 441	34 646
Total equity		948 681	904 893

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 2026

	Asset revaluation surplus \$'000	Retained Earnings \$'000	Contributed capital \$'000	Total equity \$'000
Balance at 1 July 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
Net result for 2025-26	-	(9 830)	-	(9 830)
Gain on revaluation of land during 2025-26	11 200	-	-	11 200
Gain on revaluation of building during 2025-26	50 743	-	-	50 743
Total comprehensive result for 2025-26	61 943	(9 830)	-	52 113
Transfer between equity components	(2 625)	2 625	-	-
Return of equity	-	-	(8 325)	(8 325)
Balance at 30 June 2026	376 763	27 441	544 477	948 681

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 2026

	Note	2026 \$'000	2025 \$'000
Cash flows from operating activities			
Cash inflows			
SA Government subsidy funding		278 106	266 791
Student and other fees and charges		95 759	102 247
Grants and subsidies		5 262	4 707
GST recovered		11 168	8 907
Other grants and contributions		505	-
Interest received		6	17
Other income		2 200	634
		393 006	383 303
Cash outflows			
Employee related liabilities		(258 673)	(242 855)
Supplies and services		(106 668)	(107 996)
Grants and subsidies		(75)	(75)
Interest paid		-	(31)
Other payments		(183)	(228)
		(365 599)	(351 185)
Net cash provided by operating activities	7.1	27 407	32 118
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of property, plant and equipment		56	33
Proceeds from the sale of land held for sale		8 325	-
Cash generated from investing activities		8 381	33
Cash outflows			
Purchase of property, plant and equipment		(23 884)	(19 636)
Purchase of intangibles		-	(129)
Cash used in investing activities		(23 884)	(19 765)
Net cash used in investing activities		(15 503)	(19 732)
Cash flows from financing activities			
Cash outflows			
Return of equity		(8 325)	-
Repayment of leases		-	(406)
Cash used by financing activities		(8 325)	(406)
Net cash provided by financing activities		(8 325)	(406)
Net (decrease) / increase in cash and cash equivalents		3 579	11 980
Cash and cash equivalents at the beginning of the reporting period		99 195	87 215
Cash and cash equivalents at the end of the reporting period	5.1	102 774	99 195

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2026*

1. About TAFE SA

TAFE SA is a not-for-profit public authority of the state of South Australia, established pursuant to the TAFE SA Act 2025. TAFE SA is responsible to the Minister for Education, Training and Skills.

The TAFE SA Act 2025 commenced on 1 March 2026 and provides that TAFE SA, as established under the TAFE SA Act 2012, continues in existence as a body corporate. The financial statements therefore present TAFE SA's activities as continuing both before and after 1 March 2026. The TAFE SA Act 2025 also provides that the Board of Directors, Chief Executive and employees appointed under the TAFE SA Act 2012 continue to hold their roles under the TAFE SA Act 2025.

1.1. Objectives and functions

The objectives of TAFE SA are:

- to deliver high quality, responsive and industry relevant education and training that responds to the current and future needs of employers, aligns with the strategic priorities of the State, and strengthens the State's economic prosperity through the development of a skilled, adaptable workforce;
- ensure equitable access to education and training for all eligible South Australians that assists them to build the skills needed to contribute to the social, cultural, and economic life of their communities both now and in the future;
- to operate as an efficient, transparent, innovative and accountable public institution underpinned by strong governance, effective leadership, and a commitment to the public interest and educational excellence.

The functions 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;
- to provide access to education and training to persons in metropolitan, non-metropolitan, regional and remote areas;
- to engage with Aboriginal and Torres Strait Islander peoples to provide training and education appropriate to address the needs of individuals and their communities;
- to provide education and skills training to persons that, if successfully completed or completed in conjunction with other training—
 - a. may result in a person obtaining a qualification that results in, or provides an opportunity for, the employment of that person;
 - b. may enable a pathway to further learning or training in the vocational education training or higher education sector;
 - c. promotes lifelong learning in the community;
- to undertake or facilitate research in the State that relates to technical and further education for the benefit of the community;
- to provide inclusive and culturally safe services and environments for students on TAFE SA grounds;
- to engage with the vocational education training sector;
- to 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 incidentally to, the provision of technical and further education;
- to 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;
- to develop, make and enforce rules and by-laws relating to the administration or functions of TAFE SA in accordance with this Act;

TAFE SA

Notes to and forming part of the financial statements.

For the year ended 30 June 2026

1.1. Objectives and functions (continued)

- to perform any other function assigned to TAFE SA by the Minister; and
- to perform any other functions conferred on TAFE SA by or under this or any other Act.

TAFE SA has a 25% interest in the South Australian Tertiary Admissions Centre (SATAC):

- SATAC became an incorporated association on 1 July 2017.
- SATAC is an arrangement between the two public South Australian universities, the Minister for Education, Training and Skills (represented by TAFE SA), 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.

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.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2026***1.2. Basis of preparation (continued)**

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 2024-25 financial year or the 2025-26 financial year.

1.3. Budget performance

The budget performance table compares TAFE SA's outcomes against budget information presented to Parliament (2025-26 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 2026 \$'000	Actual 2026 \$'000	Variance 2026 \$'000
Statement of Comprehensive Income			
Income			
SA Government subsidy funding	273 303	278 106	4 803
Student and other fees and charges	89 623	100 974	11 351
Grants and subsidies	2 697	5 768	3 071
Resources received free of charge	-	4 392	4 392
Net gain from disposal of non-current assets	-	911	911
Other income	690	2 223	1 533
Total income	366 313	392 374	26 061
Expenses			
Employee related expenses	262 863	262 669	(194)
Supplies and services (a)	83 334	106 554	23 220
Depreciation and amortisation expense	32 570	32 461	(109)
Grants and subsidies	75	75	-
Other expenses	3 464	445	(3 019)
Total expenses	382 306	402 204	19 898
Net result	(15 993)	(9 830)	6 163
Other comprehensive income			
Changes in revaluation surplus (b)	-	61 943	61 943
Total other comprehensive income	-	61 943	61 943
Total comprehensive result	(15 993)	52 113	68 106

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2026***1.3. Budget performance (continued)**

- (a) Higher supplies and services expenditure compared to the original budget is attributable to subsequent budget funding to continue the Centre of Excellence in Early Childhood Education and Care and establish the Centre of Excellence in National Security, higher than budgeted student activity approved carryover of specific-purpose and project funding from the previous financial year and increased property maintenance, cleaning and utility costs. This was partially offset by a greater proportion of project expenditure being capitalised than originally assumed in the budget.
- (b) An independent valuation of land and building assets was undertaken during the financial year ending 30 June 2026, resulting in an increase in the revaluation surplus. TAFE SA's budget does not include assumed increases in land and building asset values from scheduled asset valuations.

		Original budget 2026 \$'000	Actual 2026 \$'000	Variance 2026 \$'000
Investing expenditure summary				
Total new and existing projects	(c)	4 700	7 459	2 759
Total annual programs		15 568	16 425	857
Total investing expenditure		20 268	23 884	3 616

- (c) New and existing investing expenditure was higher than the original budget due to a greater proportion of project expenditure being investing in nature than was assumed in the budget. This related principally to the Mobile Training Units, Green Energy Technology Training Academy and Centre of Excellence – Early Childhood Education and Care projects.

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 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 received by the Minister for Education, Training and Skills. 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*.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2026***2.1. Key management personnel (continued)**

	2026	2025
Compensation	\$'000	\$'000
Salaries and other short term employee benefits	2 580	1 839
Post-employment benefits	492	837
Other long-term employment benefits	186	-
Total compensation	3 258	2 676

Transactions with key management personnel and other related parties

Apart from the remuneration for key management personnel, TAFE SA did not have any material transactions with key management personnel, their close family members and/or their controlled or jointly controlled entities in 2024-25 or 2025-26.

2.2. Board and committee members

Members during the 2025-26 financial year were:

TAFE SA Board

Ingrid Haythorpe (Chair)
David Hughes
Dr Craig Fowler
Andrea Broadfoot
Leah Marrone
Andrew Clarke
Sharon Gollan
Prof Susan James Relly
Nicolle Rantanen Reynolds
Helen Strickland

Academic & Quality Committee

Dr Craig Fowler (Chair)
Andrea Broadfoot
Andrew Clarke
Prof Susan James Relly

Audit & Risk Committee

David Hughes (Chair)
Ingrid Haythorpe
Leah Marrone
Helen Strickland

People and Culture Committee

Nicolle Rantanen Reynolds (Chair)
Leah Marrone
Sharon Gollan

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:

	2026	2025
\$1 - \$19 999	-	3
\$20 000 - \$39 999	-	6
\$40 000 - \$59 999	9	4
\$60 000 - \$79 999	-	1
\$80 000 - \$99 999	1	-
Total number of members	10	14

The total remuneration received or receivable by members was \$509 928 (2025: \$492 402). 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.

Unless otherwise disclosed, transactions between members and TAFE SA 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.

TAFE SA
Notes to and forming part of the financial statements.
For the year ended 30 June 2026

3. Income

3.1. SA Government subsidy funding

	2026	2025
	\$'000	\$'000
Funding for delivery of VET training	225 325	222 176
Funding for VET capital projects	32 662	24 836
Funding for VET policy Initiatives	10 346	6 963
Funding for Fee Free TAFE	9 773	12 816
Total SA government subsidy funding	278 106	266 791

Grant and subsidy revenue from the Department of State Development 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

	2026	2025
	\$'000	\$'000
Sales/fee for service revenue	64 143	64 774
Student enrolment fees and charges	26 511	26 237
Other user fees and charges	10 320	8 750
Total student and other fees and charges	100 974	99 761

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

	2026	2025
	\$'000	\$'000
Commonwealth-sourced grants		
Child Care Fee Relief	3 476	3 462
Destination Australia	694	677
Other specific Commonwealth revenue	798	51
Total Commonwealth-sourced grants	4 968	4 190
Other grants and subsidies	800	413
Total grants and subsidies	5 768	4 603

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 2026***3.4. Resources received free of charge**

	2026	2025
	\$'000	\$'000
Services received free of charge - Department of Treasury and Finance (DTF)	3 379	2 248
Services received free of charge - Department of the Premier and Cabinet (DPC)	778	637
Services received free of charge - Audit Office of South Australia	235	254
Total resources received free of charge	4 392	3 139

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.

Services received free of charge from DTF include Financial Accounting, Taxation, Payroll, Accounts Payable, Accounts Receivable, Centralised IT and Telecommunication services. Services received free of charge from DPC include Marketing and Media monitoring services from the Government Advertising and Insights Hub. Audit Services are received free of charge from the Audit Office of South Australia.

Corresponding expenses for each service are recognised in the financial statements (see note 4.2 and 4.3).

3.5. Intra-government transfers

	2026	2025
	\$'000	\$'000
Transfers received from other SA government entities		
Funding provided by Department of Treasury and Finance	-	104
Total intra-government transfers	-	104

Intra-government transfer revenue is recognised upon receipt.

3.6. Net gain / (loss) from disposal of non-current assets

	2026	2025
	\$'000	\$'000
Land	1 000	-
Plant and equipment	(89)	(198)
Right of use vehicles	-	16
Total net gain/(loss) from disposal of non-current assets	911	(182)

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 2026

4. Expenses

4.1. Employee related expenses

	2026	2025
	\$'000	\$'000
Salaries and wages	183 291	169 668
Annual leave	30 922	28 350
Superannuation	26 266	23 748
Long service leave	6 669	6 323
Workers' compensation	755	6 052
Skills and experience retention leave	1 178	1 183
Targeted voluntary separation payments	558	1 648
Board and committee fees	455	443
Other employee related costs	12 575	11 854
Total employee related expenses	262 669	249 269

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

	2026	2025
	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$171 001 to \$177 000*	N/A	2
\$177 001 to \$197 000	7	7
\$197 001 to \$217 000	6	9
\$217 001 to \$237 000	13	5
\$237 001 to \$257 000	6	2
\$257 001 to \$277 000	2	2
\$277 001 to \$297 000	5	-
\$297 001 to \$317 000	-	1
\$317 001 to \$337 000	-	2
\$357 001 to \$377 000	1	1
\$377 001 to \$397 000	1	1
\$437 001 to \$457 000	1	-
\$497 001 to \$517 000	-	1
Total	42	33

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2024-25.

The total remuneration received by these employees for the year was \$10.14 million (2025: \$7.86 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 2026

4.1. Employee related expenses (continued)

Targeted voluntary separation packages.

During the reporting period 6 employees accepted a Targeted Voluntary Separation Package (2025: 18 employees).

	2026	2025
	\$'000	\$'000
Amount paid to separated employees:		
Targeted Voluntary Separation Packages	558	1 648
Leave paid to separated employees	189	344
Net cost to TAFE SA	747	1 992

4.2. Supplies and services

	2026	2025
	\$'000	\$'000
General administration and consumables	30 489	29 556
Minor works, maintenance and equipment	19 376	17 061
Information technology and communication	15 639	15 605
Fees - contracted services	14 909	12 406
Books, materials and copyright	10 145	10 288
Temp agency costs	4 414	5 032
Shared Services SA	2 372	2 248
Accommodation	1 414	838
Short term leases	1 184	635
Consultants	1 299	1 184
Advertising and insights	778	-
Centralised IT and telecommunication services (OCIO)	653	637
Legal costs	319	532
Other	3 563	3 014
Total supplies and services	106 554	99 036

4.3. Other expenses

	2026	2025
	\$'000	\$'000
Bad debts written off/ (recovered)	371	707
Impairment loss on receivables	(354)	30
Other*	428	552
Total other expenses	445	1 289

*Includes audit services received free of charge from the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* of \$235 000 (2025: \$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 2026

5. Assets

5.1. Cash and cash equivalents

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

	2026	2025
	\$'000	\$'000
Deposits with the Treasurer	102 774	99 195
Total cash and cash equivalents	102 774	99 195

5.2. Receivables

	2026	2025
	\$'000	\$'000
Current		
Contractual receivables		
Receivables	5 976	8 182
Less impairment loss on receivables	(1 807)	(2 161)
Total contractual receivables	4 169	6 021
Statutory receivables		
GST receivable	1 466	2 482
Total statutory receivables	1 466	2 482
Prepayments	6 345	5 530
Total current receivables	11 980	14 033

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

	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	2 161	2 131
Increase / (decrease) in the allowance recognised in profit or loss	(354)	30
Carrying amount at end of the period	1 807	2 161

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 2026***5.3. Contract Assets**

	2026	2025
	\$'000	\$'000
Contract assets	5 809	7 304
Total Contract assets	5 809	7 304

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.

No impairment losses were recognised in relation to contract assets during the year.

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 \$30.7 million of fully depreciated assets still in use.

An independent valuation of TAFE SA's land and building assets was undertaken during the 2025- 26 financial year which resulted in an increase in fair value of \$61.94 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 2026***5.4. Property, plant and equipment owned and leased by TAFE SA (continued)****Reconciliation 2025-26**

The following table shows movement in property, plant and equipment during 2025-26

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Library Collection \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	220 950	629 239	13 734	433	8 309	872 665
Additions	-	-	7 429	-	16 455	23 884
Disposals	(7 325)	-	(145)	-	-	(7 470)
Depreciation	-	(28 800)	(2 072)	(65)	-	(30 937)
Revaluation increment/(decrement)	11 200	50 743	-	-	-	61 943
Transfers to/(from) work in progress	-	7 752	1 308	-	(9 060)	-
Write offs/Transfers to expense	-	-	-	-	(281)	(281)
Transfers between asset classes	-	-	-	-	1 213	1 213
Carrying amount at the end of the period	224 825	658 934	20 254	368	16 636	921 017
Gross carrying amount	224 825	661 999	43 198	16 549	16 636	963 207
Accumulated depreciation	-	(3 065)	(22 944)	(16 181)	-	(42 190)
Carrying amount at the end of the period	224 825	658 934	20 254	368	16 636	921 017

TAFE SA

Notes to and forming part of the financial statements.

For the year ended 30 June 2026

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)
Depreciation	-	(28 592)	(1 568)	(65)	-	(412)	(30 637)
Transfers to/(from) work in progress	-	10 529	284	-	(10 813)	-	-
Transfers between asset classes	-	-	-	-	284	-	284
Carrying amount at the end of the period	220 950	629 239	13 734	433	8 309	-	872 665
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 2026***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.

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.

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 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 \$25.77 million of fully amortised assets still in use.

Reconciliation of intangible assets 2025-26

	Intangibles	Intangibles work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	4 027	1 241	5 268
Capitalisations	6	(6)	-
Write off / Transfers to expense	(47)	(22)	(69)
Transfers between asset classes	-	(1 213)	(1 213)
Amortisation	(1 524)	-	(1 524)
Carrying amount at the end of the period	2 462	-	2 462
Gross carrying amount			
Gross carrying amount	31 413	-	31 413
Accumulated amortisation	(28 951)	-	(28 951)
Carrying amount at the end of the period	2 462	-	2 462

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

TAFE SA
Notes to and forming part of the financial statements.
For the year ended 30 June 2026

5.6. Inventories

	2026	2025
	\$'000	\$'000
Current		
Held for sale	39	43
Current - held for distribution at no or nominal amount		
Held for distribution at no or nominal amount	2 259	1 638
Total current inventories	<u>2 298</u>	<u>1 681</u>
 Total inventories	 <u><u>2 298</u></u>	 <u><u>1 681</u></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.

5.7. Non-current assets classified as held for sale

	2026	2025
	\$'000	\$'000
Reconciliation for assets held for sale		
Opening balance	-	141
Disposals	-	(141)
Closing balance	<u><u>-</u></u>	<u><u>-</u></u>

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 2026

6. Liabilities

6.1. Payables

	2026	2025
	\$'000	\$'000
Current		
Contractual payables	13 440	14 182
Statutory payable	7	37
Other	-	4
Total current payables	13 447	14 223
Non-current		
Contractual payables	85	82
Total non-current payables	85	82
Total payables	13 532	14 305

Payables are measured at nominal amounts. Payables and accruals are recognised for all amounts owing but unpaid.

Contractual payables

Contractual payables are liabilities that arise from contracts. They include trade payables and accrued expenses. Accrued expenses are expenses incurred but not yet invoiced or paid. The balances are transferred to trade payables when invoices are received. The carrying amount of payables represents fair value due to their short-term nature.

Statutory payables

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

6.2. Contract liabilities

	2026	2025
	\$'000	\$'000
Contract liabilities	3 950	4 878
Total Contract liabilities	3 950	4 878

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 \$4.657 million was recognised in 2025-26 that was included in contract liabilities at 1 July 2025. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2026***6.3. Employee related liabilities**

	2026	2025
	\$'000	\$'000
Current		
Annual leave	8 831	8 394
Long service leave	4 996	3 942
Accrued salaries and wages	2 113	1 293
Employment on-costs	4 440	4 239
Skills and experience retention leave	1 980	1 972
Non-attendance days	6 058	5 039
Total current employee related liabilities	28 418	24 879
Non-current		
Long service leave	35 838	34 794
Employment on-costs	5 023	4 790
Total non-current employee related liabilities	40 861	39 584
Total employee related liabilities	69 279	64 463

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 3.5% (2025: 3.2%).

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 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 are 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.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2026*

6.3. Employee related liabilities (continued)

The discount rate used in measuring the long service leave liability is reflective of the yield on long term Commonwealth Government bonds. The yield on long term Commonwealth Government bonds increased to 4.75% in 2026 (2025: 4%).

The actuarial assessment performed by the DTF kept the salary inflation rate at 3.5% in 2026 (2025: 3.5%) for the 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 \$1.7 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.

The liability for long service leave also includes management's estimate of the cost of future payments (\$1.18 million) based on interpretation of industrial provisions in the TAFE Act Enterprise Agreement for accrued long service leave liabilities. Management has estimated this cost based on adjustments to leave balances completed during the financial year ending 30 June 2026.

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-cost 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. 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. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes.

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has changed to 72% in 2026 (2025: 70%). The average factor for the calculation of employer superannuation on-costs remained at 12%. 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 2026***6.4. Provisions**

All provisions relate to workers compensation.

	2026 \$'000	2025 \$'000
Movement in provision for workers compensation		
Carrying amount at the beginning of the period	11 183	7 324
Additions	2 268	2 718
Payments	(1 079)	(1 783)
Revaluations of prior year accidents	(1 943)	2 924
Carrying amount at the end of the period	10 429	11 183
 Movement in provision for additional compensation		
Carrying amount at the beginning of the period	115	143
Additions	32	33
Revaluation of prior year accidents	(25)	(61)
Carrying amount at the end of the period	122	115
 Current provisions	2 301	2 285
Non-current provisions	8 250	9 013
Total provisions	10 551	11 298

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 2026 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

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

There is a significant degree of uncertainty associated with estimating future claim and expense payments and 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 2026***7. Other disclosures****7.1. Cash flow**

Cash Flow Reconciliation	2026	2025
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	102 774	99 195
Balance as per the Statement of Cash Flows	102 774	99 195
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	27 407	32 118
Add / (less) non-cash items		
Depreciation and amortisation	(32 461)	(33 553)
Net gain/(loss) from disposal of non-current and other assets	911	(182)
Resources received free of charge - income	4 392	3 139
Resources received free of charge - expense	(4 392)	(3 139)
Assets written off	(47)	-
Movement in assets and liabilities		
Increase in receivables	(2 053)	193
Decrease / (Increase) in payables	470	1 697
(Increase) in employee related liabilities	(4 819)	(3 800)
(Decrease) / Increase in inventories	617	(84)
(Increase) in other liabilities	(35)	(26)
(Decrease) / Increase in contract asset	(1 495)	35
(Increase) in contract liabilities	928	(216)
(Increase) in provisions	747	(3 831)
Net result	(9 830)	(7 649)

The cash outflows for leases are NIL (2025: \$415 000).

8. Changes in accounting policy

TAFE SA's accounting policies remained unchanged during the 2025-26 reporting period.

TAFE SA
Notes to and forming part of the financial statements.
For the year ended 30 June 2026

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.

	2026	2025
	\$'000	\$'000
Within one year	1 850	546
Total capital commitments	1 850	546

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

Other contractual commitments

	2026	2025
	\$'000	\$'000
Within one year	21 203	24 295
Later than one year but not later than five years	22 025	5 483
Total other commitments	43 228	29 778

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

There are no identified events after the reporting period.

TAFE SA
Notes to and forming part of the financial statements.
For the year ended 30 June 2026

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 \$1.5 million and estimated useful life is greater than three years.

In the normal course of business, revaluation is required at least every 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 2026.

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 2024-25 and 2025-26, 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 (\$225 million) which is measured at level 2 following an independent revaluation performed as at 30 June 2026.

TAFE SA**Notes to and forming part of the financial statements.***For the year ended 30 June 2026*

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 2026.

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.

Plant and equipment

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

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 liabilities of TAFE SA are guaranteed by the Treasurer pursuant to section 30 of the TAFE SA Act 2025.

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 2026***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)	1 406	20.4%	287
1 to 30 days past due	1 522	23.1%	352
31 to 60 days past due	177	29.5%	52
61 to 90 days past due	157	34.6%	54
More than 90 days past due	2 743	38.7%	1 062
	6 005		1 807

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.