



**Government  
of South Australia**

# **TAFE SA**

## **2019-20 Annual Report**

**TAFE SA**

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To:

The Hon John Gardner MP  
Minister for Education

This annual report will be presented to Parliament to meet the statutory reporting requirements of the *Public Corporations Act 1993* and the *Public Sector Act 2009* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the TAFE SA by:

David Coltman

Chief Executive TAFE SA

Date 30 / 09 / 2020

Signature

A handwritten signature in dark ink, appearing to be 'J-C' followed by a horizontal line, positioned above a solid horizontal line.

## From the Chief Executive

TAFE SA experienced a number of milestones over 2019-20, including the appointment of a new executive team, a renewed focus on delivering quality outcomes to students, employers and industries, and focusing on the future of the organisation to ensure it continues to provide quality vocational education and training services to South Australia.

For the first time in its history TAFE SA received seven years of reaccreditation, the highest ranking of approval that can be provided from the Australian Skills Quality Authority, to an organisation as a Registered Training Organisation and a Commonwealth Register of Institutions and Courses for Overseas Students Provider. This is a testament to the work undertaken by TAFE SA into improving the quality of its services.

TAFE SA continued to implement the government's *A Fresh Start for TAFE SA policy*, including continued commitment to quality improvement, financial sustainability and the release of a three-year Strategic Plan.

As we have all seen, the Coronavirus (COVID-19) pandemic has impacted the way Australians undertake their daily activities. COVID-19 has created a teaching environment that has never before been experienced at TAFE SA, resulting in adapted and modernised service delivery to ensure students can keep learning, and employers and industry get the skilled workforce they need.

The use of blended delivery and access hubs across the state has enabled greater accessibility and flexibility in the vocational learning environment, and TAFE SA has been working with regulators and industry to ensure the right skills for the right jobs and the standards expected of a public provider like TAFE SA are met.

Looking to the year ahead, TAFE SA is focused on innovating its teaching and learning services, taking more of a partnership approach to get the best outcomes and encouraging a greater culture of accountability and leadership within the organisation.



David Coltman  
**Chief Executive**  
**TAFE SA**

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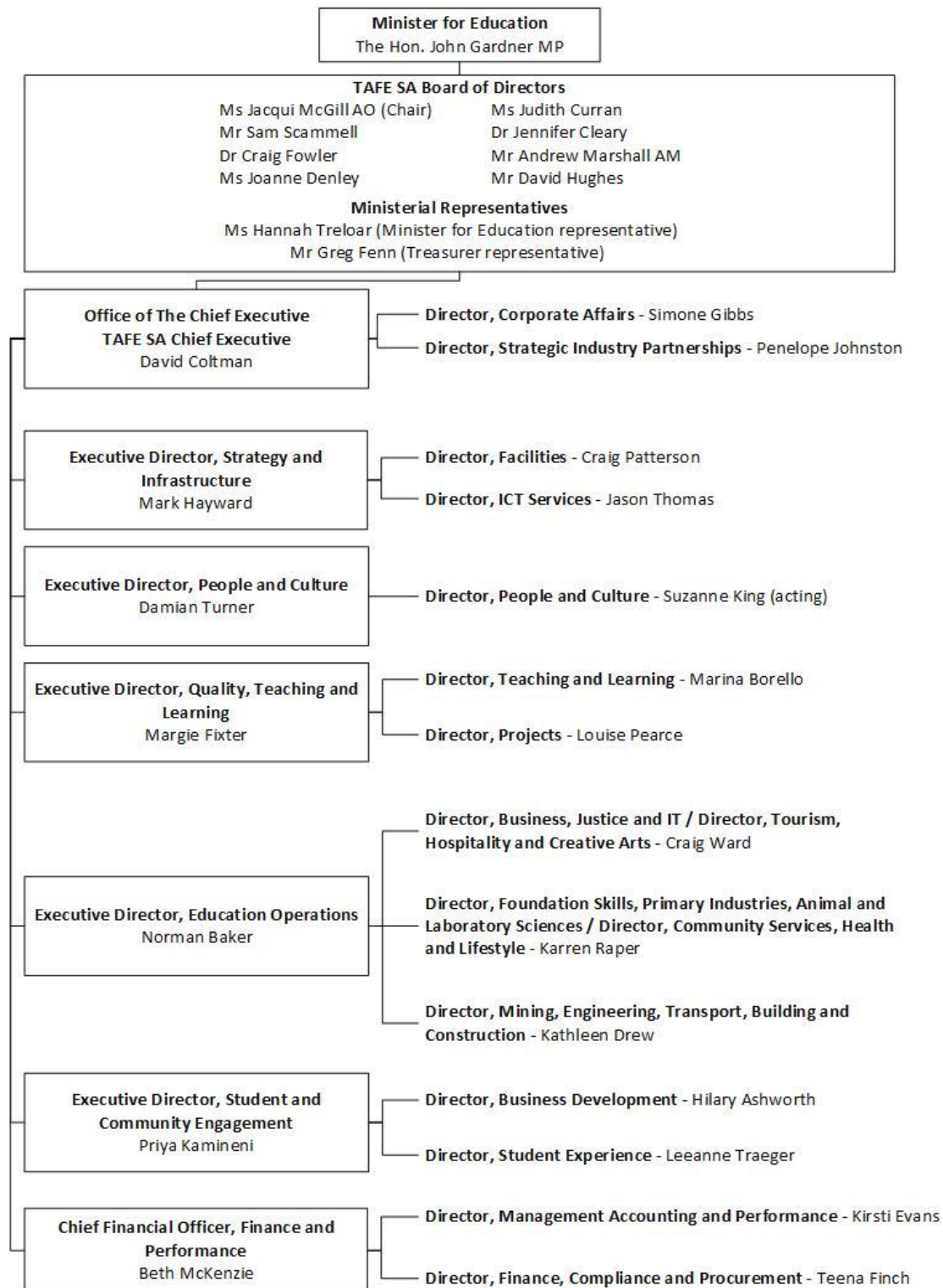
## Overview: about the agency

### Our strategic focus

<b>Our Purpose</b>	TAFE SA provides quality vocational education and training services aligned with industry needs to support the economic and social needs of South Australia.
<b>Our Vision</b>	TAFE SA provides access, flexibility and choice to high-quality public vocational education and training opportunities to equip the students of today with the skills for today and tomorrow.
<b>Our Values</b>	TAFE SA behaviours and practices are guided by the Public Sector Code of Ethics and the Public Sector Values shared across government, encompassing service, professionalism, trust, respect, collaboration and engagement, honesty and integrity, courage and tenacity, and sustainability.
<b>Our functions, objectives and deliverables</b>	<p>In addition to TAFE SA's functions as set out in the <i>TAFE SA Act 2012</i>, TAFE SA has focused on delivering upon its Strategic Plan 2019-2022, which includes:</p> <ul style="list-style-type: none"> <li>• Improving access and choice within a contestable market by considering what and how services are delivered;</li> <li>• Being a benchmark for quality by innovating and providing high-quality teaching and learning experiences that meet the needs of students, communities, industry and employers; and</li> <li>• Being viable, sustainable and accountable in the delivery of services.</li> </ul>

## Our organisational structure and executive team

As at 30 June 2020, the TAFE SA organisational structure and executive team comprised of:



## **Changes to the agency**

In 2019-20, the following changes to the organisation's structure and objectives occurred as a result of internal reviews or machinery of government changes.

- Creation of the following directorates:
  - Student and Community Engagement
  - Strategy and Infrastructure
- Removal of the following directorates:
  - Business Development
  - Facilities, ICT and Procurement Services
  - Governance and Research
- The transfer of 5.0 FTE from the Department for Innovation and Skills as a result of the transfer of asset ownership of properties in 2019-20.

## **Our Minister**

The Hon John Gardner MP is the Minister for Education.

## **TAFE SA 2019-20 Board of Directors**

As at 30 June 2020, the TAFE SA Board of Directors comprised:

- Ms Jacqueline McGill AO (Appointed Chair from December 2018)
- Mr Sam Scammell (Appointed 15 October 2018)
- Dr Craig Fowler (Appointed 15 October 2018)
- Ms Joanne Denley (Appointed 12 November 2018)
- Ms Judith Curran (Appointed 12 November 2018)
- Dr Jennifer Cleary (Appointed 12 November 2018)
- Mr Andrew Marshall AM (Appointed 12 November 2018)
- Mr David Hughes (Appointed 20 May 2019)
- Ms Hannah Treloar, (Minister for Education Representative, effective 11 May 2020)
- Mr Greg Fenn (Treasurer Representative, effective 30 March 2013).

## **Legislation administered by the agency**

*TAFE SA Act 2012*

*TAFE SA Regulations 2012.*



**Other related agencies (within the Minister's areas of responsibility)**

Australian Children's Performing Arts Company (Windmill Theatre Co)

Carclew Youth Arts

Child Death and Serious Injury Review Committee

Child Development Council

Commissioner for Children and Young People

Department for Education

Education and Early Childhood Services Registration and Standards Board of South Australia (Education Standards Board)

History Trust of South Australia

Multicultural Education and Languages Committee

SACE Board of South Australia

Teachers Registration Board of South Australia

The Guardian for Children and Young People

Flinders University

Torrens University

University of South Australia

University of Adelaide

## The agency's performance

### Performance at a glance

TAFE SA is committed to implementing a range of activities, strategies, programs and initiatives to achieve our objectives in line with our purpose, vision and strategic goals.

Highlights for 2019-20 include having TAFE SA:

- Demonstrate its commitment to quality in VET provision when it was awarded the maximum available seven years of re-registration by the Australian Skills Quality Authority (ASQA) as a Registered Training Organisation (RTO) and as a Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) Provider.
- Release the 'TAFE SA Strategic Plan 2019-2022', outlining the TAFE SA Board's vision and direction for the organisation and its renewed focus on students, high-quality training, and creating organisational sustainability.
- Incorporate the direction of future workforce needs and industries in the development of TAFE SA's training profile and engage with industry and employers to better understand and improve the quality of services delivered.
- Successfully transfer key properties valued at over \$600 million from Renewal SA and the Department for Innovation and Skills.
- Provide continued support and improvement in the quality of the student learning experience and outcomes.
- See approximately 62,000 enrolments across the state, and realised an increase in students undertaking apprenticeships and traineeships (total of approximately 6,600), whilst also seeing an increase over the year in the percentage of SA government funded graduates employed or in further study after training (approximately 88%).
- Maintain its delivery of services during the Coronavirus (COVID-19) pandemic by introducing modern and alternative ways of learning, including blended delivery (in person and virtually) across programs and courses to ensure current and future students could continue to learn.
- Have its first 'Reflect Reconciliation Action Plan' conditionally endorsed on 9 April 2020 by Reconciliation Australia and launched for consultation during National Reconciliation Week on 27 May 2020.
- Be recognised for the continued commitment to quality that has been occurring at TAFE SA across the state at the SA Training Awards, receiving the top award in four of the five student categories, the VET Teacher of the Year Award, and the Industry Collaboration Award; and at the Australian Training Awards with a TAFE SA student taking the top VET Student of the Year Award.

## Agency contribution to whole of Government objectives

TAFE SA contributed to the overall achievements of the South Australian Government – more jobs, lower costs and better services – as follows:

Key objective	Agency's contribution
More jobs	<ul style="list-style-type: none"> <li>• Aligned its future education training profile to current and future workforce needs.</li> <li>• Provided relevant and accessible high-quality training.</li> <li>• Delivered approximately 6,600 apprenticeships and traineeships to support the Skilling South Australia initiative.</li> </ul>
Lower costs	<p>Continued its transformation as a viable, sustainable and accountable public organisation by:</p> <ul style="list-style-type: none"> <li>• Attracting a range of non-government sources of revenue from fee for service and international students, and leasing arrangements.</li> <li>• Continuing to undertake reviews and assessments of course offerings and course fee structures.</li> <li>• Offering flexible and accessible solutions to the training needs of industry partners.</li> <li>• Strengthening engagement with industry, employers and peak bodies.</li> </ul>
Better Services	<ul style="list-style-type: none"> <li>• Delivered contemporary, strategically aligned courses to meet the needs of students, industry and employers.</li> <li>• Providing increased flexibility and choice for students through collaboration and partnerships with other education providers.</li> <li>• Undertaking rolling reviews of courses across its delivery profile to ensure the quality of programs and student outcomes.</li> <li>• Continued delivery throughout the COVID-19 pandemic by providing modern and contemporary learning options to students across the state.</li> </ul>

## Agency specific objectives and performance

2019-20 Performance Statement	Status
Updated performance standards and improved performance management	Complete
Improved reporting and performance monitoring	Complete
Delegations Updated	Complete
Organisational development and redesign	Complete
Updated course fee structure	Partially Complete
Government-funded Training Services	Partially Complete

## Corporate performance summary

### Agency specific non-financial objectives and performance (2019 calendar year) as outlined in *TAFE SA Performance Statement (1 July 2019 to 30 June 2020)*

Indicators	Performance (Numbers rounded)
<ul style="list-style-type: none"> <li>Number of people participating in VET in South Australia</li> </ul>	<ul style="list-style-type: none"> <li>61,800</li> </ul>
<ul style="list-style-type: none"> <li>Apprentices and trainees studying at TAFE SA</li> </ul>	<ul style="list-style-type: none"> <li>6,590</li> </ul>
<ul style="list-style-type: none"> <li>% of TAFE SA VET graduates who improved their employment circumstances after training</li> </ul>	<ul style="list-style-type: none"> <li>62.5%</li> </ul>
<ul style="list-style-type: none"> <li>% of TAFE SA VET graduates employed or in further study after training</li> </ul>	<ul style="list-style-type: none"> <li>87.8%</li> </ul>
<ul style="list-style-type: none"> <li>% of TAFE SA VET graduates satisfied with the overall quality of training</li> </ul>	<ul style="list-style-type: none"> <li>85%</li> </ul>
<ul style="list-style-type: none"> <li>TAFE SA load pass rate (a measure of the number of students who pass their assessment)</li> </ul>	<ul style="list-style-type: none"> <li>84.5%</li> </ul>
<ul style="list-style-type: none"> <li>Number of qualification completions through TAFE SA</li> </ul> <p><i>NCVER collects the number of completions for a full year over a two-year period, resulting in a one-year lag in reporting this data. Thus, the 2018-19 Actual is data collected over the 2017 and 2018 collection years for students who commenced in 2017. This is the latest data available.</i></p> <p><i>TAFE SA data used for this activity indicator complies with the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS).</i></p> <p><i>This number is reflective of the lag that occurs between commencement and completion, with the number of actual qualification completions in any year dependent upon the number of commencements in the previous year(s). This result is due to reduced enrolments in 2017 and 2018. The introduction of COVID-19 restrictions had a significant impact on the ability to undertake all components of TAFE SA courses. In addition, there was a reduced ability to undertake assessments, delaying the completion of qualification. Workplace closures have prevented students from undertaking mandatory placement which will delay completions further.</i></p>	<ul style="list-style-type: none"> <li>11,810</li> </ul>

### Agency performance management and development systems

Performance management and development system	Performance
TAFE SA Performance Management System	95% of all TAFE SA staff had an approved performance management and development plan during this reporting cycle.

### Work health, safety and return to work programs

Program name	Performance
Work Health, Safety and Injury Management (WHS&IM) system	TAFE SA successfully implemented a new injury prevention and injury management system. The WHS&IM management system is aligned to <i>International Standard ISO 45001</i> and <i>Behaviour Based Safety</i> methodology. The system is designed to enable a safer environment for staff, students, contractors and visitors.
COVID-19 Project	TAFE SA commenced planning for a potential pandemic in the first week of February 2020. This aided TAFE SA to prepare for potential impacts on its operations.  TAFE SA established the Strategic COVID-19 Resilience Management Team, which oversaw all safety (physical and psychological) planning, implementation and review of activities including safe working and student learning environments.
Sustainable Return to Work	Return to Work SA undertook an independent audit of TAFE SA's injury management activities. The report found that there were no non-conformances by TAFE SA.
Plant Safety Project 2019-2021	All items of plant, for example machinery and equipment, are inspected and managed in accordance with TAFE SA's <i>Plant Safety Project 2019-2021</i> .

Emergency Response Program	<p>Site-specific emergency manuals have been reviewed and tested over the past 12 months, with further improvements implemented. TAFE SA implemented a new Bushfire Emergency and Preparedness process before the 2019-20 fire season. This process proved effective with notifications and communications provided to staff and students on days classified as catastrophic and extreme.</p> <p>A dedicated intranet page has been developed as a single source of information for all matters regarding emergencies and bushfire preparedness.</p>
Substance Management / Noise Mitigation	<p>TAFE SA completed a detailed audit of substances (chemicals and dangerous goods) at the end of 2019.</p> <p>TAFE SA introduced a new substance management system and a new WHS Substance Management Procedure, in January 2020, to improve campus safety.</p> <p>TAFE SA completed a noise audit of all campuses. Consultation with WHS representatives has occurred to further refine and improve mitigation strategies to ensure campuses remain safe places to work and learn.</p>
Continuous Improvement in Mental Health	<p>Mental Health First Aid Training continues to be implemented across the organisation, with resources accessible at the individual, team and corporate levels.</p>

Workplace injury claims	2019-20	2018-19	% Change (+ / -)
Total new workplace injury claims	29	27	+ 7%
Fatalities	0	0	0%
Seriously injured workers*	0	0	0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	5.20	2.27	+ 129%

*\*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)*

<b>Work health and safety regulations</b>	2019-20	2018-19	% Change (+ / -)
Number of notifiable incidents ( <i>Work Health and Safety Act 2012, Part 3</i> )	2	3	- 33%
Number of provisional improvement, improvement and prohibition notices ( <i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i> )	4	1	+ 300%

<b>Return to work costs**</b>	2019-20	2018-19	% Change (+ / -)
Total gross workers compensation expenditure (\$)	974,630	1,001,790	- 3%
Income support payments – gross (\$)	261,841	167,864	+ 56%

\*\*before third party recovery

Data for previous years is available at: [South Australian Government Data Directory](#)

#### **Executive employment in the agency (as at 30 June)**

<b>Executive classification</b>	<b>Number of executives</b>
SAES1	14
SAES2	6
EXEC	1

Data for previous years is available at: [South Australian Government Data Directory](#)

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by agency.

## Financial performance

### Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2019-20 are attached to this report.

<b>Statement of Comprehensive Income</b>	<b>2019-20 Budget \$000s</b>	<b>2019-20 Actual \$000s</b>	<b>Variation \$000s</b>	<b>2018-19 Actual \$000s</b>
Expenses	291,785	329,087	(37,302)	366,308
Revenues	102,801	101,869	(932)	99,285
<b>Net cost of providing services</b>	<b>(188,984)</b>	<b>227,218</b>	<b>(38,234)</b>	<b>(267,023)</b>
Net Revenue from SA Government	188,160	246,269	58,109	258,785
<b>Net result</b>	<b>(824)</b>	<b>19,051</b>	<b>19,875</b>	<b>(8,238)</b>
<b>Total Comprehensive Result</b>	<b>(824)</b>	<b>19,051</b>	<b>19,875</b>	<b>(8,238)</b>

<b>Statement of Financial Position</b>	<b>2019-20 Budget \$000s</b>	<b>2019-20 Actual \$000s</b>	<b>Variation \$000s</b>	<b>2018-19 Actual \$000s</b>
Current assets	105,711	95,159	10,552	81,026
Non-current assets	637,494	636,316	1,178	24,740
<b>Total assets</b>	<b>743,205</b>	<b>731,475</b>	<b>11,730</b>	<b>105,766</b>
Current liabilities	48,271	39,304	8,967	47,346
Non-current liabilities	61,778	47,321	14,457	51,969
<b>Total liabilities</b>	<b>110,049</b>	<b>86,625</b>	<b>23,424</b>	<b>99,315</b>
<b>Net assets</b>	<b>633,156</b>	<b>644,850</b>	<b>(11,694)</b>	<b>6,451</b>
<b>Equity</b>	<b>633,156</b>	<b>644,850</b>	<b>(11,694)</b>	<b>6,451</b>

### Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

#### Consultancies with a contract value below \$10,000 each

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
All consultancies below \$10,000 each - combined	Various	\$12,798.64



**Consultancies with a contract value above \$10,000 each**

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Blackboard International B.V.	Formative consultancy advice on the TAFE SA Quality Framework and the TAFE SA 20-22 Teaching and Learning Strategy	\$25,600.00
Deloitte Financial Advisory	Advisory services with respect to TAFE SA Costing Model Capability	\$27,002.69
Gannet Consulting Pty Ltd	Review of TAFE SA's Business Development Strategy and Structure	\$16,345.50
Metric Marketing Pty Ltd	Event Management, external communications, public relations support, and marketing expertise	\$96,662.50
Niltech Consulting Pty Ltd	Investigate and advise on fees & charges models implemented by various VET agencies in ANZ	\$24,350.86
PricewaterhouseCoopers	Services provided on potential commercial partnership opportunities	\$14,744.61
Sagacity Group	Consultancy services provided on the Student Experience Redesign Project and Status review	\$16,000.00
The Lygon Group Pty Ltd	Positioning TAFE SA for growth in International Education	\$50,000.00
	Total	\$270,706.16

Data for previous years is available at: [South Australian Government Data Directory](#)

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector.

## Contractors disclosure

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

### Contractors with a contract value below \$10,000

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$259,005.57

### Contractors with a contract value above \$10,000 each

Contractors	Purpose	\$ Actual payment
Aon Risk Services Australia Lt	Valuation charges	\$19,000.00
Arcblue Consulting (Aus) P/L	Modernisation Of HROD-Probity Advice HRCM	\$16,292.50
Artis Group Pty Ltd	Enterprise CRM Platform	\$39,700.00
Auslan Services Pty Limited	Interpreting Services	\$83,197.69
Blackboard International B.V.	Learning Management System Platform/Consultation charges	\$21,500.00
Blackbocks Pty Ltd	Production and Development of Artwork	\$120,958.80
Brown Resources Pty Ltd	Draft business case-Transformation of Trades	\$47,030.00
Christopher Drummond	Preparation, rehearsal (Road) and performance direction for Acting courses	\$12,400.00
Cloud Industry Group Pty Ltd	CRM Salesforce Consulting work	\$15,600.00
D2V Entertainment Pty Ltd	Marketing - Video Production and editing services	\$22,152.10
Daly Salon Pty Ltd	Hair & Beauty Consultation Services	\$86,173.00

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Daylight Breaks Pty Ltd	Video production - defence industry focused videos	\$10,670.00
Dept Of Home Affairs	Translating & Interpreting Services	\$12,463.10
Diego Alvarez Sanou	Choreography, Workshops and advice provision for the Dance courses	\$12,000.00
Ellucian Australia Pty Ltd	Banner Staff Augmentation/ODS-ODI Custom Migration	\$22,289.75
Enable Professional Services	IT Service Management (ITSM) Transition Project progress payment	\$49,223.50
E-Oz Energy Skills Australia	Profiling Services - E-profiling database	\$55,630.90
Ernst & Young	Reconfiguration of student registrations and Commonwealth funding processes and Improving Practices Project	\$306,531.43
Finesse Model Agency	Fashion Modelling Services	\$19,417.50
Glen J Films	Online learning-Filming and Short Videos	\$12,215.00
Hays Specialist Recruitment	Professional Recruitment Services	\$46,525.15
Health Safety Environment Aust	Occupational Health & Safety	\$12,310.50
Hudson Global Resources (Aust)	Professional Recruitment Services	\$49,720.31
Ildance	Choreography & rehearsal services for Dance Program graduation season 2019	\$12,000.00
Integrated Global Partners P/L	Executive Capability Feedback and Support	\$79,747.09

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Iocane Pty Ltd	Edu-roam requirement / deployment costs	\$23,430.04
Ionize Pty Ltd	Course Development charges	\$34,500.00
Juan Photography	Marketing - Photography	\$13,365.52
Lateral Vision Pty Ltd	Cloud tour package with 360-degree photo locations	\$30,044.97
Learning Information Systems	Digital Platform for International Students	\$83,450.00
Lenovo (Aust & New Zealand) Pty Ltd	IT Services	\$15,569.30
Magic Child Limited	Course Facilitator Services	\$21,709.55
Michael Hill	Preparation, rehearsal (Darlinghurst Nights) and performance direction for Acting course	\$18,900.00
Microsoft Pty Ltd	IT Security Packages	\$56,772.92
Motiv Brand Design	Marketing-Logo Branding Services	\$43,835.00
Nicknack Creative Pty Ltd	Infographic services	\$10,240.00
Private industry service contract <sup>1</sup>	Future skills needs analysis	\$90,960.29
Private industry service contract <sup>2</sup>	Future skills needs analysis	\$25,000.00
Optus Billing Services Pty Ltd	Customer Contact Management System costs	\$17,570.14
Outcomex Pty Ltd	Professional service for hyperflex	\$14,832.00
Paradigm Management Consulting	External Training Provider	\$16,940.45

<sup>1</sup> Name of contractor cannot be disclosed due to Non-Disclosure Agreement.

<sup>2</sup> Name of contractor cannot be disclosed due to Non-Disclosure Agreement.

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
PricewaterhouseCoopers	Professional Services - Board Risk Appetite, Strategic Plan development	\$42,790.48
Procurement Partners	Procurement Profile Project and Procurement Services	\$104,125.01
QS Enrolment Solutions (Aust)	Enquiry and Offer Management Fees	\$198,427.80
Regional Development Aust	Multi Trades Project	\$30,160.40
SA Power Networks	Provision of Courses	\$26,400.00
Sagacity Group	Executive Recruitment and Status Review	\$25,500.00
Sign Language Australia	Int Languages - Int Students	\$11,495.44
Sinai Innovatech Pty Ltd	Brokerage Services to Source Business for TAFE SA Study Tours	\$19,080.00
SMS Consulting Group Ltd	Application Services	\$30,156.00
Square Holes	Online Surveys and Focus Groups/Segmentation Analysis/Interviews	\$16,662.50
Studiosity Pty Ltd	Online Learning Support Program	\$71,000.00
Talent International (SA) P/L	Workforce Relations	\$38,252.76
Tasman Human Resource	HR Services Provided in Relation to International Partnership Project	\$17,640.00
Underwood Executive Pty Ltd	Professional Recruitment Services	\$116,819.00
University of Tasmania	NDCO Collaborative project training package	\$17,325.00
Vetassess	QTL Aviation Compliance	\$34,802.10

Contractors	Purpose	\$ Actual payment
	Total	\$2,502,504.99

Data for previous years is available at: [South Australian Government Data Directory](#)

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts.](#)

The website also provides details of [across government contracts.](#)

## Risk management

### Risk and audit at a glance

The Audit and Risk Committee (ARC) provides advice to the TAFE SA Board on the organisation's risk, control and compliance framework, and its external accountability responsibilities.

The ARC comprises four members of the TAFE SA Board, with regular attendees including the Chief Executive, Chief Financial Officer, Internal Audit and representatives from the Auditor-General's Department. The committee met on five occasions during 2019-20.

During 2019-20, the ARC has focused on the following matters:

- Corporate governance, including the TAFE SA risk management framework and processes
- Financial legislative compliance, including consideration of TAFE SA's annual financial statements prior to sign-off by the Chair of the Board, Chief Executive and Chief Financial Officer
- Internal audit coverage including approving the annual internal audit plan and consideration of internal control weaknesses identified in internal audit reports and the management actions to be taken to address the findings
- External audit including consideration of internal control weaknesses identified by the Auditor-General and the management actions to be taken to address the findings.

### Fraud detected in the agency

Category/nature of fraud	Number of instances
Theft of monies	1
Unauthorised/inappropriate use of government resources	1

*NB: Fraud reported includes actual and reasonably suspected incidents of fraud.*

### Strategies implemented to control and prevent fraud

TAFE SA is committed to maintaining a work environment free of fraud and corrupt behaviour and promotes this behaviour through the organisation's fraud and corruption control plan and policy documents.

Fraud control risks are reviewed and assessed annually to ensure that processes are in place to adequately manage potential fraud risks.

Any instances of misconduct are treated seriously by the organisation, and where these occur, prompt action is taken to ensure that they are thoroughly investigated and that those responsible are held to account.

TAFE SA uses a number of internal strategies to control and prevent fraud.

A regular report is provided to the TAFE SA Audit and Risk Committee on all current fraud investigations.

Data for previous years is available at: [South Australian Government Data Directory](#)

### **Public interest disclosure**

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*:

Zero.

Data for previous years is available at: [South Australian Government Data Directory](#)

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

## **Reporting required under any other act or regulation**

### **Reporting required under the *Carers Recognition Act 2005***

TAFE SA supports and encourages staff with carer responsibilities to discuss their circumstances and working arrangements needs with their manager or director.

TAFE SA also promotes the *Carers Recognition Act 2005* and the South Australian Carers Charter by ensuring reference during new employee induction and on-boarding.

A link to the *Carers Recognition Act 2005* is available for staff on TAFE SA's intranet to understand Carers responsibilities and obligations.

TAFE SA supports the *Carers Recognition Act 2005* by ensuring employees have access to carers leave provisions as per the Enterprise Agreements.



## Public complaints

### Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Professional behaviour	Staff	<ul style="list-style-type: none"> <li>• Failure to demonstrate values</li> <li>• Lack of action</li> <li>• Lack of knowledge</li> </ul>	37
Communication	Quality	<ul style="list-style-type: none"> <li>• Poor communication</li> </ul>	40
Service delivery	Systems; services; processes	<ul style="list-style-type: none"> <li>• System inadequate</li> <li>• Service difficult to find</li> <li>• Processing error</li> </ul>	97
Policy	Application; content	<ul style="list-style-type: none"> <li>• Difficult to understand</li> </ul>	3
Service quality	Information; access, responsiveness	<ul style="list-style-type: none"> <li>• Lack of punctuality</li> <li>• Difficult to understand</li> <li>• Service doesn't meet customer needs</li> </ul>	122
No case to answer	No case to answer	<ul style="list-style-type: none"> <li>• Customer misunderstanding</li> <li>• Redirected to another agency</li> </ul>	7
		<b>Total</b>	306

Additional Metrics	Total
Number of positive feedback comments	26
Number of negative feedback comments	580
Total number of feedback comments	606
% complaints resolved within policy timeframes	71% (Level 1) resolved in less than 14 days. 90% (Level 1-3) resolved in less than 30 days.

Data for previous years is available at: [South Australian Government Data Directory](#)

## **Service Improvements resulting from complaints or consumer suggestions over 2019-20**

- TAFE SA undertook an annual review of its complaint management system (CMS) to ensure it was operating as intended. The CMS enables managers to access a dashboard to view live data specific to areas of responsibility.
- TAFE SA has undertaken routine and ad-hoc reporting and analysis using CMS data during the financial year, which has resulted in informed decision making across a range of operational, strategic and project change initiatives.
- Other improvements resulting from complaints or consumer suggestions include:
  - legal name changes are now reflected across multiple system platforms.
  - improvement to self-service password change requirements and mobile device website functionality
  - safety improvements at campus car park facilities
  - purchase of additional library books to meet training demand.

## **Appendix 1: Audited financial statements 2019-20**



Our ref: A20/465

Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
Tel +618 8226 9640  
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23 September 2020

Ms J McGill  
Chair  
TAFE SA Board  
TAFE SA  
GPO Box 1872  
ADELAIDE SA 5001

Dear Ms McGill

## **Audit of TAFE SA for the year to 30 June 2020**

We have completed the audit of your accounts for the year ended 30 June 2020. Two key outcomes from the audit are the:

- 1** Independent Auditor's Report on your agency's financial report
- 2** audit management letters recommending you address identified weaknesses.

### **1 Independent Auditor's Report**

We are returning the financial statements for TAFE SA, with the Independent Auditor's Report. This report is unmodified.

My annual report to Parliament indicates that we have issued an unmodified Independent Auditor's Report on your financial statements.

### **2 Audit management letters**

During the year, we sent you audit management letters detailing the weaknesses we noted and improvements we considered you need to make including matters we considered in forming our collective opinion on financial controls required by the *Public Finance and Audit Act 1987*.

Significant matters related to:

- TAFE SA could improve controls over administrator changes to online banking access
- controls around the hiring of hourly paid instructors could be improved.

We have received responses to our letters and will follow these up in the 2020-21 audit.

I have also included summary comments about these matters in my annual report. These identify areas we assessed as not meeting a sufficient standard of financial management, accounting and control.

### **What the audit covered**

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

- expenditure and accounts payable
- payroll processing
- revenue, including funding from the Department for Innovation and Skills (DIS), student revenue and accounts receivable
- cash management, including bank reconciliations
- property, plant and equipment
- general ledger processing.

Particular attention was given to funding arrangements with DIS, transfer of infrastructure assets from the Urban Renewal Authority and DIS and disclosures for the implementation of a number of new accounting standards. We concluded that the financial report was prepared in accordance with the financial reporting framework in this respect.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely



Andrew Richardson  
**Auditor-General**

enc



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## To the Chair TAFE SA Board

### Opinion

I have audited the financial report of TAFE SA for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the TAFE SA as at 30 June 2020, 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 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, TAFE SA Board, the Chief Executive and the Chief Finance Officer.

### 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 Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 32 of the *Public Corporations Act 1993*, I have audited the financial report of TAFE SA for the financial year ended 30 June 2020.

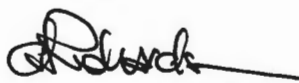
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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
- 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 Chair of the 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.

A handwritten signature in black ink, appearing to read 'A Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

**Auditor-General**

23 September 2020



**TAFE SA**

**Financial Statements**

For the year ended 30 June 2020



## Certification of the Financial Statements

---

We certify that the attached general purpose financial statements for TAFE SA:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Corporation; and
- present a true and fair view of the financial position of TAFE SA as at 30 June 2020 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by TAFE SA for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.

Jacqui McGill  
Chair, TAFE SA Board

17<sup>th</sup> September 2020

David Coltman  
Chief Executive

17 September 2020

Beth McKenzie  
Chief Finance Officer

17 September 2020



**TAFE SA**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2020*

---

	<b>Note</b>	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
<b><u>Income</u></b>			
Grants and subsidies from Department for Innovation and Skills	2.1	246 269	258 785
Student and other fees and charges	2.3	80 906	83 936
Commonwealth-sourced grants and funding	2.2	1 217	1 494
Other grants and contributions	2.4	3 260	3 190
Intra-government transfers	2.5	10 650	4 638
Resources received free of charge	2.6	2 629	2 196
Net gain from disposal of non-current assets	2.7	5	-
Other income	2.8	3 202	3 831
<b>Total income</b>		<b>348 138</b>	<b>358 070</b>
<b><u>Expenses</u></b>			
Employee benefits expenses	3.3	226 710	237 069
Supplies and services	4.1	80 513	122 702
Depreciation and amortisation	4.2	18 995	4 472
Grants and subsidies		485	75
Net loss from disposal of non-current assets	2.7	-	191
Borrowing costs	4.3	25	-
Other expenses	4.4	2 359	1 799
<b>Total expenses</b>		<b>329 087</b>	<b>366 308</b>
<b>Net result</b>		<b>19 051</b>	<b>(8 238)</b>
<b>Total comprehensive result</b>		<b>19 051</b>	<b>(8 238)</b>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

**TAFE SA**  
**Statement of Financial Position**  
*as at 30 June 2020*

	Note	2020 \$'000	2019 \$'000
<b><u>Current assets</u></b>			
Cash and cash equivalents	6.1	80 752	58 492
Receivables	6.2	9 959	21 715
Contract assets	2.3	3 704	-
Inventories	5.5	744	819
<b>Total current assets</b>		<b>95 159</b>	<b>81 026</b>
<b><u>Non-current assets</u></b>			
Receivables	6.2	68	44
Property, plant and equipment	5.1	628 858	15 643
Intangible assets	5.4	7 390	9 053
<b>Total non-current assets</b>		<b>636 316</b>	<b>24 740</b>
<b>Total assets</b>		<b>731 475</b>	<b>105 766</b>
<b><u>Current liabilities</u></b>			
Payables	7.1	10 955	22 028
Employee benefits	3.4	22 023	21 503
Financial liabilities	7.2	595	-
Provisions	7.3	847	860
Contract liabilities	2.3	4 606	-
Unearned revenue	7.4	-	2 542
Other current liabilities		278	413
<b>Total current liabilities</b>		<b>39 304</b>	<b>47 346</b>
<b><u>Non-current liabilities</u></b>			
Payables	7.1	4 688	5 107
Employee benefits	3.4	39 872	44 976
Financial liabilities	7.2	465	-
Provisions	7.3	2 296	1 886
<b>Total non-current liabilities</b>		<b>47 321</b>	<b>51 969</b>
<b>Total liabilities</b>		<b>86 625</b>	<b>99 315</b>
<b>Net assets</b>		<b>644 850</b>	<b>6 451</b>
<b><u>Equity</u></b>			
Contributed capital		641 074	20 452
Retained earnings		2 424	(15 353)
Asset revaluation surplus		1 352	1 352
<b>Total equity</b>		<b>644 850</b>	<b>6 451</b>

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

**TAFE SA**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2020*

	Note	Revaluation surplus \$'000	Retained earnings \$'000	Contributed capital \$'000	Total equity \$'000
Balance at 1 July 2018		1 352	(7 115)	20 452	14 689
<b><u>Net result for 2018-19</u></b>		-	(8 238)	-	(8 238)
<b>Balance at 30 June 2019</b>		<b>1 352</b>	<b>(15 353)</b>	<b>20 452</b>	<b>6 451</b>
Adjustments on initial adoption of AASB 15, 16 & 1058	9	-	(1 274)	-	(1 274)
<b>Adjusted balance at 1 July 2019</b>		<b>1 352</b>	<b>(16 627)</b>	<b>20 452</b>	<b>5 177</b>
<b><u>Net result for 2019-20</u></b>		-	19 051	-	19 051
<b>Total comprehensive result for 2019-20</b>		-	19 051	-	19 051
Contributed capital		-	-	620 622	620 622
<b>Balance at 30 June 2020</b>		<b>1 352</b>	<b>2 424</b>	<b>641 074</b>	<b>644 850</b>

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 2020*

		2020 Inflows (Outflows) \$'000	2019 Inflows (Outflows) \$'000
<b>Cash flows from operating activities</b>			
<u>Cash inflows</u>			
Grants and subsidies from Department for Innovation and Skills		246 515	259 401
Student and other fees and charges		86 480	86 803
Commonwealth grants		1 217	1 494
Other grants and contributions		4 188	3 419
Intra-government transfers		10 650	4 638
Interest received		1	2
GST recovered from the Australian Taxation Office		74 293	7 182
Other receipts		1 324	2 590
<b>Cash generated from operations</b>		<b>424 668</b>	<b>365 529</b>
<u>Cash outflows</u>			
Employee benefit payments		(231 062)	(231 660)
Payments for supplies and services		(96 654)	(126 955)
Payments of grants and subsidies		(485)	(75)
Other payments		(600)	(632)
<b>Cash used in operations</b>		<b>(328 801)</b>	<b>(359 322)</b>
<b>Net cash provided by / (used in) operating activities</b>	8.1	<b>95 867</b>	<b>6 207</b>
<b>Cash flows from investing activities</b>			
<u>Cash inflows</u>			
Proceeds from sale of property, plant and equipment		16	161
<b>Cash generated from investing activities</b>		<b>16</b>	<b>161</b>
<u>Cash outflows</u>			
Purchase of property, plant and equipment		(692 015)	(1 356)
Purchase of intangibles		(1 430)	(1 321)
<b>Cash used in investing activities</b>		<b>(693 445)</b>	<b>(2 677)</b>
<b>Net cash used in investing activities</b>		<b>(693 429)</b>	<b>(2 516)</b>
<b>Cash flows from financing activities</b>			
<u>Cash Inflows</u>			
Capital contributions from government		620 622	-
<b>Cash generated from financing activities</b>		<b>620 622</b>	<b>-</b>
<u>Cash outflows</u>			
Repayment of leases		( 800)	-
<b>Cash generated from financing activities</b>		<b>( 800)</b>	<b>-</b>
<b>Net cash provided by / (used in) financing activities</b>		<b>619 822</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>22 260</b>	<b>3 691</b>
Cash and cash equivalents at the beginning of the period		58 492	54 801
<b>Cash and cash equivalents at the end of the period</b>	6.1	<b>80 752</b>	<b>58 492</b>

The accompanying notes form part of these financial statements.



## **TAFE SA**

### **Notes to and forming part of the financial statements for the year ended 30 June 2020**

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**TAFE SA****Notes to and forming part of the financial statements***for the year ended 30 June 2020*

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**TAFE SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

---

**1.1. About TAFE SA**

TAFE SA (the Corporation) is a statutory Corporation of the state of South Australia, established pursuant to the *TAFE SA Act 2012*.

The Corporation has a 20% interest in the South Australian Tertiary Admissions Centre SATAC.

TAFE SA is a member of South Australian Tertiary Admissions Centre (SATAC) who provides admission services to TAFE SA under a service agreement. SATAC became established as an incorporated association on 1 July 2017.

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

The interests in this associate are not considered material to the Corporation'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 compliance with:

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

For the 2019-20 financial statements the Corporation adopted AASB 16 – *Leases*, AASB 15 – *Revenue from Contracts with Customers* and AASB 1058 – *Income of Not-for-Profit Entities*. Further information is provided in note 9.1, 9.2 and 9.3 respectively.

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

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

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

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

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Corporation has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

## **TAFE SA**

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

#### ***for the year ended 30 June 2020***

---

### **1.3. Objectives and functions**

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

The primary objectives of the Corporation 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.

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 and Treasurer after consultation with TAFE SA.

#### ***Functions of TAFE SA***

In reference to the functions set out in the *TAFE SA Act 2012* and the *TAFE SA Charter*, the Corporation's functions include:

- delivering government-funded VET services that meet the economic and social needs of South Australia
- supporting the Purchasing Minister to achieve policy objectives in the development of a competitive market for VET services characterised by access and choice.
- strengthening VET in schools activity in support of the government's policy objectives
- delivering higher education programs
- delivering educational programs and services to international students residing in South Australia
- developing VET Commercial ventures to ensure viability and delivering a balanced budget as expressly identified in the Minister-approved Business and Strategic Plans.

#### ***Funding***

The Corporation is predominantly funded by the Department for Innovation and Skills (DIS).

In addition, income is generated from sales and fee for service. These include:

- student fees and charges
- fee for service – industry and enterprises
- global engagement and export
- international student recruitment.

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

TAFE SA is not required to pay a dividend or make an Income Tax Equivalent payment for the 2019-20 financial year.

**TAFE SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

---

**1.4. Impact of COVID-19 pandemic on TAFE SA**

The COVID-19 pandemic has impacted on the operations of the Corporation and the impacts are included under the relevant disclosure notes. The key impacts in 2019-20 were:

The COVID-19 pandemic has adversely impacted TAFE SA's training activity and revenue.

The TAFE SA Executive established the COVID-19 Response Program which comprised of four transformational projects to support the rapid transition to non-face-to-face training delivery, and related COVID-19 pandemic responses including:

- Alternate Education Delivery
- Student Access
- Work from Home
- Business Continuity

The containment measures implemented by the Government and the public response to COVID-19, resulted in a reduction in the rate of new registrations, an increase in withdrawals and an interruption to planned delivery, assessment and resulting processes.

Extraordinary expenses related to COVID-19 have been incurred including the purchasing of IT equipment to facilitate staff working from home, costs associated with implementing social distancing measures and ensuring appropriate levels of hygiene. There was also an increase in the doubtful debts provision recognising the potential impact on the ability of students facing financial hardship to meet student fee payments.

**Expenses**

- A total of \$1.9 million of expenditure was recorded as being directly related to the COVID-19 pandemic
- These extraordinary expenses included the following main items:
  - \$0.45 million in purchasing of 300 laptops, monitors, VPN licenses, headsets to facilitate staff working from home
  - \$0.17 million for sanitation and cleaning to ensure a safe environment for students and staff
  - \$1.1 million increased provision for doubtful debt expenses relating to student fee payments

**Revenue**

- External income has reduced comparing the June 2020 quarter and June 2019 quarter which is reasonably attributable, at least in part, to the pandemic interruptions.

**Doubtful Debt Provision**

- The provision for doubtful debts was revised in April 2020 and increased from \$1.4 million to \$2.7 million. Of that increase, \$1.1 million was attributed to the estimated impacts of the COVID-19 pandemic to address the uncertainty around TAFE SA's ability to collect student debts.

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**Delivery**

- Measures implemented in response to COVID-19 resulted in a reduction in the rate of new registrations, an increase in withdrawals and an interruption to planned delivery, assessment and resulting processes.
- TAFE SA suspended the delivery of training to students from 30 March 2020 (via an extension of the mid-semester break) to prepare for training to be delivered non-face-to-face from 27 April 2020. Digital enabled delivery was introduced across 94% of courses and where distance learning was not possible the training was deferred.
- With strict hygiene practices and social distancing measures in place, students were able to return to campus by late May for training where digital delivery was not effective.
- By the end of May, more than half of qualifications resumed some level of face to face on-campus training where effective digital delivery was not achievable.

**1.5. Changes to the Corporation**

As announced in the 2019-20 State Budget, the ownership of key TAFE SA properties were transferred from the Department for Innovation and Skills (\$20 million) and Renewal SA (\$601 million) to TAFE SA. The effective date of the transfers was 31 October 2019 and 1 November 2019 respectively.

The transfer of these key properties provides TAFE SA with greater control over the strategic direction of its educational infrastructure and enabled the cessation of leasing arrangements with the Department for Innovation and Skills. The responsibility for property management and investment activities transferred to TAFE SA.

Five employees transferred from the Department for Innovation and Skills to TAFE SA to undertake the property management function effective from 14 October 2019.

**Transferred in**

On transfer of five employees from the Department for Innovation and Skills  
TAFE SA recognised the following liabilities:

	<b>\$'000</b>
Payables	19
Employee benefits	123
<b>Total liabilities</b>	<b>142</b>

Net liabilities assumed by the Corporation as a result of the CE to CE agreement are the carrying amount of those liabilities in the transferor's Statement of Financial Position immediately prior to transfer.

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**1.6. Budget performance**

The budget performance table compares the Corporation's outcomes against budget information presented to Parliament (2019-20 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

		Original Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
<b>Statement of Comprehensive Income</b>				
<b>Note</b>				
<b>Income</b>				
Grants and subsidies from Department for Innovation and Skills	(a)	188 160	246 269	58 109
Student and other fees and charges		95 203	80 906	(14 297)
Commonwealth-sourced grants and funding		1 525	1 217	( 308)
Other grants and contributions		2 494	3 260	766
Intra-government transfers		-	10 650	10 650
Resources received free of charge		-	2 629	2 629
Net gain from disposal of non-current assets		-	5	5
Other income		3 579	3 202	(377)
<b>Total income</b>		<b>290 961</b>	<b>348 138</b>	<b>57 177</b>
<b>Expenses</b>				
Employee benefits expenses		213 981	226 710	(12 729)
Supplies and Services	(b)	56 771	80 513	(23 742)
Depreciation and amortisation		17 146	18 995	(1 849)
Borrowing costs		-	25	( 25)
Grants and subsidies		75	485	( 410)
Other expenses		3 812	2 359	1 453
<b>Total expenses</b>		<b>291 785</b>	<b>329 087</b>	<b>(37 302)</b>
<b>Net result</b>		<b>( 824)</b>	<b>19 051</b>	<b>19 875</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to net result</i>				
Changes in revaluation surplus		-	-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive result</b>		<b>( 824)</b>	<b>19 051</b>	<b>19 875</b>

	Original Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
<b>Investing expenditure summary</b>			
Total existing projects	619 293	620 723	(1 430)
Total annual programs	9 654	9 264	390
<b>Total investing expenditure</b>	<b>628 947</b>	<b>629 987</b>	<b>(1 040)</b>

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

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**1.6. Budget performance (continued)**

(a) Grants and Subsidies from Department for Innovation and Skills is higher than the original budget as additional funding was provided to offset delays in achieving the proposed savings and the impact from the reduced student and other fees and charges due to COVID-19.

(b) Supplies and Services is higher than the original budget mainly from additional rental charges incurred for the delay in the campus transfer date of 4 months to 1 November 2019.

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

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

- The Corporation had significant transactions with the Department for Innovation and Skills – refer Note 2.1.
- The Corporation purchased land and building relating to TAFE SA campuses and office accommodation from the Department for Innovation and Skills and Renewal SA on 31 October 2019 and 1 November 2019 respectively.
- The Corporation leased TAFE SA campuses and office accommodation from Department for Innovation and Skills prior to the transfer of the land and building to TAFE SA referred to above. Refer to Note 4.1.

**2. Income**

**2.1. Grants and subsidies from the Department for Innovation and Skills**

	2020	2019
	\$'000	\$'000
Funding for direct delivery of VET training	128 403	146 127
VET capital	14 842	4 975
Other funding	103 024	107 683
<b>Total grants and subsidies from the Department for Innovation and Skills</b>	<b>246 269</b>	<b>258 785</b>

Other funding includes additional funds of \$10.3 million received from the Department of Treasury and Finance via the Department for Innovation and Skills to offset the anticipated deterioration of revenue due to the impact from COVID-19.

Grants and subsidies from the Department for Innovation and Skills are recognised on receipt as the Memorandum of Administrative Arrangement provides for the allocation of funding without the withholding associated with non-achievement of performance criteria. In the comparative period the revenue was recognised on the same basis.



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

	2020	2019
	\$'000	\$'000
Aboriginal projects	434	550
Other specific commonwealth revenue	783	944
<b>Total Commonwealth grants</b>	<b>1 217</b>	<b>1 494</b>

Aboriginal projects including the Aboriginal Torres Strait Islander Rural and Remote Aged Care Training Project contributed \$434 000 in grants revenue during 2020 (2019: \$550 000).

Commonwealth sourced grants and funding are recognised on completion of agreed deliverables and in compliance with all obligations under the agreement. In the comparative period the revenue was recognised on the same basis.

**2.3. Student and other fees and charges**

	2020	2019
	\$'000	\$'000
Sales/fee for service revenue	44 334	46 314
Student enrolment fees and charges	31 783	32 979
Other user fees and charges	4 789	4 643
<b>Total student and other fees and charges</b>	<b>80 906</b>	<b>83 936</b>

**Contract balances**

	2020	2019
	\$'000	\$'000
Receivables from contracts with customers		
Contract assets	3 704	-
<b>Total contract assets</b>	<b>3 704</b>	<b>-</b>
	2020	2019
	\$'000	\$'000
Liabilities from contracts with customers		
Contract liabilities	4 606	-
<b>Total contract liabilities</b>	<b>4 606</b>	<b>-</b>

Contract assets primarily relate to the Corporation'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. In prior year the balance was disclosed as Accrued Revenue. Refer note 6.2.

Contract liabilities primarily relate to student and fee charges where student courses have not commenced at reporting date and the proportion of fees relating to courses commenced but not completed at reporting date.

On transition to AASB15, revenue totalling \$1 274 000 was recognised in 2019-20 that was included in contract liabilities at 1 July 2019. Refer note 9.2. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

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**2.3 Student and other fees and charges (continued)**

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. Revenue proportionate to the inputs are recognised. In the comparative period student enrolment fees and charges were recognised on commencement of the semester.

In respect to the \$23 million included in sales / fee for service revenue, relating to Adult Migrant English Program and Skills for Education and Employment, the performance obligations are satisfied with the recognition of attendance. In the comparative period, the funding was recognised on the same basis.

**2.4. Other grants and contributions**

	2020	2019
	\$'000	\$'000
Grants and subsidies revenue	2 673	3 000
Grants from other entities within the SA Government	534	135
Miscellaneous contributions	45	24
Donations	8	31
<b>Total other grants and contributions</b>	<b>3 260</b>	<b>3 190</b>

\$4.6 million recovery from Department of Treasury and Finance for Targeted Voluntary Separation Packages has been reported under Intra government transfers in 2019-20. Refer Note 2.5. This was reported under Grants and subsidies in 2018-19.

The majority of other grants and contributions is the Childcare Rebate entitlement from the Commonwealth. Revenue is recognised when TAFE SA is entitled to the rebate which is based on attendance.

**2.5. Intra-government transfers**

	2020	2019
	\$'000	\$'000
Intra-government transfers	10 650	4 638
<b>Total Intra-government transfers</b>	<b>10 650</b>	<b>4 638</b>

Intra-government transfers is the recovery from Department of Treasury and Finance for Targeted Voluntary Separation Packages. Revenue is recognised when the reimbursement has been received.

**2.6. Resources received free of charge**

	2020	2019
	\$'000	\$'000
Services received free of charge - Shared Services SA	2 629	2 196
<b>Total resources received free of charge</b>	<b>2 629</b>	<b>2 196</b>

Financial reporting services were provided free of charge by Shared Services SA as TAFE SA is a non-billable client.

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**2.7. Net gain / (loss) from disposal of property, plant and equipment**

	2020	2019
	\$'000	\$'000
<b><u>Plant and equipment</u></b>		
Proceeds from disposal	16	161
Less carrying amount of assets disposed	(11)	(352)
<b>Net gain / (loss) from disposal of plant and equipment</b>	<b>5</b>	<b>(191)</b>
<b><u>Total property, plant and equipment</u></b>		
Total proceeds from disposal	16	161
Less total carrying amount of assets disposed	(11)	(352)
<b>Net gain / (loss) from disposal of plant and equipment</b>	<b>5</b>	<b>(191)</b>

**2.8. Other income**

	2020	2019
	\$'000	\$'000
Sundry income	3 195	3 782
Recoup of salaries	6	47
Interest	1	2
<b>Total other income</b>	<b>3 202</b>	<b>3 831</b>

Other income is recognised when received which is typically after any performance obligations have been satisfied.

**3. Board, committees and employees**

**3.1. Key management personnel**

Key management personnel of TAFE SA include the Minister for Education, the Chief Executive Officer and the ten former and current members of the Executive Team and eight current non-executive board members who have, or during the year have had, responsibility for the strategic direction and management of TAFE SA. Total compensation for key management personnel was \$2.6 million in 2019-20 and \$2.3 million in 2018-19.

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

	2020	2019
	\$'000	\$'000
<b>Compensation</b>		
Salaries and other short term employee benefits	2 234	1 871
Post-employment benefits	235	296
Other long-term employment benefits	14	77
Termination benefits	112	97
<b>Total compensation</b>	<b>2 595</b>	<b>2 341</b>

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

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

**TAFE SA**  
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**3.2. Board and committee members**

Members during the 2020 financial year were:

**TAFE SA Board**

Jacqueline McGill (Chair)  
Jennifer Cleary  
Judith Curran  
Joanne Denley  
David Hughes  
Craig Fowler  
Andrew Marshall  
Sam Scammell

**Academic & Quality Committee**

Craig Fowler (Chair)  
Judith Curran  
Joanne Denley

**Audit & Risk Committee**

Joanne Denley (Chair)  
Judith Curran  
Andrew Marshall  
Sam Scammell

**Finance Committee**

David Hughes (Chair)  
Jennifer Cleary  
Craig Fowler  
Jacqueline McGill  
Andrew Marshall

**Human Resources Committee**

Jacqueline McGill (Chair)  
Joanne Denley  
Sam Scammell

**Higher Education Academic Board**

Craig Fowler (Chair)

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

***Board and committee remuneration***

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

	2020	2019
\$20 000 - \$39 999	1	5
\$40 000 - \$59 999	6	2
\$80 000 - \$99 999	1	-
<b>Total number of members</b>	<b>8</b>	<b>7</b>

The total remuneration received or receivable by members was \$404 000 (2019: \$243 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

Board members remuneration is in accordance with the requirements set out in Department of Premier and Cabinet's PC016 – Remuneration for Government Appointed Part-Time Boards and Committees.

The current reporting period includes a higher proportion of non-Government representation for the full financial year on the Board who are remunerated in line with PC016, increasing the overall Board remuneration cost.

**3.3. Employee benefits expenses**

	2020	2019
	\$'000	\$'000
Salaries and wages (including annual leave)	182 517	188 403
Employment on-costs - superannuation	17 039	18 855
Employment on-costs - other	10 093	10 515
Long service leave	2 631	8 862
Targeted voluntary separation payments	10 522	7 507
Workers compensation	1 936	1 098
Skills and experience retention leave	1 099	1 094
Board and committee fees	367	227
Other employee related costs	506	508
<b>Total employee benefits expenses</b>	<b>226 710</b>	<b>237 069</b>

***Employment on-costs – superannuation***

The superannuation employment on-cost charge represents the Corporation's contributions to superannuation plans in respect of current services of current employees.

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**3.3. Employee benefits expenses (continued)**

**Executive remuneration**

	2020 Number	2019 Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$151 000 to \$154 000*	N/A	7
\$154 001 to \$174 000	11	6
\$174 001 to \$194 000	6	6
\$194 001 to \$214 000	1	5
\$214 001 to \$234 000	1	1
\$234 001 to \$254 000 <sup>A</sup>	3	2
\$254 001 to \$274 000 <sup>AO</sup>	2	3
\$274 001 to \$294 000 <sup>AO</sup>	5	4
\$294 001 to \$314 000 <sup>AO</sup>	7	2
\$314 001 to \$334 000 <sup>AO</sup>	3	1
\$354 001 to \$374 000 <sup>A</sup>	4	-
\$374 001 to \$394 000 <sup>O</sup>	1	1
\$394 001 to \$414 000 <sup>O</sup>	-	1
\$414 001 to \$434 000 <sup>A</sup>	1	1
\$434 001 to \$454 000	1	-
<b>Total</b>	<b>46</b>	<b>40</b>

\* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2018-19.

<sup>A</sup> This bandwidth includes employees that have received Targeted Voluntary Separation Package termination payments in 2019-20.

<sup>O</sup> This bandwidth includes employees that have received Targeted Voluntary Separation Package termination payments in 2018-19.

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, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$11.9 million (2019: \$8.9 million)

The table includes 21 non-executive employees who received / accepted Targeted Voluntary Separation Package termination payments (2019: 10).

**Targeted voluntary separation packages**

The number of employees who accepted a Targeted Voluntary Separation Package during the reporting period was 112 (2019: 99).

	2020 \$'000	2019 \$'000
Amount paid to separated employees:		
Targeted Voluntary Separation Packages	10 522	7 507
Leave paid to separated employees	3 727	2 117
Recovery from the Department of Treasury and Finance	(10 650)	(4 638)
<b>Net cost to TAFE SA</b>	<b>3 599</b>	<b>4 986</b>

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**3.4. Employee benefits liability**

	2020	2019
	\$'000	\$'000
<b><u>Current</u></b>		
Annual leave	7 695	7 688
Accrued salaries and wages	5 569	4 859
Non-attendance days	4 311	4 552
Long service leave	2 616	2 571
Skills and experience retention leave	1 832	1 833
<b>Total current employee benefits</b>	<b>22 023</b>	<b>21 503</b>
<b><u>Non-current</u></b>		
Long service leave	39 872	44 976
<b>Total non-current employee benefits</b>	<b>39 872</b>	<b>44 976</b>
<b>Total employee benefits</b>	<b>61 895</b>	<b>66 479</b>

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

***Salaries, wages, annual leave, skills and experience retention leave (SERL), non-attendance days and sick leave.***

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

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

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. Details about the measurement of long service leave liability is provided as note 11.1.

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**4. Expenses**

Employee benefits expenses are disclosed in note 3.3.

**4.1. Supplies and services**

	2020	2019
	\$'000	\$'000
Operating lease payments	-	53 985
General administration and consumables	22 630	24 740
Fees - contracted services	13 312	12 553
Books, materials and copyright	8 485	9 975
Minor works, maintenance and equipment	7 976	8 605
Information technology and communication	8 377	8 253
Accommodation	1 453	1 426
Vehicle and travelling expenses	733	1 698
Short term leases	13 851	-
Funding to external vocational education and training providers	323	349
Consultants	284	192
Legal costs	143	168
Other	2 946	758
<b>Total supplies and services</b>	<b>80 513</b>	<b>122 702</b>

Vehicle and travelling expenses \$733 000 (\$1 698 000) were previously reported under operating lease payments

Other is currently \$2 946 000. Of this amount, \$2 299 000 relates to the land tax and local government rate equivalent paid to Renewal SA as part of the transfer of land and buildings on 1 November 2019.

**Short term leases and operating lease payments**

Prior to the transfer of land and buildings relating to the TAFE SA campuses and office accommodation from the Department for Innovation and Skills and Renewal SA to TAFE SA on 31 October 2019 and 1 November 2019 respectively, the Corporation leased TAFE SA campuses and office accommodation on a short-term basis. The related expense is disclosed in the note above as a new category, Short term leases.

The comparative operating lease payments expenses related to the lease of TAFE SA campuses and office accommodation leased from Department for Innovation and Skills under a Memorandum of Administrative Arrangement (MoAA) which are now owned by the Corporation effective 1 November 2019.

**Consultants**

The number of consultancies and dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	2020	2020	2019	2019
	Number	\$'000	Number	\$'000
Below \$10 000	2	13	2	8
\$10 000 or above	8	271	5	184
<b>Total</b>	<b>10</b>	<b>284</b>	<b>7</b>	<b>192</b>



**TAFE SA**  
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**4.2. Depreciation and amortisation**

	2020	2019
	\$'000	\$'000
<b>Depreciation</b>		
Buildings	13 965	-
Right-of-use buildings	20	-
Plant and equipment	1 628	1 700
Right-of-use plant and equipment	788	-
Leasehold improvements	-	380
Library collection	84	87
<b>Total depreciation</b>	<b>16 485</b>	<b>2 167</b>
<b>Amortisation</b>		
Intangible assets	2 510	2 305
<b>Total depreciation and amortisation</b>	<b>18 995</b>	<b>4 472</b>

All non-current assets, with a limited useful life, are systematically depreciated / amortised over their useful lives in a manner that reflects the consumption of their service potential.

Leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

**Useful life**

Depreciation and amortisation is 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	11 - 43
Plant and equipment	1 - 40
Library collections	3 - 15
Right-of-use assets	Lease term
Intangibles	5 - 10

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

**Review of accounting estimates**

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

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**4.3. Borrowing costs**

	2020	2019
	\$'000	\$'000
<b>Interest paid/payable on borrowing costs:</b>		
Interest expense on lease liabilities	25	-
<b>Total borrowing Costs</b>	<b>25</b>	<b>-</b>

**4.4. Other expenses**

	Note	2020	2019
		\$'000	\$'000
Other*		482	560
Allowance for doubtful debts and debt write-offs	6.2	1 877	1 239
<b>Total other expenses</b>		<b>2 359</b>	<b>1 799</b>

\*Audit fees paid / payable to the Auditor-General's Department relating to work performed under the Public Finance and Audit Act were \$254 200 (2019: \$249 100). No other services were provided by the Auditor-General's Department.

**TAFE SA**  
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**5. Non-financial assets**

**5.1. Property, plant and equipment by asset class**

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

	2020 \$'000	2019 \$'000
<b><u>Land and Buildings</u></b>		
Land at fair value	136 060	-
Buildings at fair value	495 160	-
Accumulated depreciation at the end of the period	(14 763)	-
<b>Total land and buildings</b>	<b>616 457</b>	<b>-</b>
<b><u>Right-of-use buildings</u></b>		
Right-of-use buildings at cost	75	-
Accumulated depreciation at the end of the period	( 20)	-
<b>Total right-of-use buildings</b>	<b>55</b>	<b>-</b>
<b><u>Accommodation and Leasehold improvements</u></b>		
Accommodation and leasehold improvements at fair value	-	4 574
Accumulated depreciation at the end of the period	-	(799)
<b>Total leasehold improvements</b>	<b>-</b>	<b>3 775</b>
<b><u>Plant and equipment</u></b>		
Plant and equipment at cost (deemed fair value)	29 848	28 945
Accumulated depreciation at the end of the period	(19 490)	(18 089)
<b>Total plant and equipment</b>	<b>10 358</b>	<b>10 856</b>
<b><u>Right-of-use plant and equipment</u></b>		
Right-of-use plant and equipment at cost	1 604	-
Accumulated depreciation at the end of the period	( 607)	-
<b>Total right-of-use plant and equipment</b>	<b>997</b>	<b>-</b>
<b><u>Library collection</u></b>		
Library collection at fair value	16 493	16 429
Accumulated depreciation	(15 755)	(15 671)
<b>Total library collection</b>	<b>738</b>	<b>758</b>
<b><u>Work in progress</u></b>		
Capital work in progress at cost	253	254
<b>Total work in progress</b>	<b>253</b>	<b>254</b>
<b>Total property, plant and equipment</b>	<b>628 858</b>	<b>15 643</b>

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**5.2. Property, plant and equipment owned 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 the Corporation's approach to fair value is set out in note 11.2.

Plant and equipment includes \$8.1 million of fully depreciated plant and equipment still in use.

**Reconciliation 2019-20**

	Land	Buildings	Leasehold improvements	Plant and equipment	Library collection	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>							
<b>Carrying amount at 1 July 2019</b>	-	-	3 775	10 856	758	254	15 643
Additions	136 060	478 531	-	1 141	64	12 055	627 851
Disposals	-	-	-	(11)	-	-	( 11)
Transfers between asset classes	-	3 775	(3 775)	-	-	-	-
Capitalisation	-	12 056	-	-	-	(12 056)	-
Depreciation	-	(13 965)	-	(1 628)	(84)	-	(15 677)
<b>Carrying amount at 30 June 2020</b>	<b>136 060</b>	<b>480 397</b>	<b>-</b>	<b>10 358</b>	<b>738</b>	<b>253</b>	<b>627 806</b>

**Reconciliation 2018-19**

	Land	Buildings	Leasehold improvements	Plant and equipment	Library collection	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2019</b>							
<b>Carrying amount at 1 July 2018</b>	-	-	2 964	11 948	757	799	16 468
Additions	-	-	95	947	88	288	1 418
Disposals	-	-	-	(352)	-	-	( 352)
Transfers between asset classes	-	-	-	-	-	276	276
Capitalisation	-	-	1 096	13	-	(1 109)	-
Depreciation	-	-	(380)	(1 700)	(87)	-	(2 167)
<b>Carrying amount at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>3 775</b>	<b>10 856</b>	<b>758</b>	<b>254</b>	<b>15 643</b>

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

Property, plant and equipment leased by the Corporation is recorded at cost. Additions to leased property, plant and equipment during 2019-20 were \$705 000.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15 000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.1.

TAFE SA has a limited number of leases:

- 231 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.
- the Corporation has a five year building lease agreement for office accommodation at Naracoorte. No contingent rental provisions exist within the lease agreements, and there are four rights of renewal of twelve months each beyond initial term. The lease is currently in the third term.

***Impairment***

Property, plant and equipment leased by the Corporation has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

**5.4. Intangible assets**

	2020 \$'000	2019 \$'000
<b><u>Computer software</u></b>		
Internally developed computer software	7 474	7 218
Accumulated amortisation	(3 931)	(3 142)
Purchased computer software	15 480	14 218
Accumulated amortisation	(12 677)	(10 957)
Computer software - work in progress	1 044	1 716
<b>Total computer software</b>	<b>7 390</b>	<b>9 053</b>

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.

The internally developed computer software predominantly relates to the Corporation's Student Information System (SIS) with a remaining useful life of (5-10 years) and carrying amount of \$5.1 million.

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

**Reconciliation 2019-20**

	<b>Intangibles work</b>		
	<b>Intangibles</b>	<b>in progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 July 2019</b>	7 337	1 716	9 053
Additions	-	1 430	1 430
Capitalisations	1 519	(1 519)	-
Write off	-	(583)	(583)
Amortisation	(2 510)	-	(2 510)
<b>Carrying amount at 30 June 2020</b>	<b>6 346</b>	<b>1 044</b>	<b>7 390</b>

**Reconciliation 2018-19**

	<b>Intangibles work</b>		
	<b>Intangibles</b>	<b>in progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 July 2018</b>	9 377	1 187	10 564
Additions	-	1 070	1 070
Capitalisations	265	(265)	-
Transfers between asset classes	-	(276)	(276)
Amortisation	(2 305)	-	(2 305)
<b>Carrying amount at 30 June 2019</b>	<b>7 337</b>	<b>1 716</b>	<b>9 053</b>

**5.5. Inventories**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current - held for sale</u></b>		
Materials at cost	92	114
<b><u>Current - held for distribution at no or nominal amount</u></b>		
Materials at cost	652	705
<b>Total current inventories</b>	<b>744</b>	<b>819</b>
<b>Total inventories</b>	<b>744</b>	<b>819</b>

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.

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

**6.1. Cash and cash equivalents**

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer	80 746	58 481
Imprest account / cash on hand	6	11
<b>Total cash and cash equivalents</b>	<b>80 752</b>	<b>58 492</b>

***Deposits with the Treasurer***

The Corporation has a general operating account with the Treasurer.

**6.2. Receivables**

	2020	2019
	\$'000	\$'000
<b><u>Current</u></b>		
<b>Trade receivables</b>		
From government entities	294	875
From non-government entities	9 638	12 661
Less impairment loss on receivables	(2 721)	(1 366)
<b>Total trade receivables</b>	<b>7 211</b>	<b>12 170</b>
GST input tax recoverable	925	6 646
Accrued revenues	-	1 394
Prepayments	1 809	1 487
Workers' compensation recoveries	14	18
<b>Total current receivables</b>	<b>9 959</b>	<b>21 715</b>
<b><u>Non-Current</u></b>		
Workers compensation recoveries	66	44
Other receivables	2	-
<b>Total non-current receivables</b>	<b>68</b>	<b>44</b>
<b>Total Receivables</b>	<b>10 027</b>	<b>21 759</b>

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 30 days after the issue of an invoice or the goods / services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

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

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

Refer to note 11.3 for further information on risk management.

**TAFE SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**6.2. Receivables (continued)**

*Impairment loss on receivables*

	2020	2019
	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>1 366</b>	<b>1 074</b>
Increase / (decrease) in the allowance recognised in Profit or loss	1 877	1 239
Amounts written off	(522)	(947)
<b>Carrying amount at the end of the period</b>	<b>2 721</b>	<b>1 366</b>

All of the above impairment losses are from receivables arising from contracts with customers.



**TAFE SA**  
**Notes to and forming part of the financial statements**  
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**7. Liabilities**

Employee benefits liabilities are disclosed in note 3.4.

**7.1. Payables**

	2020 \$'000	2019 \$'000
<b><u>Current</u></b>		
Accrued expenses	6 013	13 602
Employment on-costs	3 988	4 001
Trade payables	917	4 388
Paid parental leave scheme payable	22	25
Other	15	12
<b>Total current payables</b>	<b>10 955</b>	<b>22 028</b>
<b><u>Non-current</u></b>		
Employment on-costs	4 608	5 038
Creditors	80	69
<b>Total non-current payables</b>	<b>4 688</b>	<b>5 107</b>
<b>Total payables</b>	<b>15 643</b>	<b>27 135</b>

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

***Employment on-costs***

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

The Corporation 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 the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2019 rate (62%) to 64% and the average factor for the calculation of employer superannuation on-costs did not change from the 2019 rate of 9.8%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in current financial year is immaterial.

***Paid parental leave scheme***

Paid parental leave scheme payable represents amounts which the Corporation has received from the Commonwealth Government to forward onto eligible employees via the Corporation's standard payroll processes. That is, the Corporation is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

**TAFE SA**  
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**7.2. Financial liabilities**

	2020	2019
	\$'000	\$'000
<b><u>Current</u></b>		
Lease liabilities current	595	-
<b>Total current financial liabilities</b>	<b>595</b>	<b>-</b>
<b><u>Non-current</u></b>		
Lease liabilities non-current	465	-
<b>Total non-current financial liabilities</b>	<b>465</b>	<b>-</b>
<b>Total financial liabilities</b>	<b>1 060</b>	<b>-</b>

The Corporation measures financial liabilities at amortised cost. Refer to Note 11.3.

All material cash outflows are reflected in the lease liabilities disclosed above.

**7.3. Provisions**

	2020	2019
	\$'000	\$'000
<b><u>Current</u></b>		
Provision for workers compensation	847	860
<b>Total current provisions</b>	<b>847</b>	<b>860</b>
<b><u>Non-current</u></b>		
Provision for workers compensation	2 296	1 886
<b>Total non-current provisions</b>	<b>2 296</b>	<b>1 886</b>
<b>Total provisions</b>	<b>3 143</b>	<b>2 746</b>
Carrying amount at the beginning of the period	2 746	2 942
Increase / (Decrease) in provisions recognised	397	(196)
<b>Carrying amount at the end of the period</b>	<b>3 143</b>	<b>2 746</b>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2020 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Corporation is responsible for the payment of workers' compensation claims.

**7.4. Unearned Revenue**

	2020	2019
	\$'000	\$'000
<b><u>Current</u></b>		
Unearned Revenue - SA Government entities	-	19
Unearned revenue non-SA Government entities	-	2 523
<b>Total other liabilities</b>	<b>-</b>	<b>2 542</b>

Bond deposits \$158 000 and unclaimed monies \$63 000 reported as unearned revenue in 2018-19 have now been reclassified to other liabilities in 2019-20.

Unearned revenue amount as at 30 June 2020 is shown in contract liabilities. Refer Note 2.3

**TAFE SA**  
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**8. Other disclosures**

**8.1. Cash flow**

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

	2020	2019
	\$'000	\$'000
<b>Leases</b>		
Buildings	19	-
Vehicles	1 198	-
<b>Total cash outflow for leases</b>	<b>1 217</b>	<b>-</b>

***Reconciliation of net result to cash flows from operating activities***

	2020	2019
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	80 752	58 492
<b>Balance as per the Statement of Cash Flows</b>	<b>80 752</b>	<b>58 492</b>
<b>Reconciliation of net cash provided by / (used in) operating activities to net result</b>		
Net cash provided by / (used in) operating activities	95 867	6 207
GST paid on the purchase of property, plant and equipment	(62 306)	-
<b>Add / (less) non-cash items</b>		
Depreciation and amortisation	(18 995)	(4 472)
Net gain/(loss) from disposal of non-current and other assets	5	(191)
Resources received free of charge	2 629	2 196
Adjustments on initial adoption of AASB 9	-	(1 070)
Other expenses	2	-
Supplies and services	(3 212)	(2 196)
Decrease in employee benefits	4 584	(4 993)
<b>Movement in assets and liabilities</b>		
(Decrease) / increase in receivables	(11 732)	1 821
(Decrease) in inventories	(75)	(19)
Increase in contract asset	3 704	-
Decrease / (increase) in payables	10 906	(5 890)
Decrease in unearned revenue	2 542	106
Decrease in other liabilities	135	67
(Increase) / decrease in provisions	( 397)	196
(Increase) in contract liabilities	(4 606)	-
<b>Net result</b>	<b>19 051</b>	<b>(8 238)</b>

**TAFE SA**  
**Notes to and forming part of the financial statements**  
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**9. Changes in accounting policy**

**9.1. AASB 16 Leases**

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 *Leases* replaces AASB 117 *Leases* and related interpretations.

The adoption of AASB 16 *Leases* from 1 July 2019 resulted adjustments to the amounts recognised from a lessee perspective in the financial statements:

- AASB 117 *Leases* only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 *Leases* applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position.
- AASB 117 *Leases* resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 *Leases* largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

***Impact on retained earnings***

There was no retained earnings impact as at 1 July 2019 as the taken on right of use assets was the same as the taken lease liability.

The Corporation disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$10.94 million under AASB 117.

<b>Lease liability as at 1 July 2019</b>	<b>\$'000</b>
<b>Operating lease commitments disclosed as at June 30, 2019</b>	<b>10 940</b>
SAFA adjustments	700
<b>Adjusted operating lease commitments</b>	<b>11 640</b>
Less: short-term leases for which no lease liability is recognised	(10 423)
Less: Discounting at the weighted average interest rate	(45)
<b>Lease liability as at 1 July 2019</b>	<b>1 172</b>

**TAFE SA**  
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**9.1. AASB 16 Leases (continued)**

**Accounting policies on transition**

AASB 16 sets out accounting policies on transition in its transitional provisions. The *Treasurer's Instructions (Accounting Policy Statements)* requires certain choices in those transitional provisions to be taken. The Corporation has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.
- the initial measurement of lease liability was the present value of the remaining lease payments discounted using the relevant incremental borrowing published by the Department of Treasury and Finance rate as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 1.68%.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.
- the initial measurement of lease liabilities and right-of-use vehicles excludes all leases that ended by 30 June 2020, except for vehicles leased from SAFA.
- the initial measurement of lease liabilities and right-of-use buildings excludes all leases that ended by 30 June 2020

**Ongoing accounting policies**

The *Treasurer's Instructions (Accounting Policy Statements)* specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in the Corporation's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets.
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less.
- the Corporation, in the capacity of a lessee, does not include non-lease components in lease amounts.
- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable the public authority to further its objectives.
- right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relate to the application of AASB 16 are disclosed under relevant notes and are referenced at note 5.3.

**TAFE SA**  
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**9.2. AASB 15 Revenue from Contracts with Customers**

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 supersedes AASB 111 *Construction contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

**Impact on retained earnings**

The total impact on the Corporation's retained earnings as at 1 July 2019 is as follows:

	<u>\$'000</u>
<b>Closing retained earnings 30 June 2019 – AASB 118</b>	<b>(15 353)</b>
<b>Liabilities</b>	
Contract liabilities	<u>(1 274)</u>
<b>Opening retained earnings 1 July 2019 – AASB 15</b>	<b>(16 627)</b>

**Accounting policies on transition**

The Corporation has adopted AASB 15 on 1 July 2019. The *Treasurer's Instructions (Accounting Policy Statements)* require certain choices in those transitional provisions to be taken. The Corporation has on transition:

- Recognised the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of retained earnings as at 1 July 2019. Therefore, the comparative information has not been restated.
- Not adopted the completed contract expedient, and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former revenue and income accounting standards
- Elected not to restate retrospectively contracts for modifications that occurred before 1 July 2019. Such contract modifications were minor so this is expected to have little impact on the financial statements.

Impacts on the financial statements are explained below together with impacts from adoption of AASB 1058 Income of Not-for-Profit Entities.

**Ongoing accounting policies**

The *Treasurer's Instructions (Accounting Policy Statements)* specify requirements for public authorities in applying AASB 15. These requirements are reflected in the Corporation's accounting policies as follows:

- For non-intellectual property licences, low value licences (i.e. assets which have a value of \$10 000 or less) and short-term licences (i.e. being those with a licence term of 12 months or less) are exempt from AASB 15 revenue recognition requirements. The Corporation has elected to recognise revenue at the point in time the licence is issued.
- AASB 15 is applied to a portfolio of contracts with similar characteristics.
- There is no adjustment to the promised amount of consideration for the effects of a significant financing component if the period between the transfer of goods/services and the payment date is one year or less.
- The incremental costs of obtaining a contract are expensed when incurred when the amortisation period of the asset that the Corporation would have recognised is one year or less.
- For measuring progress towards satisfaction of performance obligations when the output method is applied, revenue is recognised in the amount to which there is a right to invoice corresponding directly to the value to the customers of the Corporation's performance completed to date.
- There are no disclosures of certain information relating to remaining performance obligations if the original contract is expected to end within one year or when revenue is recognised in accordance with para. B16.

Significant accounting policies relate to the application of AASB 15 are disclosed under relevant notes.

**TAFE SA**  
**Notes to and forming part of the financial statements**  
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**9.3. AASB 1058 Income of Not-for-Profit Entities**

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

**Accounting policies on transition**

On transition, there was no impact on retained earnings.

**9.4. Effects on financial statements from AASB 15 and AASB 1058**

The following tables show the effect of adopting AASB 15 and AASB 1058 on the Corporation's financial statements for the year ending 30 June 2020.

**Statement of Comprehensive Income**

	As reported	Adjustments AASB 15	Adjustments AASB 1058	Balances without adoption of AASB 15 & 1058
	\$'000	\$'000	\$'000	\$'000
<b>Income</b>				
Fees and charges	80 906	( 3)	-	80 903
Commonwealth-sourced grants and payments	1 217	-	-	1 217
<b>Total income</b>	<b>82 123</b>	<b>( 3)</b>	<b>-</b>	<b>82 120</b>
<b>Net result</b>	<b>82 123</b>	<b>( 3)</b>	<b>-</b>	<b>82 120</b>

**Statement of Financial Position**

	As reported	Adjustments AASB 15	Adjustments AASB 1058	Balances without adoption of AASB 15 & 1058
	\$'000	\$'000	\$'000	\$'000
Contract assets	3 704	-	-	3 704
<b>Total assets</b>	<b>3 704</b>	<b>-</b>	<b>-</b>	<b>3 704</b>
Contract liabilities	(4 606)	1 271	-	(3 335)
<b>Total liabilities</b>	<b>(4 606)</b>	<b>1 271</b>	<b>-</b>	<b>(3 335)</b>

**TAFE SA**  
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**9.5. Presentation of Financial Statements**

*Treasurer's Instructions (Accounting Policy Statements)* effective 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government. Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the Corporation. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

**10. Outlook**

**10.1. Unrecognised contractual commitments**

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

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

***Capital commitments***

	2020	2019
	\$'000	\$'000
Within one year	406	-
Later than one year and not later than five years	18	-
<b>Total capital commitments</b>	<b>424</b>	<b>-</b>

***Other commitments***

	2020	2019
	\$'000	\$'000
Within one year	9 202	9 380
Later than one year and not later than five years	9 895	13 845
<b>Total other commitments</b>	<b>19 097</b>	<b>23 225</b>

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

***Operating leases commitments***

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2020	2019
	\$'000	\$'000
Within one year	-	10 761
Later than one year and not later than five years	-	179
<b>Total operating lease commitments</b>	<b>-</b>	<b>10 940</b>



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**10.2. Expected realisation of contract liabilities as revenue**

The remaining performance obligations in relation to contract liabilities are expected to be recognised within the next 12 months.

**10.3. Contingent assets and liabilities**

The estimated cost of rectification / remediation training of Aviation Engineering Maintenance students who have been impacted by the Civil Aviation Safety Authority audit assessed in 2018-19 is \$1.0 million. The claims continue to be settled directly between TAFE SA, SAicorp as the insurer and the respective claimants.

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

The Corporation has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations from 2020-21. The Corporation has considered the impact of upcoming new standards and interpretations in respect of AASB1059 *Service Concessions* and amendments to Australian accounting standards COVID-19-Related Rent Concessions. The Corporation has assessed that there will be no impact from these changes.

**10.5. COVID-19 pandemic outlook for the corporation**

The COVID-19 pandemic will continue to impact the operations of TAFE SA in 2020-21. The impact is predominantly related to the economic impact of COVID-19 locally and globally, as well as the continued border controls.

**Expenses**

TAFE SA anticipate a continued extraordinary cost associated with maintenance of social distancing measures and appropriate levels of hygiene and sanitation. However, these costs may be more than offset by the reduced travel and other related costs as a consequence of increased digitised delivery.

Doubtful debt provisioning, and bad debt write-offs may be higher over the following financial years due to the inability for students to quickly recover from the individual financial impacts of COVID-19. The bad debt write-offs may also be higher should there be an increase in the closure of businesses that support TAFE SA industry partnerships and apprenticeship programs.

**Revenue**

TAFE SA recognise a continued risk associated across revenue sources due to continued restrictions including:

- closed borders both at state and international level
- reduced demand for trained staff, meaning that training is valued less in some industry sectors (hospitality and tourism)
- reduced availability of placements in industry restricting enrolment numbers.
- resulting economic downturn reducing capacity for industry partnerships and apprenticeship support, mitigated by a great potential for community to engage in retraining during periods of high unemployment.

TAFE SA continue to focus on alternate delivery methods to increase access and choice for students and industry and ensure the capacity to continue to deliver quality training with adherence to COVID-19 restrictions.

**10.6. Events after the reporting period**

There are no identified events after the reporting period.

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**11. Measurement and risk**

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

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

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

AASB 119 *Employee Benefits* requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds reduced to 0.50% from 1.25% in 2019.

The actuarial assessment performed by the Department of Treasury and Finance decreased the salary inflation rate to 2.5% (2019: 4%) for long service leave liability and 2% (2019: 2.2%) for annual leave, non-attendance days, and skills, experience and retention 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 \$2.1 million and employee benefits expense of \$2.1 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographic and financial assumptions – including the long-term discount rate.

Long service leave entitlements for hourly paid instructors (HPIs) have been excluded from these statements due to the complexities and impracticability of retrieving accurate information in a timely manner from CHRIS21 payroll system. Long service leave entitlement data for HPIs is only updated in CHRIS21 once actual leave requests have been manually verified against Human Resource records on a case by case basis. HPI long service leave 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.

**11.2. 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).

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**11.2. Fair value (continued)**

**Revaluation**

Property, plant and equipment 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.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

**Fair value hierarchy**

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

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

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

During 2020 and 2019, the Corporation had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

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

	Note	Level 3	Total
<b><u>Recurring fair value measurements</u></b>		<b>\$'000</b>	<b>\$'000</b>
Land	5.1	136 060	136 060
Buildings	5.1	480 397	480 397
Plant and Equipment	5.1	10 358	10 358
Library Collection	5.1	738	738
<b>Total recurring fair value measurements</b>		<b>627 553</b>	<b>627 553</b>
<b>Total</b>		<b>627 553</b>	<b>627 553</b>

**Plant and equipment**

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items is deemed to approximate fair value.

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**11.3. Financial instruments**

***Financial risk management***

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

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

***Liquidity risk***

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

Refer to note 7.1 and 7.2 for further information.

***Credit risk***

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

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

***Impairment of financial assets***

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

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

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation'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**  
**Notes to and forming part of the financial statements**  
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**11.3. Financial instruments (continued)**

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)	4 945	10.90%	539
1 – 30 days past due	3 509	11.50%	404
31 – 60 days past due	1 879	16.20%	304
61 – 90 days past due	1 213	20.60%	250
More than 90 days past due	4 878	25.10%	1 224
<b>Loss allowance</b>	<b>16 424</b>		<b>2 721</b>

\*Four year average to 30 June 2020.

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

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

Receivables are written off when there is no reasonable expectation of recovery. All non-corporate clients with outstanding debts receive three overdue reminders (corporate two overdue reminders) prior to being transferred to the debt collection agency. All debts returned by the debt collection agency as either 'uneconomical to collect' or where no activity has occurred after 180 days, are written off by TAFE SA.

In May 2020 TAFE SA offered a 6 month grace period up to 30 October 2020 to non-corporate clients with outstanding debts. During the 6 month period no reminders will be sent and debts are not transferred to the debt collection agency. If a non-corporate client contacts TAFE SA and is in financial hardship, the debt is put on hold for 1 month. Students are unable to enrol in new courses until they have settled any outstanding debts.

Receivables with a contractual amount of \$522 000 written off during the year are still subject to enforcement activity.

TAFE SA considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

All of TAFE SA's debt investments at amortised cost are considered to have low credit risk and the consideration of expected credit loss was limited to 12 months expected losses. The expected credit loss is nil.

**Market risk**

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

There 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.

**TAFE SA**  
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**11.3. Financial instruments (continued)**

**Classification of financial instruments**

The Corporation measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2020 Carrying amount / fair value \$'000	2020 Contractual maturities Within 1 year \$'000
<b>Financial assets</b>			
<b>Cash and cash equivalent</b>			
Cash and cash equivalent	6.1	80 752	80 752
<b>Financial assets at amortised cost</b>			
Receivables <sup>(1)(2)</sup>	6.2	10 931	10 931
<b>Total financial assets</b>		<b>91 683</b>	<b>91 683</b>

**Financial liabilities**

**Financial liabilities at amortised cost**

Payables <sup>(1)</sup>	7.1	11 567	11 567
Lease Liabilities	7.2	1 060	1 060
<b>Total financial liabilities</b>		<b>12 627</b>	<b>12 627</b>

Category of financial asset and financial liability	Note	2019 Carrying amount / fair value \$'000	2019 Contractual maturities Within 1 year \$'000
<b>Financial assets</b>			
<b>Cash and cash equivalent</b>			
Cash and cash equivalent	6.1	58 492	58 492
<b>Financial assets at amortised cost</b>			
Receivables <sup>(1)(2)</sup>	6.2	13 564	13 564
<b>Total financial assets</b>		<b>72 056</b>	<b>72 056</b>

**Financial liabilities**

**Financial liabilities at amortised cost**

Payables <sup>(1)</sup>	7.1	17 797	17 797
<b>Total financial liabilities</b>		<b>17 797</b>	<b>17 797</b>

**Receivables and Payables**

<sup>(1)</sup> The receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example Commonwealth, State and Local Government taxes, fees and charges; Auditor- General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights and obligations have their source legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at amortised cost. Receivables and payables amounts disclosed here include contract assets and contract liabilities presented in Note 2.3.

<sup>(2)</sup> The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.

## **Appendix 2: TAFE SA Ministerial Charter (2019-20)**



## **TAFE SA Ministerial Charter (2019-20)**

### **Part 1: Preliminary**

#### **1. Purpose**

- 1.1. The purpose of this Charter is to set out the direction; governance and operations; and financial requirements for the Corporation as determined by the Government of South Australia.
- 1.2. This Charter has been prepared by the Minister and the Treasurer, in consultation with the Corporation, pursuant to section 12 of the *Public Corporations Act 1993*.
- 1.3. This Charter should be read in conjunction with the annual Performance Statement prepared in consultation with the Minister and the Treasurer pursuant to section 13 of the *Public Corporations Act 1993*, setting the performance targets that the Corporation is to pursue in the coming financial year.

#### **2. Governance context**

- 2.1. This Charter should be read in conjunction with the following:
  - *TAFE SA Act 2012*
  - *Public Corporations Act 1993*
  - *National Vocational Education and Training Regulator Act 2011*
  - *Training and Skills Development Act 2008*
  - *Education Services for Overseas Students (ESOS) Act 2000*
  - *Higher Education Support Act 2003*
  - *Tertiary Education Quality and Standards Agency Act 2011*
  - *Public Finance and Audit Act 1987*
  - *Public Sector Act 2009*
  - *Public Sector (Honesty and Accountability) Act 1995*
  - Code of Ethics for the South Australian Public Sector (February 2010)
  - Honesty and accountability for members of government boards (March 2011)

#### **3. Definitions**

- 3.1. **'Board'** means the board of directors established as the governing body of TAFE SA under the *TAFE SA Act 2012*.
- 3.2. **'Director'** means a director of the board.
- 3.3. **'Minister'** means the Minister for Education.
- 3.4. **'MAA'** means Memorandum of Administration Arrangement.
- 3.5. **'Performance Statement'** means the statement of performance targets that the Corporation must pursue in the coming financial year as specified by the Minister and the Treasurer after consultation with the Corporation under section 13 of the *Public Corporations Act 1993*.
- 3.6. **'Purchasing Minister'** means Minister for Innovation and Skills



- 3.7. **'the Corporation'** means TAFE SA.
- 3.8. **'the Government'** means the Government of South Australia.
- 3.9. **'the State'** means the state of South Australia.
- 3.10. **'Treasurer'** means the Treasurer for the Government of South Australia.
- 3.11. **'VET'** means vocational education and training.

## **Part 2: Purpose and Direction**

### **4. Establishment**

- 4.1. The Corporation is established under the *TAFE SA Act 2012* and is a statutory corporation to which the provisions of the *Public Corporations Act 1993* (other than section 35) apply.

### **5. Functions of TAFE SA**

- 5.1. The Strategic Direction of TAFE SA is to become an effective, sustainable public provider offering choice and high quality training in line with the Government's policy objectives as set out in *A Fresh Start for TAFE SA* (released 4 September 2018).
- 5.2. In reference to the functions set out in the *TAFE SA Act 2012*, the Corporation's functions are limited to:
  - 5.2.1 Delivering government-funded VET services that meet the economic and social needs of South Australia.
  - 5.2.2 Supporting the Purchasing Minister to achieve policy objectives in the development of a competitive market characterised by access and choice.
  - 5.2.3 Strengthening VET in schools activity in support of the Government's policy objectives.
  - 5.2.4 Delivering higher education programs.
  - 5.2.5 Delivering educational programs and services to international students residing in South Australia.
  - 5.2.6 Developing VET commercial ventures to ensure viability and delivering a balanced budget as expressly identified in the Minister-approved Business and Strategic Plans.

### **6. Government Direction**

- 6.1 *A Fresh Start for TAFE SA* articulates the Government's direction for the Corporation which is to set the benchmark for quality and be viable, sustainable and accountable in delivering value for money for South Australians within a VET market that is characterised by access and choice. Specifically:

- 6.1.1 TAFE SA shall operate within a VET market that improves access and choice:
- a. The Corporation shall deliver government funded training alongside other training providers. This training shall be identified by the Purchasing-Minister in the Purchasing Memorandum of Administrative Arrangement (MAA).
  - b. The Corporation shall support the Purchasing-Minister to achieve the policy objective of developing a competitive market for VET services through the delivery of non-commercial services. For example, the Corporation's extensive infrastructure and educational expertise shall be accessible to other parties or made available to support the skilling of local communities.
  - c. The Corporation shall pursue the delivery of commercial services on a full cost recovery basis that does not have the effect of lessening competition or creating unfair competitive advantage within market segments.

6.1.2 TAFE SA shall define the benchmark for quality:

- a. The Corporation shall engage with its communities and industry to deliver training that meets their needs, contributing to the social and economic priorities of the State.
- b. The Corporation shall be able to respond to employer's and student's requirements with responsive and flexible solutions.
- c. The Corporation shall be recognised by its peers, industry, businesses and the public at large as the Government's own brand with reliability, professionalism and high educational standards.

6.1.3 TAFE SA shall be viable, sustainable and accountable

- a. The Corporation shall understand its costs of delivering outputs in order to make informed business decisions in the context of its commercial operations.
- b. The Corporation shall not be solely reliant on government funding but shall generate revenue and/or reduce costs to balance its budget.



### **Part 3: Governance and Operations**

#### **7. Governance arrangements**

- 7.1. The Corporation owns assets for and on behalf of the Government for the benefit of the State and has the powers of a natural person and any other powers conferred on it by legislation.
- 7.2. The Government, represented by the Minister and the Treasurer, is the owner of the Corporation, acting for and on behalf of the people of South Australia.
- 7.3. The Board is empowered under the *TAFE SA Act 2012* to make binding decisions for the implementation of that Act.
- 7.4. The Board is accountable to the Minister and the Treasurer for the sound management and stewardship of the Corporation and its assets, for and on behalf of its owners, in accordance with the law, and for the attainment of performance targets specified in the Performance Statement.
- 7.5. The Board's key responsibility is to govern the Corporation in line with the Government's policy objectives, as set out in *A Fresh Start for TAFE SA*, achieving continued performance and managing the Corporation to protect the Government's financial interests.
- 7.6. The Corporation shall develop a planning framework followed by a Business Plan and a Strategic Plan. The Board shall seek approval for its planning framework, Business Plan and Strategic Plan from the Minister before finalisation and implementation.
- 7.7. The Corporation shall comply with all relevant Government policy and legislation including items outlined in section 2.1 of this Charter.

#### **8. Non-commercial operations**

- 8.1. Pursuant to section 12 of the *Public Corporations Act 1993*, the Corporation's non-commercial operations are:
  - 8.1.1 Training and associated support services that are identified in the Purchasing MAA between the Purchasing-Minister and the Corporation.
  - 8.1.2 Services requested by the Minister under a Community Services Obligation instruction.
  - 8.1.3 Agreed by the Minister and the Treasurer to be non-commercial.

#### **9. Commercial operations**

- 9.1. For the purposes of section 12 of the *Public Corporations Act 1993*, commercial operations are those services not stipulated in section 8.

### **Part 4: Financial standards and reporting**



10. **Fees and charges**
  - 10.1 The Corporation's fees and charges shall be established in accordance with a Corporation's Fees and Charges Framework approved by the Minister.
11. **Asset management**
  - 11.1 The Corporation shall comply with Treasurer's Instructions and other Government policies relating to the acquisition and disposal of assets.
12. **Borrowing and investment activities**
  - 12.1 The Corporation may borrow funds from the South Australian Government Financing Authority, subject to approval by the Treasurer.
  - 12.2 All funds or retained earnings shall be invested with the South Australian Government Financing Authority.
13. **Dividend and tax equivalent payments**
  - 13.1 The Corporation shall comply with Government policies and relevant Treasurer's Instructions on dividend and tax equivalent payments.
  - 13.2 In accordance with section 29 of the Public Corporations Act 1993, the Corporation shall pay to the Treasurer all rates, duties and taxes as requested by the Treasurer.
  - 13.3 In accordance with section 30 of the Public Corporations Act 1993, before the end of each financial year the Corporation shall recommend to the Treasurer that the Corporation pay a specified dividend or not pay any dividend, for that financial year.
14. **Financial reports, systems and practices**
  - 14.1. Form and content of accounts and financial statements:
    - 14.1.1 The Corporation shall maintain financial and accounting processes, practices and systems, and prepare financial statements in accordance with:
    - 14.1.2 Applicable Australian Accounting Standards
    - 14.1.3 Generally accepted accounting principles and practice, and
    - 14.1.4 All relevant Government policies including Treasurer's Instructions and Accounting Policy Statements (unless specifically exempted) issued under the Public Finance and Audit Act 1987.
  - 14.2. Accounting and internal auditing systems and practices:
    - 14.2.1 The Corporation shall establish and maintain effective records of all asset acquisitions and disposals.
    - 14.2.2 The Corporation shall establish an Audit and Risk Committee chaired by a Board Director and reporting through to the Board.



14.2.3 The Corporation shall establish and maintain effective internal auditing of its operations in accordance with appropriate standards of practice and as required by its Audit and Risk Committee.

14.2.4 In addition to statutory reporting, the Corporation shall provide the following reports to the Minister, the Treasurer, or Department for Treasury and Finance (as appropriate):

- a. Monthly and quarterly reports including actual and forecast information on financial and non-financial performance, its financial position, contributions to and from the Government, capital expenditure, borrowings, financial and operational performance targets and cash flow
- b. Annually for the budget planning process, a forward estimates report covering the Budget year and the three out years
- c. Annual reports on performance against the approved Performance Statement, and
- d. Other information as requested from time-to-time by the Minister or the Treasurer.

14.3 The Corporation shall:

14.3.1 Advise the Minister, as soon as practicable, of any development that materially affects the financial or operating capacity of the Corporation or any of its subsidiaries or gives rise to an expectation that the Corporation or any of its subsidiaries may not be able to meet its debts as and when they fall due;

14.3.2 Ensure that all information furnished to the Minister by the Corporation or any of its subsidiaries is accurate and comprehensive; and

14.3.3 Provide advice on dividends to the Government and dividend returns to the Government as approved by the Minister and the Treasurer.

#### **Part 5: Date of operation**

15. This Charter comes into operation upon signing by the Minister and the Treasurer and is binding on the Corporation.



John Gardner MP  
**Minister for Education**

Date: 4 / 12 / 2019



Hon Rob Lucas MLC  
**Treasurer**

Date: 30 / 11 / 2019