



Government of **Western Australia**
South Metropolitan **TAFE**

Annual Report 2018

2018

SOUTH METROPOLITAN TAFE

Statement of compliance

To the Hon. Suzanne Ellery MLC, Minister for Education and Training

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for information and presentation to Parliament, the annual report of South Metropolitan TAFE for the period ending 31 December 2018.

This report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and the *Vocational Education and Training Act 1996*.



Elizabeth Carr AM
Chair of Governing Council

12 March 2019



Terry Durant
Managing Director

12 March 2019



South Metropolitan TAFE, Murdoch campus

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Welcome from the Chair and Managing Director


On behalf of South Metropolitan TAFE (SM TAFE), we are pleased to present the 2018 Annual Report. This report provides an overview of the many achievements and activities of 2018, highlighting another productive year for SM TAFE as we continue to implement our strategic plan, develop exciting partnerships, introduce new courses, and deliver millions of hours of training to thousands of Western Australians.

A primary focus of 2018 was preparing for our new Student Management System (SMS) - a project that has been led and implemented across the WA TAFE sector by the Department of Training and Workforce Development. The SMS project has been significant due to the impact the new system will have on the college's administrative environment. After most of 2018 spent in preparation, the college successfully went live with the system in late December. We are thankful for the dedication and support of our staff in preparing for this change, which was fundamental to the success of the project at SM TAFE.

As part of the State Government's Plan for Jobs, SM TAFE was delighted to launch three Jobs and Skills Centres (JSCs) across our Peel (Mandurah), Rockingham and Thornlie campuses. Funded through the State Government, the JSCs are providing SM TAFE with the opportunity to re-prioritise valuable job-seeker services and create one-stop shops for careers, training, and employment advice, as well as provide tailored employment services for youth, Aboriginal people, and people from culturally diverse backgrounds. Importantly, the JSCs are furthering our capacity to develop relationships and connect with local communities and businesses, promoting a consultative approach to local

workforce development. Community reception to the new JSCs has been positive, with thousands of services having already been provided to future students, job-seekers, career changers, and local employers. We look forward to building on the work of the JSCs in 2019, and continually build on our strong community links and our commitment to meeting the need of local workforces.

As a cornerstone of our strategic plan, SM TAFE is committed to positioning our delivery to meet current and future workforce needs as we move swiftly into the 'fourth industrial revolution'. A landmark partnership with Rio Tinto Iron Ore was progressed this year, with SM TAFE leading the way nationally in the development of training that will prepare future and existing workers with the skills needed in workplaces characterised by increasingly automated processes. Complementing this, new courses in network security were launched earlier this year, which will assist WA to keep up with demand for skilled cyber security professionals. Recent investment in SM TAFE's own Training Cyber Security Operations Centre (TCSOC), which will be launched in 2019, will provide students with hands-on training in a simulated environment, and provide the opportunity to collaborate with other training centres both locally and internationally.



**SM TAFE's partnership
with the Naval Shipbuilding
College**

In addition to exciting work in automation, SM TAFE's partnership with the Naval Shipbuilding College was progressed and the college is looking forward to supporting the State with initiatives in the Defence Industries Strategic Plan and collaborating with other agencies in promoting the STEM skills agenda.

Each year we are inspired by the achievements of our students, who are consistently recognised for their skills across a vast array of industry areas. 2018 was no different, with our students representing the college both locally, nationally and internationally at events such as the WA Training Awards, Worldskills and the Telstra Perth Fashion Festival. Congratulations to all students who represented the college in 2018.

During the year, SM TAFE farewelled Stephen Cain from our Governing Council. Mr Cain provided wisdom, insight and enthusiasm for the value of vocational education and training during his decade long service on the Council and we extend our sincerest gratitude for



Elizabeth Carr AM
Chair of Governing Council

12 March 2019

his service. We also thank Christine Coyne, another departing Governing Council member, for her valuable contribution, insights and support.

As we review 2018, it is comforting to see growth in the amount of training being delivered, exciting projects coming to fruition, and as always, witnessing the ongoing commitment and enthusiasm of our staff. In light of that, we would like to extend our sincerest thanks to our colleagues, who have continued to show great resilience during times of change and commitment to providing quality training and education to our students.

We would like extend our appreciation to our industry and community partners, who continue to play a vital role in supporting us to deliver responsive, contemporary training, and to enable our communities to get the most out of our services.

Lastly, we would like to thank the Hon. Sue Ellery MLC, Minister for Education and Training for her genuine support and enthusiasm for the sector during 2018.



Terry Durant
Managing Director

12 March 2019

OVERVIEW OF THE AGENCY


Executive summary

Overview of year and key highlights of 2018

WE EXCEEDED OUR PROFILE DELIVERY TARGET AND DELIVERED **7,475,676** HOURS OF GOVERNMENT SUBSIDISED TRAINING



WE DELIVERED TRAINING TO **26,194** STUDENTS




WE TRAINED **5,521** APPRENTICES AND **840** TRAINEES



WE DELIVERED OVER **330** QUALIFICATIONS



WE ACHIEVED A STUDENT SATISFACTION RATING OF **87.8%**  **2.8% ABOVE TARGET**

WE LAUNCHED **3x JOBS & SKILLS CENTRES** WHICH PROVIDED OVER **9200** SERVICES

WE WENT LIVE ON A **NEW STUDENT MANAGEMENT SYSTEM**



WE LAUNCHED EXCITING NEW QUALIFICATIONS IN **CYBER SECURITY**



WE PARTNERED WITH DOZENS OF PRIVATE, NOT-FOR-PROFIT AND GOVERNMENT ORGANISATIONS TO DELIVER TRAINING TO WESTERN AUSTRALIANS



South Metropolitan TAFE is one of Western Australia's largest and most diverse training providers, delivering training to thousands of local and international students per year and workforce development services to businesses across the State.

SM TAFE delivers courses ranging from certificate I to advanced diplomas across a vast array of para-professional, trade and foundation courses.

With 14 campuses located from Fremantle to Armadale and as far south as Mandurah, SM TAFE provides access to education and training for communities throughout the southern metropolitan region.

SM TAFE plays an important role in the State's economic development by responding to industry, workforce, and community needs. SM TAFE is committed to collaborating and partnering with industry to support the development of education and training programs, the placement of job-ready graduates and the identification of training needs. This strong relationship with Industry ensures SM TAFE's programs remain contemporary, relevant to workplace requirements, and supportive of broader workforce development initiatives.

OUR PURPOSE

We provide students with skills to enable employment and career development

We do this by:

- providing students with high quality training services that prepare them for pathways to employment
- providing students with pathways to further education and training opportunities that can launch and extend their careers
- helping industry and our employers grow and create the workforce of the future
- strengthening our communities through lifelong learning opportunities for all.

OUR VISION

By 2020 SM TAFE will be recognised as a national leader in providing skills for employment and career development.

Our vision ensures we aspire to create futures for individuals by:

- preparing them for jobs or supporting further learning to develop their careers
- building and nurturing a skilled workforce
- forging prosperous futures for our communities.

OUR VALUES

Integrity: We are committed to achieving our vision and delivering on our purpose; we work collaboratively; we are ethical and accountable in all our dealings with our students, our partners and ourselves.

Excellence: We are excellent at what we do; we have a quality focus and quality lens in the services and training delivery that we perform; we exude and execute professionalism in all our dealings.

Agility: We are flexible, inclusive, agile and easy to do business with; service is delivered with the customer in mind and at the centre of all our decisions and actions; we are outcomes focused and we respond.

Innovation: We are future focused, keeping pace with customers and market needs; we look for solutions and encourage creative thinking and continuous improvement.

Legislative Environment

Enabling Legislation

SM TAFE was established as a statutory authority under section 35 of the *Vocational Education and Training Act 1996*.

Administering legislation

The Minister for Education and Training administers the *Vocational Education and Training Act 1996 (the Act)*.

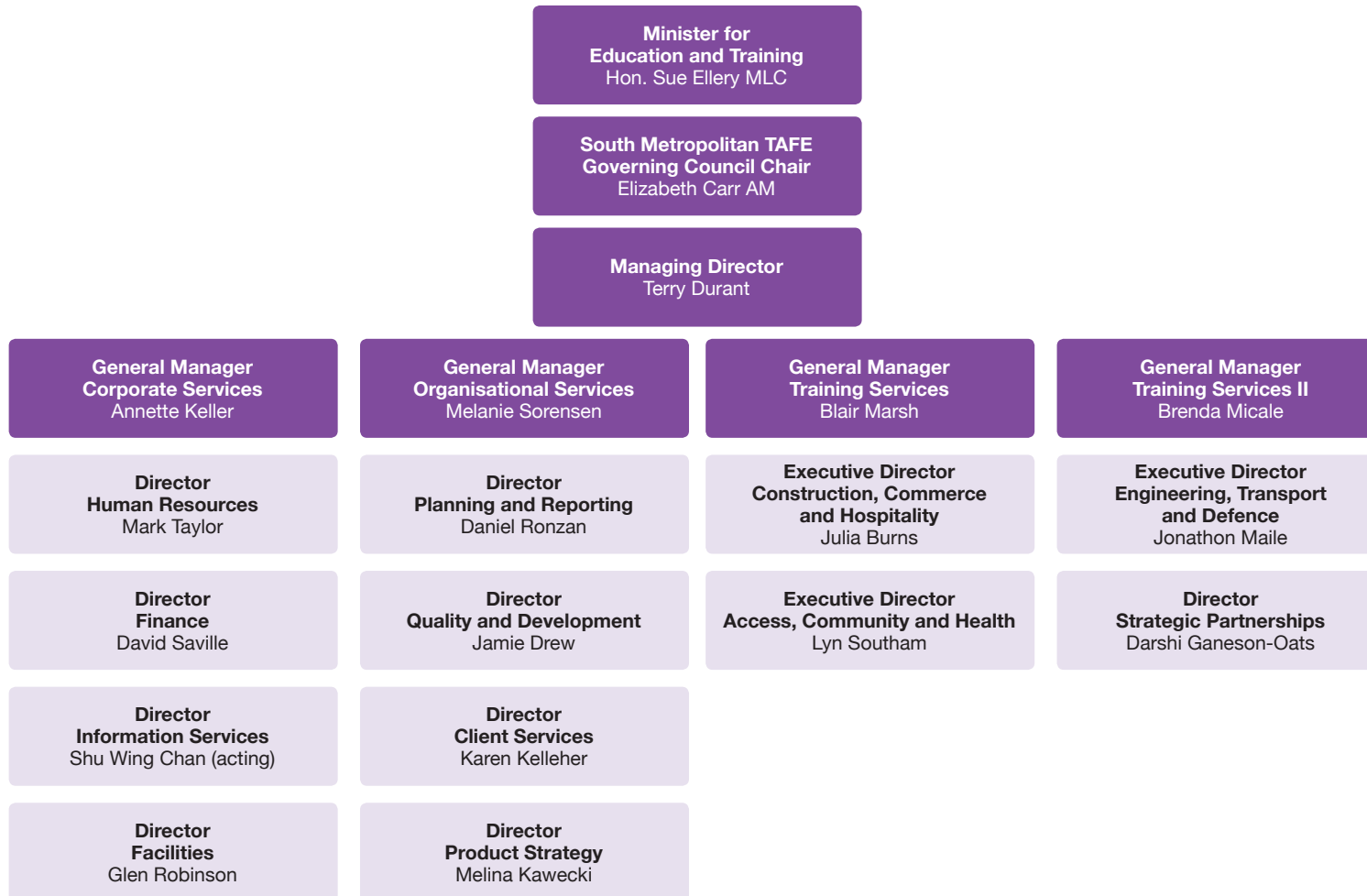
SM TAFE complies with the following relevant legislation:

- *Aboriginal and Torres Strait Islander Commission Amendment Act 2005*
- *Commercial Tenancy (Retail Shops) Agreements Act 1985*
- *Corruption and Crime Commission Act 2003*
- *Disability Discrimination Act 1992*
- *Disability Services Act 1993*
- *Education Services for Overseas Students Registration Charges Act 1997*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1982*
- *Higher Education Support Act 2003*
- *Industrial Relations Act 1979*
- *Library Board of Western Australia Act 1951*
- *Occupational Safety and Health Act 1984*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *School Education Act 1999*
- *State Records Act 2000*
- *State Supply Commission Act 1991*
- *Tertiary Education Quality and Standards Agency Act 2011*
- *Vocational Education and Training Act 1996*
- *Workers Compensation and Injury Management Act 1981*
- *Working with Children (Criminal Record Checking)*

Organisational structure

Responsible Minister

In 2018 SM TAFE was responsible to the Hon. Sue Ellery MLC, Minister for Education and Training, with the primary purpose of delivering vocational education and training.



Governing Council

SM TAFE's Governing Council is responsible for overseeing the college's operations and affairs and providing strategic direction. The council oversees the direction of the college through the execution of its statutory functions under the Vocational Education and Training Act 1996, Public Sector Management Act 1994 and the Financial Management Act 2006.

Governing Council members are chosen for their vast experience and expertise across multiple sectors, including training, education, community affairs and industry.

The Governing Council's sub-committees are responsible for the oversight of key governance issues, including the Finance, Audit and Risk Management Sub-Committee (FARM), Higher Education Academic Board, and the Nomination and Evaluation Sub-Committee.

In 2018 the Governing Council membership was as follows:



Elizabeth Carr AM (Chair)

Elizabeth Carr has been the Chair of the Governing Council since its inception in April 2016. Elizabeth is a full-time non-executive director with a board portfolio covering government, private, education and not-for-profit organisations in Western Australia and New South Wales.

Her background incorporates the private and public sectors. She has worked in senior executive positions for IBM and Macquarie Group and within senior levels of politics and government in NSW, WA, Papua New Guinea and the United States.

She chairs St Mary's Anglican Girls School (WA), St Catherine's Aged Care Services (NSW), and the Department of Family and Community Services Audit and Risk Committee (NSW) and Deputy Chair of the Kokoda Track Foundation (National).

She is a member of The Environmental Protection Authority (WA), Director of Insurance and Care (NSW), on the Audit and Risk Committees for the Urban Growth Development Corporation (NSW) and on the National Council as a WA representative for the Harvard Club of Australia. Elizabeth holds a BA (Hons) from UWA, a master's degree from Harvard University and is a Fellow of the Australian Institute of Company Directors.



**Emeritus Professor
David Wood (Deputy Chair)**

Emeritus Professor David Wood is a retired academic who spent much of his professional life at Curtin University as Provost and Senior Deputy Vice-Chancellor, Deputy Vice-Chancellor International, Pro Vice-Chancellor of Humanities and in a number of other positions in the Faculty of Humanities and the School of Built Environment.

His academic discipline is Urban and Regional Planning and he has led numerous research projects in this area, most recently leading CSIRO collaboration clusters that unite university and CSIRO scientists to address real world problems, such as in Australia’s coastal zone. David continues to serve Curtin University as Emeritus Professor in Humanities and as a member of the Humanities Faculty Advisory Council.

Between 2004 and 2010, David served on a number of state boards, including the Coastal Planning and Coordination

Council and Ningaloo Sustainable Development Committee, both of which he chaired, and the WA Planning Commission and Heritage Council of Western Australia.

David’s earlier roles were in local government where he was Coordinator of the Arthur Head Bicentennial Project, and Joint Head of the Department of Conservation and Restoration and Curator of Restoration at the WA Maritime Museum.

David Wood has a Bachelor of Arts (Monash), a Postgraduate Diploma in Urban and Regional Planning and a doctorate from Curtin University.



Niegel Grazia

Niegel Grazia is currently the Deputy Director General, Industry and Economic Development at the Department of Primary Industries and Regional Development. His contribution to SM TAFE is informed by experiences working with communities, NGOs, the media and governments on remote and complex development projects in Australia and overseas.

Niegel worked in the oil and gas industry for 21 years, including senior corporate and project based roles and for five years as the Australian Petroleum Production and Exploration Association’s representative in WA. He has led the corporate affairs function in an ASX top 20 company and has undertaken residential postings in the Pilbara and Kimberley regions. Niegel has formerly served as Governing Council Chair of the Kimberley Training Institute.

Prior appointments also include roles with the Kimberley Development Commission, the Department of Premier and Cabinet and other agencies within the WA public service. He also served for seven years on the staff of WA State Government ministers across the local government, mines, energy and emergency services portfolios.

Niegel holds a Bachelor of Business from Curtin University and offers proven leadership, communication, advocacy, strategic thinking and problem solving skills.



Deborah Hamblin

Deborah Hamblin is the Deputy Mayor of the City of Rockingham. She has promoted the importance of education in the region for the past 12 years while on the City of Rockingham Council. She is passionate about the value of education and its importance in developing a strong community. Deborah Hamblin has been a member of a variety of management boards and is a valuable contributor to SM TAFE's Governing Council. She holds a bachelor degree from Murdoch University, a post graduate qualification from Curtin University and is an Associate Member of the Australian Library and Information Association.



Nicole Ashby

Nicole Ashby is an Exposure Alchemist who has a unique skill in assisting business owners to gain media exposure to further build their profile, market leadership and authority.

With hundreds of media interviews under her belt, including with The Project, The Today Show, The 7.30 Report, The Australian, BBC radio, ABC radio to mention but a few, Nicole knows how to create successful media strategy.

Having built her former company and first business, FIFO Families, from scratch in 2010 and selling it five years later, Nicole now mentors aspiring business owners. A dual Telstra Business of The Year Finalist, Telstra Business of The Year Finalist and dual 40Under40 Winner, Nicole helps other business owners explore their innate potential and develop media strategy to drive business growth.



Julian Coyne

Julian Coyne brings entrepreneurship, engineering and technology together. After graduating with honours in Computer and Mathematical Science in 2002 Julian founded his first company Unified - which has since delivered successful technology solutions to major clients including Toyota, Rio Tinto, INPEX, IBM, Microsoft, Landgate, Lotterywest, UWA and State and Federal Government agencies throughout Australia. Julian has since launched several other successful companies and initiatives, and has been invited to Oxford University, Silicon Valley and Singapore to present and work on the future of technology, industry, academia and government.

Julian presently serves as WA Chairman for the Australian Information Industry Association (AIIA) - Australia's peak body for the technology industry. The AIIA represents global organisations including Apple, Amazon, Google, IBM, Intel, Microsoft, Optus, Telstra, Deloitte, EY, KPMG and PwC through to local SMEs, start-ups and scale-ups. In 2006 Julian was selected for the Commonwealth Government's inaugural ICT Industry Entrepreneur Accelerator Program, hosted at Macquarie Graduate School of Management (MGSM) in partnership AusIndustry and AIIA. Julian is also a graduate of the Australian Institute of Company Directors (AICD), a Senior Certified Professional with the Australia Computer Society (ACS), a member of the Institute of Electrical and Electronic Engineers (IEEE) and a member of the Commonwealth Club of California.

In addition to serving on the Governing Council of South Metropolitan TAFE, Julian serves as Chairman of the Autism Academy of Software Quality Assurance (AASQA) and Chairman of the Advisory Board for the State Government's Regional New Industries Fund.



Zaneta Mascarenhas

Zaneta Mascarenhas is a passionate, pragmatic, socially minded professional with sustainability, community and engineering skills. She is an engineer, mother and daughter of a fitter and turner. She leads the WA team for Energetics, Australia's leading carbon and energy management consultancy. At Energetics she provides advice to mining, oil and gas and industrial clients.

She was raised in the Goldfields region in WA and has worked in the mining and construction sectors; here she has seen the importance for having a recognised vocational qualification

Zaneta has extensive governance experience having served on the following boards: Curtin University, Professionals Australia, Welfare Rights and Advocacy Service (current), Curtin Student Guild, and National Union of Students.

She has degrees in Chemical Engineering and Chemistry and is studying a Masters in Community Development. Volunteering is important to Zaneta. She worked for the World Bank's Water and Sanitation Program as part of AusAid's Youth Ambassador program and has volunteered in the sustainability and union movements. Today she volunteers with the Vic Park Transition Network and she anticipates joining the Uniting Church WA's Social Justice Commission shortly. Zaneta's diverse work, volunteer and education background allows her to provide unique strategic advice to not-for-profit organisations.



Kelly Townson

Kelly Townson has over 20 years' experience in strategy development, brand building, partnership development, and change leadership having worked across a diverse portfolio of industry sectors including tourism, higher education and training, FMCG and financial services. She has private and government sector exposure and previous board experience. She serves on the Board of Bicycling Western Australia and currently she is the General Manager of Marketing for Crown Resorts Perth.



Lina Dickins

Lina Dickins has led training and competency functions for a number of major oil and gas projects in Australia and overseas. In executing these projects, her strategies always promote collaboration with vocational institutes, indigenous employment, and the development of trainees and apprentices.

Lina contributes experience in driving closer alignments between industry and educational institutions, which she sees as one of the key areas for developing future skills in Australia.



Stephen Cain (term ended June 2018)

Stephen Cain is the Chief Executive Officer of the City of Cockburn. Over the past 20 years he has held senior management positions in the private and public sectors. He served for 36 years as an officer in the Australian Army (regular and reserve forces) and is a graduate of Royal Military College, Duntroon.

He continues to serve in the Army Reserves as an Aide-de-camp to the Governor General and holds the rank of Brigadier. Stephen is a fellow of the Chartered Institute of Transport and Logistics, sits on the board of Hockey WA and is a member of the Bravery Trust (Governance Committee).



Christine Coyne (term ended June 2018)

Christine Coyne has been providing specialist Aboriginal engagement and training services throughout a career spanning 35 years. For the past four years Christine has been running her own consultancy business, Christine Coyne & Associates, and works with a range of clients involved in major construction projects, mining, infrastructure and a broad range of industry sectors and groups.

Christine is recognised as a specialist in this area. During the past 25 years Christine has worked within the private sector for some of the country's major employers, including Woodside Energy, Fortescue Metals Group, Foster Wheeler, Worley Parsons, Compass Group Australia and the Chamber of Commerce and Industry. Prior to this, Christine spent ten years working in policy development and training in Aboriginal program areas for the Federal Government.

As well as providing specialist Aboriginal engagement services and managing a range of Aboriginal employment projects, Christine has been involved in the development and delivery of Aboriginal cultural awareness, mentoring workshops and other customised training programs.



Terry Durant

Terry Durant is the Managing Director of SM TAFE and is an ex-officio member of the Governing Council.

Performance Management Framework

Outcome Based Management Framework

Government goals are supported at agency level by specific desired outcomes. Agencies deliver services to achieve these outcomes, which ultimately contribute to meeting higher level government goals. The following illustrates the relationship between SM TAFE's outcomes and the most appropriate government goal.

Government goal	Desired outcome	SM TAFE services
Future jobs and skills	Grow and diversify the economy, create jobs and support skills development.	<ol style="list-style-type: none"> 1) Provision of a diverse mix of government funded and commercial, fee for service training. 2) Delivery of apprenticeships and traineeships. 3) Partnerships with industry and major employers. 4) Flexible, responsive and nationally accredited training ranging from certificate I to advanced diplomas. 5) Jobs and Skills Centres that engage with the local community, businesses and industry, providing employment services, workforce development support among other services.

Changes To Outcome Based Management Framework

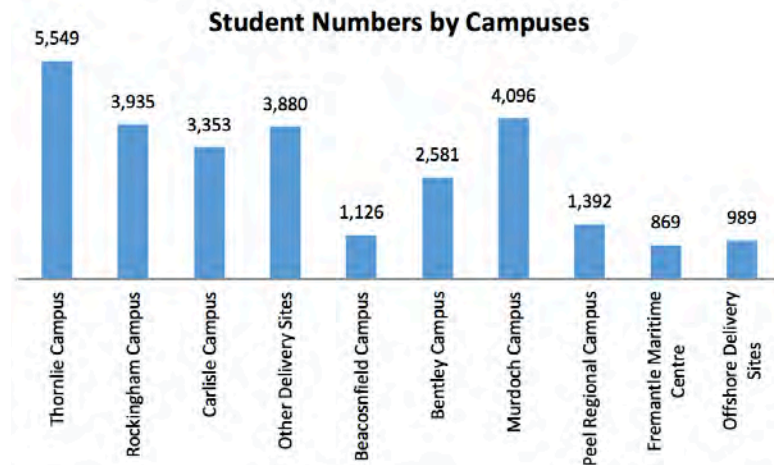
There was no change to SM TAFE's Outcome Based Management Framework in 2018.

Shared responsibilities with other agencies

SM TAFE receives funding from the State Government through an annual resource agreement, the Delivery and Performance Agreement, with the Department of Training and Workforce Development (DTWD). The college reports to DTWD for outcomes under that agreement.

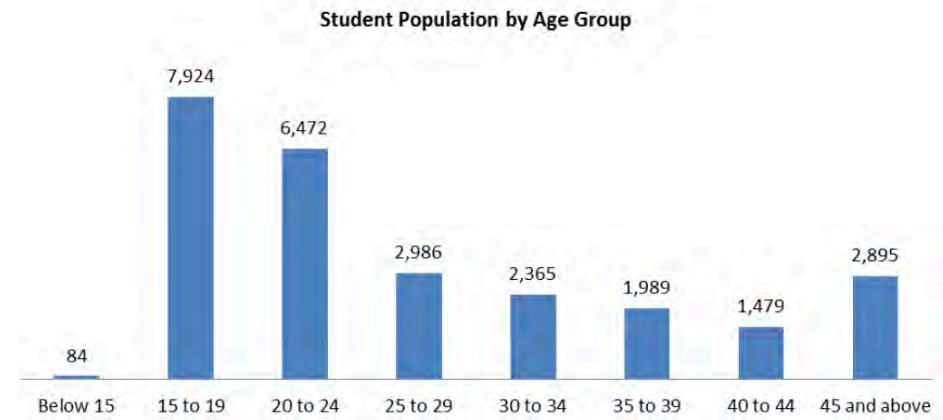
Student population

In 2018, 26,194 unique students enrolled at SM TAFE. Approximately 79% of students enrolled at eight of the college's 13 campuses, with the Thornlie campus the largest delivery site with 5,549 students.

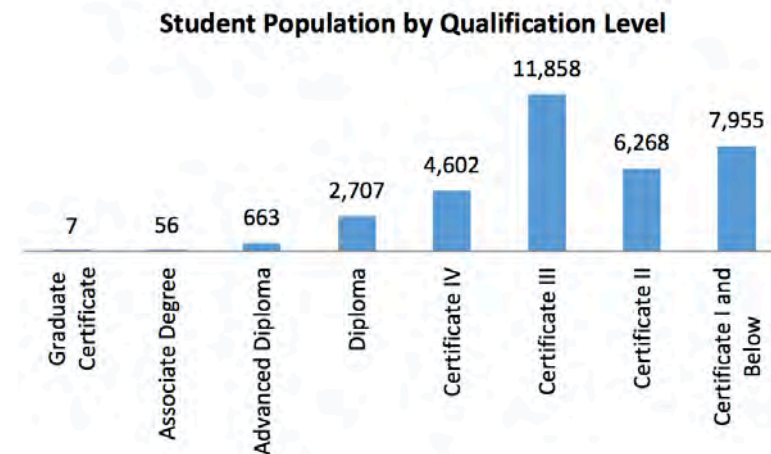


* Other delivery sites include prisons, Armadale Campus, Jandakot Campus, Kwinana Automotive Technical Centre, Henderson Campus and Munster Campus.

The largest group of students continued to be the 15 to 19 year old age group, representing 30% of the total SM TAFE student population.

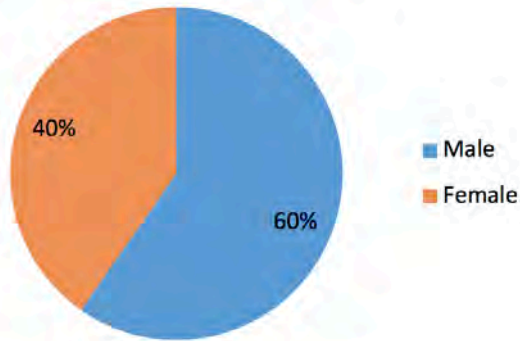


Of the total number of students enrolled, 41% were enrolled in certificate II and below courses, 35% enrolled in certificate III courses and 24% enrolled in certificate IV and above courses.

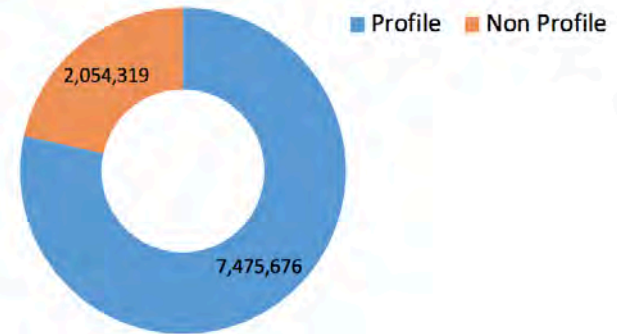


Approximately 60% of students who studied at SM TAFE in 2018 were male and 40% were female.

2018 Student Population by Gender



Overall 2018 Training Effort Profile and Non Profile (SCH)



Report on Operations

In 2018 SM TAFE delivered a total of 9,529,995 student curriculum hours (SCH) to 26,194 students in 39,883 course enrolments.

SCH includes both profile funded training (State Government subsidised training) and non-profile training, including domestic and international fee-for-service delivery, and Commonwealth Government funded activity.

Profile

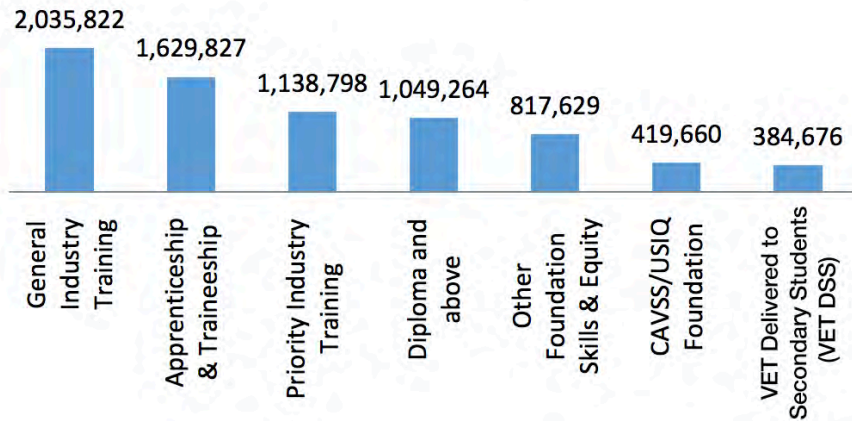
The amount of profile funded training delivered in 2018 was 7,475,674 SCH to 19,898 students in 30,660 course enrolments. This represented more than 78% of SM TAFE's total training delivery activity in 2018.

General industry training courses represented the largest profile delivery category comprising 27% of all profile funded delivery. General industry training comprises non-entitlement, institutional based training courses which align to a range of key industry areas. The ANZSCO categories with the highest SCH delivered in 2018 included; General Education (987,115 SCH), Automotive and Engineering Trade Workers (915,887 SCH); Carers and Aides (619,210 SCH); Health and Welfare Support Workers (557,679 SCH); Engineering, ICT and Science Technicians (534,877 SCH).

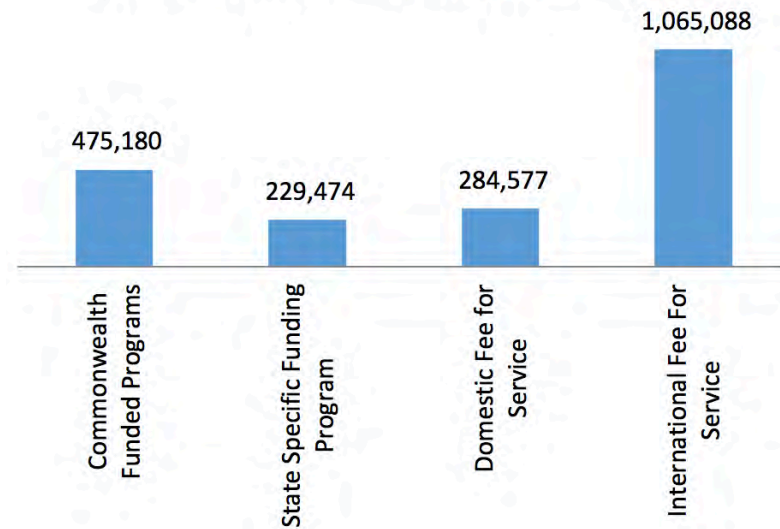
Apprenticeship and traineeship delivery (employment-based training) was the second largest profile delivery category, accounting for 22% of total profile funded delivery.

Priority industry training delivery was the third largest profile delivery category, accounting for 15% of total profile funded delivery.

**2018 Profile Training Effort
Key Delivery Categories**



2018 Non Profile Training Effort by Funding Source



Non Profile

SM TAFE achieved 2,054,319 SCH in non-profile funded training activity delivered to 7,196 students in 8,470 course enrolments.

Non-profile funded activity includes domestic fee-for-service courses tailored to meet the contemporary needs of employers and international onshore and offshore clients.

A major source of non-profile funding is Commonwealth Government funded programs, including the Adult Migrant English Program (AMEP) and Skills for Education and Employment (SEE) program.

Commonwealth Funded Programs

Under contract to the Commonwealth Government Department of Education and Training, SM TAFE delivers customised commercial programs through the AMEP and the SEE. The college delivered AMEP and SEE services to 1,356 clients in 2018.

The AMEP program was delivered across three metropolitan campuses, six community-based venues and eight rural and regional locations. The program enabled many students to achieve Certificates in Spoken and Written English.

The SEE program was delivered at selected metropolitan campuses. Progress against our Strategy 2020 Priorities

AGENCY PERFORMANCE

Progress against our Strategy 2020 priorities

The 2018–2020 Strategic Plan outlines four key strategic themes underpinned by a number of goals and initiatives that guide SM TAFE’s efforts and activities. The following key activities and achievements in 2018 assisted to support the college’s four Strategy 2020 strategic themes:

Exceed customer expectations

In 2018, SM TAFE undertook a number of projects and initiatives in support of its strategic goal of Exceeding Customer Expectations. The college continued to develop quality partnerships with major employers in the State, with a major focus being on the development of automation qualifications with Rio Tinto Iron Ore and on the progression of defence partnerships, including the college’s participation in the Naval Shipbuilding College. SM TAFE’s involvement in the WA VET Collaboration, which is spearheading the development of STEM skills and Industry 4.0 qualifications in Western Australia, is also providing the opportunity to work strategically with industry to develop a highly skilled workforce.

Preparing for the Student Management System (SMS) was one of the most significant projects during the year, and a pivotal project outlined in the college’s strategic plan. The new SMS is a part of a larger framework of projects designed to drive the Exceed Customer Expectations strategic theme to develop an efficient system of student administration, with greater capability for student self-service.

A key component of the Exceeding Customer Expectations priority is ensuring our courses are aligned to market needs; meeting the demands of growth sectors and areas of skills shortages. New courses in cyber security were introduced in 2018, which will allow the college to assist in meeting critical skills shortages in the ICT industry. The addition of the Training Cyber Security Operations Centre (TCSOC) in 2019 will further the college’s capability and capacity to collaborate with industry.

Three Jobs & Skills Centres, established as part of the State Government’s Plan for Jobs were opened in 2018 at the Thornlie, Rockingham and Mandurah campuses. The centres have been well patronised, and provided over 9,000 services to jobs seekers, career changers and local businesses.

Expansion of the college's simulated nursing wards



Achieve financial sustainability

SM TAFE's strategic goal of achieving financial sustainability has provided an important barometer which the college has used to measure and prioritise activities over 2018. Efforts to ensure the college is operating efficiently has resulted in the college working towards a stabilised financial position – allowing for investment in new student facilities during 2018, including the expansion of the college's simulated nursing wards and investment in the TCSOC, both due to become operational in 2019.

Optimise operations

SM TAFE worked towards further aligning delivery with key precincts this year, including planning the new Naval Base Campus designed to align the college to activity in the defence sector, as well as completing the final decant of the Beaconsfield campus. The latter move is strategically important, as it allows SM TAFE to relocate tourism delivery to the vibrant and historic hub of Fremantle campus, as well as consolidate hospitality delivery at the Bentley campus, making the first step toward establishing Bentley as the college's main hospitality hub.

Develop a high performance workforce

This year an Academic Governance Framework was developed, which will be rolled out in 2019. The framework will be important step in promoting the college's strategic goal of developing a high performance workforce and embedding a culture of quality. A staff survey conducted in late 2018 will provide insight on the progress of initiatives implemented since the college was formed in 2016, and guidance on where initiatives can be developed to promote staff culture.

2018 Business Plan Achievements

SM TAFE is required under the Vocational Education and Training Act 1996 to submit an annual a business plan detailing strategies and projects to achieve training objectives. The following key initiatives were achieved in 2018 to support employment based training, priority institutional training, general industry training and youth support objectives:

Employment based training

- Continued to engage with local industry and businesses through the college's 22 industry advisory committees.
- Improved response rates to the employer survey by moving from web-based to phone-based surveys, providing a more balanced and representative view of employer feedback.
- Maintained a strong relationship with the Australian Apprenticeship Support Network (AASN) to improve participation and completion outcomes. The new Jobs & Skills Centres provided additional scope to work closely with AASNs
- Delivered job ready programs in partnership with vocational training and employment centres (VTECS) and employers to Indigenous job seekers. Excellent outcomes were achieved with SM TAFE's partnership with Sodexo and AtWork Australia, which won the 2018 National Employment Services Association (NESA) Excellence in Collaboration award. The initiative is designed to assist Indigenous Australians remove barriers to employment, and has proven an effective and life-changing experience for participants. SM TAFE will continue to work with Sodexo in 2019.

Priority institutional training

- The Applied Engineering portfolio transitioned most of their qualification delivery into skill set components, allowing flexibility to deliver skill components during evening classes to meet the growing demand from students who are in full time employment, but seeking skill development. These skill sets are focused on higher level qualifications, enabling trade graduates to progress their career opportunities.
- In line with a growth in training opportunities arising from the National Disability Insurance Scheme (NDIS), SM TAFE developed a Recognition of Prior Learning (RPL) tool in partnership with Rise Network to map in-house training and work experience to care staff.
- A new Diploma of Aeronautics was introduced, designed to provide students with the opportunity to complete Civil Aviation Safety Authority (CASA) requirements to address state and national skill shortages.
- SM TAFE began working with the Naval Shipbuilding College (NSC) and Weld Australia for the development of institution pathways to ensure pre-apprenticeship training for upcoming defence projects is geared towards specialised shipbuilding needs.



SM TAFE's own Cyber Security Operations Centre will be launched in 2019

General industry training

- New cyber security qualifications were introduced to support skills shortages. SM TAFE intends to grow training in this area in 2019, which will be enabled by investment in a new Training Cyber Security Operations Centre, which will become operational in 2019.
- The college invested in a new simulated nursing ward, which will expand the college's capacity to delivery nursing and allied health training from the college's Murdoch campus, located in Murdoch's Medical Health and Education Precinct.

Youth support strategies

- SM TAFE continued to deliver programs across industry areas to support disengaged youth to participate in training with initiatives including the Youth Access Reintegration Program (YARP) and successfully piloting a Certificate II in Construction designed for disengaged school students in the southern metropolitan region.
- SM TAFE facilitated programs such as the 'Try a Trade' course to promote employment based training opportunities to school students.

2018 Overview by Division

Access, Community and Health

Foundation Skills, Children's Services, Adult Migrant English Program, Health, Vet Nursing and Animal Studies, Community Services, and Science and Environment

This year, the division achieved recognition for the Vocational Training and Employment Centre (VTEC) program, designed to provide up-skilling and employment opportunities for Indigenous Australians. The program was awarded for Excellence in Collaboration at the annual National Employment Services Association (NESA) Awards for the VTEC program, along with partners Sodexo and atWork Australia. SM TAFE's VTEC program is in its third year, having now had over 270 students participate and many successfully completing the program and gaining employment with Morris Corp and Sodexo.

The Community Services portfolio commenced delivery of disability qualifications from Thornlie campus, working with a number of external disability agencies and providing the opportunity for students to articulate into specialised electives. The disability industry is facing a skills shortage due to an increase in service needs arising from the National Disability

Insurance Scheme (NDIS), and agencies were able to connect with students on work placements while studying, and then transition into employment.

Students from the Certificate III in Community Services worked with the City of Cockburn, Cockburn Integrate Health, BreastScreen WA and the WA Association for Mental Health to provide support at the Women's Health and Wellbeing Day in October. The event provided the opportunity for students to demonstrate their skills in a client environment and learn about inter agency networking to support client needs. Mandurah based Community Services student Dee-Arne Hovingh was also awarded the City of Mandurah's Nikki Wise Scholarship for 2018 in recognition of her volunteer work. Ms Hovingh completed her work placement with The Crew, an organisation that provides support to the homeless in the Rockingham and Kwinana area.

The Foundation Skills portfolio partnered with Clontarf Aboriginal College, Kubardu Aboriginal Centre and the Ngaanyatjarra Centre to develop new partnerships to promote pathways for Indigenous students from schools into TAFE and universities. The outcome of these partnerships will

be more Indigenous students undertaking TAFE courses into 2019. The Foundation Skills portfolio also achieved targets across all delivery areas and campuses in the Course in Applied Vocational Study Skills (CAVSS) and Course in Underpinning Skills for Industry Qualifications (USIQ). CAVSS and USIQ courses address a national priority to improve language, literacy and numeracy outcomes within VET training. These courses are delivered within a wide range of qualifications, and are associated with a decrease in student attrition when compared to courses delivered without CAVSS support. Anecdotal data associates CAVSS with increased student motivation, resilience and engagement.

The Children's Services portfolio commenced delivery of the Certificate III in Early Childhood Education and Care to secondary school students. The program provides the opportunity for students to continue year 11 and 12 while undertaking VET studies, providing them with a pathway into the diploma level course or into employment in the industry upon completion.

This year the Health portfolio hosted 13 WA Country Health Service workers as part of an innovative training initiative to develop

health skills within workplaces in their regional communities. The students, who hailed from Kalgoorlie, Broome, Kununurra, Meekatharra, Carnarvon, Geraldton, Derby, and Cunderdin work in various roles ranging from ward clerks, health promotion officers and patient care assistants. Students graduated with a Certificate III in Health Services Assistance and will take their new knowledge and skills into their workplaces.

Into 2019, the division will continue to focus on developing relationships with local organisations and businesses to continue to provide opportunities for our students to connect with future employers.

Construction, Hospitality and Commerce

Construction, Creative Industries and Lifestyle, Business and Financial Services, Information Technology, and Hospitality and Culinary Arts

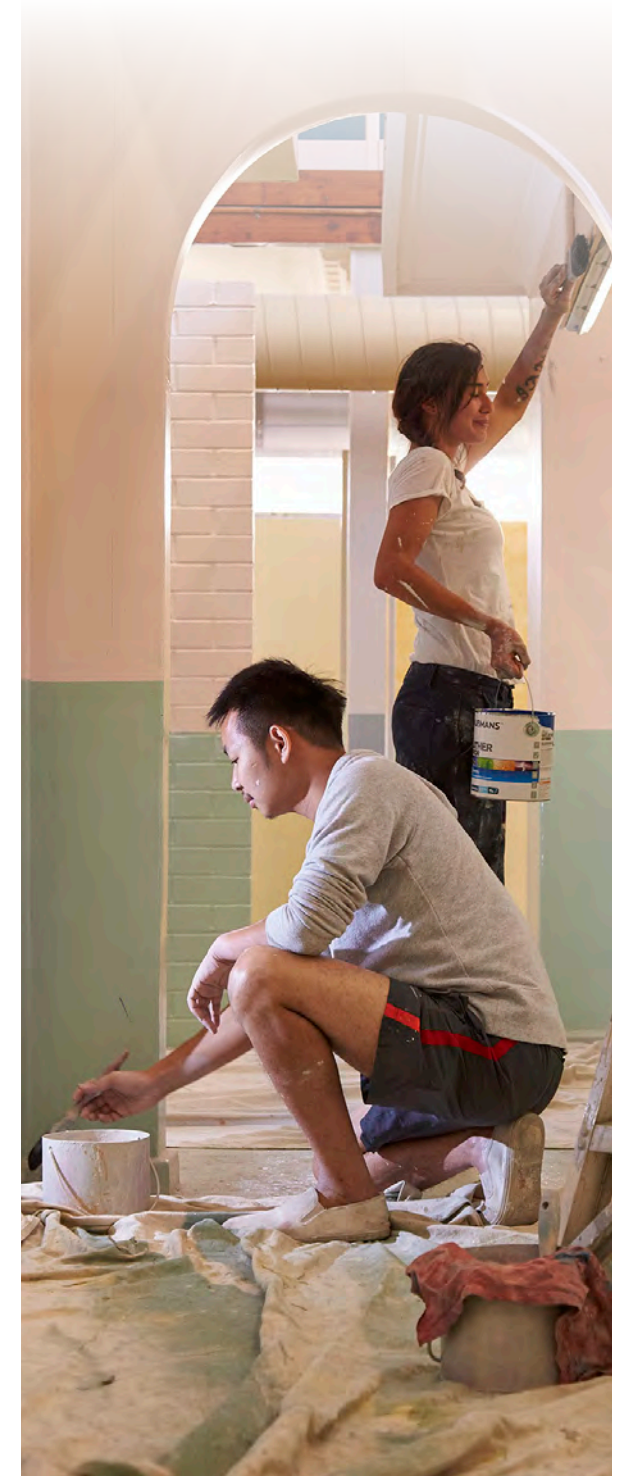
This year the Creative Industries and Lifestyle portfolio held the 48th Annual Graduate Fashion Show 'weARE' where students from the Advanced Diploma of Fashion Design and Merchandising lit up the Fremantle PS Art Space with decadent designs from 11 student collections. Fashion students also dazzled the stage of the Telstra Perth Fashion Festival's Future Runway, which showcased the work of the State's most promising student designers from a number of universities and design

schools. Both events provided SM TAFE's talented students with exposure to industry and the ability to showcase their work in front of local designers, media, and potential employers. A number of SM TAFE students were awarded for their work.

The Information Technology portfolio partnered with Box Hill Institute and AustCyber to establish new cyber security qualifications for delivery at SM TAFE. The introduction of these new courses in 2018 will position the college to meet critical industry skills shortages in cyber security as well as provide strong employment outcomes for students.

This year the Thornlie Painting and Decorating portfolio developed a tailored certificate II course for students with special educational needs as part of the VET Delivered to Secondary Students (VET DSS) program. Students were given the opportunity to learn and develop skills that will further enhance their future training and employment potential. The course received positive feedback, and additional programs have been scheduled in 2019 for both Thornlie and Mandurah campuses to extend the reach of the program.

The division also successfully delivered the inaugural three day 'Try a Trade' course at Mandurah's Coodanup College, where students had the opportunity to test drive a career in painting and decorating. Feedback from school staff and students



was very positive, and helped promote pre-apprenticeship opportunities and career pathways to students.

The Construction portfolio successfully hosted a Future Trades Open Night, attracting dozens of interested future students and their parents. Attendees enjoyed getting hands-on at some of the activities, and quizzing lecturers with their skills-based and apprenticeship questions. Attendees were also able to view current student work in a number of trade areas including bricklaying, plumbing, carpentry and joinery as well as participate in workshops. Current students also attended, showing off their skills and discussing their training achievements.

The Construction portfolio also delivered a pilot Certificate II in Construction program designed for disengaged school students in the southern metropolitan region. Students received training in three separate trade areas, including painting and decorating, bricklaying, and carpentry and joinery. The course provided students with the opportunity to undertake work experience within the industry. The participation rate of students exceeded expectations, with many students being from low socio-economic backgrounds and disengaged from education. A number of students were linked with potential employers for apprenticeships.



The portfolio began delivery of the Certificate II (Para-Professional) in Construction in 2018, the first of to be delivered in Western Australia. The course was funded through the Construction Training Fund as part of their scholarship program, and provided students with an opportunity to break into the construction industry without completing a traditional trade apprenticeship. It is hoped that this program will promote gender diversity in the industry.

A general decline in the building and construction industry continues to present a challenge for the division, as the number of employers able to take on work experience students has become increasingly limited. A focus for the division going into 2019 will be on further developing relationships with industry, and promoting apprenticeships and traineeships.

Engineering, Transport and Defence

Oil and Gas Process Engineering, Defence, Mechanical and Fabrication, Applied Engineering, Light Automotive Technology, Heavy Automotive and Refrigeration and Aerospace, Maritime and Logistics

This year the division successfully developed international partnerships in China through the delivery of the Advanced Diploma of Engineering to the Zhejiang

Institute of Mechanical and Electrical Engineering (ZIME) and the delivery of a professional development program to staff from Ningbo Polytechnic. The partnerships promoted SM TAFE's high-quality training services and assisted to generate commercial revenue to strengthen the college's training capabilities and organisational sustainability. In October 2018, SM TAFE was named as one of the top 50 vocational institutions in the Asia-Pacific by the Asian Education Forum Organizing Committee at the 2018 Asia-Pacific Vocational Education International Cooperation Summit held in Chengdu, China. The conference provided a platform to showcase SM TAFE's commitment to assisting Chinese institutions to understand delivery strategies and teaching methodologies required for successful delivery of Australian VET qualifications in China. SM TAFE is one of three Australian TAFE institutes to make the prestigious list.

Exciting updates to the college's oil and gas facilities at the Australian Centre for Energy Process Training (ACEPT), which were supported by the college's industry partners Honeywell and Emerson, commenced at the end of 2018. These critical updates will ensure students will be trained on current industry standard facilities, supporting not only the oil and gas sector, but control room operations and automation systems for Industry 4.0 applications, future virtual reality, and augmented reality training in

the engineering, resources, energy and processing sectors. A focus for 2019 will be on ensuring the division can utilise these facilities to enhance online delivery and ensure the college's delivery is strongly linked to future developments in Industry 4.0 and the interoperability of systems in the resources sectors.

The development of a Professional Connections Package with Engineers Australia assists final year students in their transition from study to the workplace

The Engineering division developed a new Professional Connections Package (PCP) with Engineers Australia (EA), which will actively support engineering students and new graduates to commence their careers. The program provides support to students through industry engagement, providing EA membership to students (the national engineering body), and assisting to ensure final year students are supported in their transition from study to the workplace.

This year the Automotive portfolio hosted the inaugural Light Automotive Awards at Carlisle campus. The event received support from major industry partners, and saw over

200 students and industry representatives attend. Attendees were treated to a number of displays, and were able to view the college's workshop areas and facilities. Overall, 10 award categories were presented, with the premier category Apprentice of the Year Award, presented to the outstanding 3rd year apprentice of the year. The event received great feedback from major industry partners, including Kawasaki.

The Aviation portfolio hosted a successful 713 SQN Australia Air Force Cadet (AAFC) visit in May. The cadets were introduced to the Aerospace Training Centre and staff provided them with an overview of various areas of delivery. This is the AAFC's 4th visit to SM TAFE and is an example of the college gaining exposure with a proactive training organisation.

In 2019, the division will focus on the development of Industry 4.0 capability through collaboration with the Australian Industry Group (Ai Group) to begin the scoping process for the Diploma in Applied Technologies in Western Australia. This qualification will develop the skills required for organisations embarking upon digital engineering to ensure they can engage in the ongoing industry transformation arising from Industry 4.0. Following positive feedback from Blue Tongue, a long term industry partner, the division will also work to scope a new qualification focused on automation in the heavy automotive industry.

Jobs & Skills Centres

Three Jobs & Skills Centres opened at Thornlie, Rockingham and Mandurah. Pre-apprenticeship workshops delivered to over 250 people.

Over 9,200 services delivered.



As part of the WA State Government's Plan for Jobs, three Jobs & Skills Centres (JSCs) were opened at the college's Thornlie, Rockingham and Mandurah campuses throughout 2018.

JSC services are free and accessible—designed to provide a variety of employment related services to all members of the community. Over 2018, SM TAFE's JSCs delivered over 9,000 services to jobseekers, school students, career changers and local businesses. The JCSs provided a varied range of services, with the most popular services including resume workshopping, career information and guidance, apprenticeship and traineeship assistance, and training and course information.

Some of the JSCs key activities and achievements in 2018 included:

- The development of a communication strategy to engage with out of contract apprentices
- Hosting NAIDOC events across all JSCs
- An increase in sign-ups to school based traineeships through improved engagement
- Development of collaborative relationships with SMYL and Bridging the Gap
- Delivering youth employability workshops and 'meet the boss' sessions, as well as general employability skills workshops in partnership with atWork Australia
- Supporting delivery areas with events such as the Trades Open Night at the Rockingham campus
- Engaging with numerous local businesses and industry organisations, providing workforce development advice and linking students and job seekers with potential employers.



Anna Herrera participating in the launch of Thornlie's Jobs & Skills Centre



Case Study

Anayanci (Anna) Herrera, originally from El Salvador, is a paraplegic looking to return to the workforce after 17 years.

Anna visited the Thornlie Jobs & Skills Centre (JSC) seeking career guidance, and expressed interest in a broad range of careers including laboratory technician, airline operations, property management and medical reception. The JSC staff were able to provide Anna with information about each of the occupations, likely job prospects and availability of training programs.

Anna was invited to participate in the official launch of the metropolitan Jobs & Skills Centres, with the Premier and Minister on 30 May 2018.

Through the JSC, Anna was connected with AMA Training Services and is now enrolled in a medical reception course, which will gain her specific skills and experience to work in the industry. Anna has also been referred to Bizlink Quality Employment who can provide support in securing employment for people with disabilities.

SIGNIFICANT ISSUES IMPACTING THE AGENCY

Significant current and emerging issues

Developing the customer experience

In 2018, SM TAFE took an important step towards developing the customer experience through the implementation of an enterprise wide Student Management System (SMS). After most of the year spent in preparation, the SMS was implemented in December 2018 in time for the Semester 1 enrolment period. Although the SMS is a significant component of developing the customer experience, this project forms a part of a larger framework of initiatives designed to develop a student centric environment. Ensuring SM TAFE can continue to develop the customer experience and continue working toward other student experience projects will be pivotal to driving continued student satisfaction and achieving the college's strategic goal of 'Exceeding Customer Expectations'. SM TAFE will focus on improving the customer experience in 2019, with the appointment of a Director Customer Experience (CX) in 2018 to drive this initiative.

Western Australian defence economy

The defence sector will be a major focus in 2019 as the college works to position itself to meet the State's defence related skilling needs. SM TAFE will work closely with Department of Jobs, Tourism, Science and Innovation to assist with strategies outlined in the WA Defence and Defence Industries Strategic Plan, as well as with our partner, the Naval Shipbuilding College. A new campus at Naval Base, which will be opened in 2019, will assist to better position the college within the State's major maritime defence precinct.

Industry 4.0 and skilling for the future

As a provider of training designed to meet the needs of existing and emerging industries, a primary consideration for SM TAFE will be how to effectively respond to the impact of 'Industry 4.0', and how new technologies will evolve the needs of workers now and into the future.

Exciting partnerships with Rio Tinto and the University of Western Australia, as well as recently introduced courses in fields such as cyber security are already furthering the college's capability in this area. Continuing to ensure new and existing courses reflect evolving workplaces will continue to be a pivotal part of SM TAFE's strategy – a commitment to ensuring that Western Australian workers can access the training they need to thrive in evolving economies.

International education

International students play an important role in promoting cultural exchange and diversity on our campuses. International education, both onshore and offshore, is also an important aspect of the college's business and a source of profitable revenue. Ensuring the college can access the benefits of international education and develop international partnerships will be important both in terms of driving financial sustainability and delivering reputational advantages.

DISCLOSURES AND LEGAL COMPLIANCE

Financial Statements

Certification of Financial Statements

The accompanying financial statements of South Metropolitan TAFE have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the period ending 31 December 2018 and the financial position as at 31 December 2018.

At the date of signing we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.



Elizabeth Carr AM
Chair of Governing Council

12 March 2019



Terry Durant
Managing Director

12 March 2019



David Savill
Director Finance

12 March 2019



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

SOUTH METROPOLITAN TAFE

Report on the Financial Statements

Opinion

I have audited the financial statements of South Metropolitan TAFE which comprise the Statement of Financial Position as at 31 December 2018 the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of South Metropolitan TAFE for the year ended 31 December 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the TAFE in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Governing Council for the Financial Statements

The Governing Council is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Governing Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Council is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the TAFE.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governing Council.
- Conclude on the appropriateness of the Governing Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Governing Council regarding, 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 my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by South Metropolitan TAFE. The controls exercised by the TAFE are those policies and procedures established by the Governing Council to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by South Metropolitan TAFE are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 31 December 2018.

The Governing Council's Responsibilities

The Governing Council is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators**Opinion**

I have undertaken a reasonable assurance engagement on the key performance indicators of South Metropolitan TAFE for the year ended 31 December 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of South Metropolitan TAFE are relevant and appropriate to assist users to assess the TAFE's performance and fairly represent indicated performance for the year ended 31 December 2018.

The Governing Council's Responsibility for the Key Performance Indicators

The Governing Council is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Governing Council determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Governing Council is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of South Metropolitan TAFE for the year ended 31 December 2018 included on the TAFE's website. The TAFE's management is responsible for the integrity of the TAFE's website. This audit does not provide assurance on the integrity of the TAFE's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



SANDRA LABUSCHAGNE
ACTING AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia

14 March 2019

South Metropolitan TAFE		2018	2017
STATEMENT OF COMPREHENSIVE INCOME			
FOR THE YEAR ENDED 31 DECEMBER 2018			
	Notes	\$	\$
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1	114,440,902	117,476,683
Grants and subsidies	2.2	397,297	453,105
Supplies and services	2.3	31,584,904	33,046,010
Asset revaluation decrement	2.3	2,000,000	11,622,508
Other expenses	2.3	11,187,618	11,284,351
Cost of sales	3.3	234,758	244,324
Loss on disposal of non-current assets	3.6	32,193	-
Depreciation and amortisation expense	4.1.4.2	8,786,480	7,922,260
Total cost of services		168,664,152	182,049,241
Income			
Revenue			
Fee for service	3.2	24,742,929	27,848,058
Student fees and charges	3.2	23,744,365	24,144,340
Ancillary trading	3.2	1,333,504	1,727,613
Sales	3.3	368,595	367,669
Interest revenue	3.4	1,108,306	1,058,971
Other revenue	3.5	2,178,605	4,156,885
Total revenue		53,476,304	59,303,536
Gains			
Gain on disposal of non-current assets	3.6	-	662
Gain arising from changes in fair value - buildings	3.6	2,514,158	-
Total gains		2,514,158	662
Total income other than income from State Government		55,990,462	59,304,198
NET COST OF SERVICES		112,673,690	122,745,043
Income from State Government			
Service appropriation	3.1	102,705,370	100,407,437
Services received free of charge	3.1	5,986,296	6,927,747
Total income from State Government	3.1	108,691,666	107,335,184
DEFICIT FOR THE PERIOD		(3,982,024)	(15,409,859)
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus		-	60,026
Total other comprehensive income		-	60,026
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(3,982,024)	(15,349,833)

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

South Metropolitan TAFE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018		2018	2017
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6.1	37,923,318	35,684,507
Restricted cash and cash equivalents	6.1	926,588	2,719,321
Receivables	5.1	4,770,523	3,220,163
Inventories	3.3	23,959	-
Other current assets	5.2	1,023,036	1,178,811
Non-current assets classified as held for distribution to owners	8.8	950,074	950,074
Total Current Assets		45,617,498	43,752,876
Non-Current Assets			
Restricted cash and cash equivalents	6.1	1,279,045	1,088,916
Property, plant and equipment	4.1	317,878,034	332,331,303
Intangible assets	4.2	31,877	81,525
Total Non-Current Assets		319,188,956	333,501,744
TOTAL ASSETS		364,806,454	377,254,620
LIABILITIES			
Current Liabilities			
Payables	5.3	2,768,777	3,181,238
Employee related provisions	2.1	22,118,764	20,448,405
Other current liabilities	5.4	86,569	2,929,651
Total Current Liabilities		24,974,110	26,559,294
Non-Current Liabilities			
Employee related provisions	2.1	2,840,136	3,860,825
Total Non-Current Liabilities		2,840,136	3,860,825
TOTAL LIABILITIES		27,814,246	30,420,119
NET ASSETS		336,992,208	346,834,501
EQUITY			
Contributed equity	8.9	364,022,813	369,223,643
Reserves	8.9	60,026	60,026
Accumulated deficit		(27,090,631)	(22,449,168)
TOTAL EQUITY		336,992,208	346,834,501

The Statement of Financial Position should be read in conjunction with the accompanying notes.

South Metropolitan TAFE					
STATEMENT OF CHANGES IN EQUITY					
FOR THE YEAR ENDED 31 DECEMBER 2018					
	Notes	Contributed Equity	Reserves	Accumulated Surplus / (Deficit)	Total Equity
		\$	\$		\$
Balance at 1 January 2017		388,489,397	-	(7,039,309)	381,450,088
Deficit for the period				(15,409,859)	(15,409,859)
Other comprehensive income	8.9		60,026	-	60,026
Total comprehensive income for the period		-	60,026	(15,409,859)	(15,349,833)
Transactions with owners in their capacity as owners:	8.9				
Capital appropriations		52,319,237	-		52,319,237
Distributions to owners		(71,584,991)	-		(71,584,991)
Total		(19,265,754)	-	-	(19,265,754)
Balance at 31 December 2017		369,223,643	60,026	(22,449,168)	346,834,501
Balance at 1 January 2018		369,223,643	60,026	(22,449,168)	346,834,501
Changes in accounting policy	8.2	-		871,096	871,096
Reclassification of grant revenue as contributed equity	8.9(a)	1,530,616	-	(1,530,535)	81
Restated balance at 1 January 2018		370,754,259	60,026	(23,108,607)	347,705,678
Deficit for the period				(3,982,024)	(3,982,024)
Other comprehensive income	8.9			-	-
Total comprehensive income for the period		-	-	(3,982,024)	(3,982,024)
Transactions with owners in their capacity as owners:	8.9				
Capital appropriations		1,149,162	-		1,149,162
Transfer of assets from other government agencies		4,572,129	-		4,572,129
Distributions to owners		(12,452,737)	-		(12,452,737)
Total		(6,731,446)	-	-	(6,731,446)
Balance at 31 December 2018		364,022,813	60,026	(27,090,631)	336,992,208

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

South Metropolitan TAFE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation - Department of Training and Workforce Development		99,833,486	97,785,472
Capital appropriation - Department of Training and Workforce Development		1,147,149	-
Total Net cash provided by State Government		100,980,635	97,785,472
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(113,540,461)	(117,446,357)
Supplies and services		(26,764,777)	(27,791,021)
Grants and subsidies		(397,297)	(453,105)
GST payments on purchases		(2,907,572)	(3,100,782)
Other payments		(10,527,008)	(11,464,167)
Receipts			
Fee for service		24,448,817	28,143,245
Student fees and charges		23,018,786	22,032,403
Ancillary trading and sales		1,693,366	2,095,282
Interest received		1,086,068	1,092,705
GST receipts on sales		629,943	1,216,832
GST receipts from taxation authority		2,140,974	1,728,742
Other receipts		2,138,460	3,704,701
Net cash used in operating activities		(98,980,701)	(100,241,522)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(1,370,178)	(2,449,767)
Receipts			
Proceeds from sale of non-current physical assets		6,451	5,670
Net cash used in investing activities		(1,363,727)	(2,444,097)
Net increase (decrease) in cash and cash equivalents		636,207	(4,900,147)
Cash and cash equivalents at the beginning of period		39,492,745	44,392,892
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6.1	40,128,951	39,492,745

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1 Basis of preparation

South Metropolitan TAFE (SM TAFE) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. SM TAFE is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Managing Director of SM TAFE on 12 March 2019.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006* (FMA)
- 2) The Treasurer's Instructions (the Instructions or TI)
- 3) Australian Accounting Standards (AAS) - Reduced Disclosure Requirements
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and historical cost convention. Certain balances will apply a different measurement basis (such as fair value basis). Where this is the case the different measurement basis is disclosed in the associated note.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

2 Use of our funding**Expenses incurred in the delivery of services**

This section provides additional information about how SM TAFE's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by SM TAFE in achieving its objectives and the relevant notes are:

	Notes	2018	2017
Employee benefits expense	2.1(a)	114,440,902	117,476,683
Employee related provisions	2.1(b)	24,958,900	24,309,231
Grants and subsidies	2.2	397,297	453,105
Other expenses	2.3	13,187,618	22,906,859

2.1(a) Employee benefits expense

	2018	2017
Wages and salaries	104,173,193	106,213,885
Termination benefits	409,031	1,046,746
Superannuation - defined contribution plans ^(a)	9,858,678	10,216,052
Total employee benefits expenses	114,440,902	117,476,683

^(a) Defined contribution plans includes West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS) Government Employees Superannuation Board Schemes (GESB) and other eligible funds.

Wages and salaries: Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax and leave entitlements.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when SM TAFE is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESB, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for SM TAFE purposes because the concurrent contributions (defined contributions) made by SM TAFE to GESB extinguishes SM TAFE's obligations to the related superannuation liability.

SM TAFE does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The Liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by SM TAFE to the GESB.

The GESB and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

2.1(b) Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2018	2017
Current		
<u>Employee benefits provision</u>		
Annual leave ^(a)	4,181,427	4,632,709
Long service leave ^(b)	16,268,715	14,345,503
Deferred salary scheme ^(c)	349,848	241,393
Purchased leave ^(d)	4,429	3,171
	<u>20,804,419</u>	<u>19,222,776</u>
<u>Other provisions</u>		
Employment on-costs ^(e)	1,314,345	1,225,629
Total current employee benefits provisions	<u>22,118,764</u>	<u>20,448,406</u>
Non-current		
<u>Employee benefits provision</u>		
Long service leave ^(b)	2,671,169	3,631,035
	<u>2,671,169</u>	<u>3,631,035</u>
<u>Other provisions</u>		
Employment on-costs ^(e)	168,967	229,790
Total non-current employee benefits provisions	<u>2,840,136</u>	<u>3,860,825</u>
Total employee benefits provisions	<u>24,958,900</u>	<u>24,309,231</u>

^(a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

^(b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as SM TAFE does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because SM TAFE has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

A liability for long service leave is recognised after an employee has completed 4 years of service based on remuneration rates current as at the end of the reporting period.

An actuarial assessment of long service leave undertaken by Pricewaterhouse Coopers Actuaries at 31 December 2016 determined that the liability measured using the short hand measurement technique above was not materially different from the liability determined using the present value of expected future payments. This calculation is consistent with the College's experience of employee retention and leave taken.

(c) **Deferred salary scheme liabilities:** Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

(d) **Purchased leave liabilities:** Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. This leave must be used each calendar year and cannot be accrued from year to year.

(e) **Employment on-costs:** The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of Note 2.3 Other expenses (apart from the unwinding of the discount (finance cost)) and are not included as part of SM TAFE's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'

Employment on-costs provisions

Carrying amount at start of period
Additional / (reversals of) provisions recognised
Total Carrying amount at end of period

	2018	2017
	1,455,420	1,782,605
	27,892	(327,185)
	1,483,312	1,455,420

Key sources of estimation uncertainty - long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating SM TAFE's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

2.2 Grants and subsidies

Recurrent

Scholarships for students

Total grants and subsidies

	2018	2017
Scholarships for students	397,297	453,105
Total grants and subsidies	397,297	453,105

Transactions in which SM TAFE provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools and community groups.

2.3 Other expenses**Supplies and services**

	2018	2017
Consumables and minor equipment	6,353,235	6,953,887
Communication expenses	533,266	569,769
Utilities expenses	3,182,411	3,263,483
Consultancies and contracted services	15,803,741	16,423,650
Minor works	300,451	92,420
Repairs and maintenance	627,150	899,336
Operating lease and hire charges	2,167,843	2,068,357
Travel and passenger transport	174,765	212,270
Advertising and public relations	142,184	281,883
Staff professional development activities	116,198	129,671
Supplies and services - other	2,183,660	2,151,284
Total supplies and services expenses	31,584,904	33,046,010

Other expenditure

Building maintenance	2,981,747	2,805,183
Doubtful debts expense	-	(138,427)
Expected credit losses expense ^(a)	394,494	-
Employment on-costs	7,700,700	8,172,507
Student prizes and awards	4,001	2,223
Losses and write-offs	130	2,902
Other	106,546	439,963
Total other expenses	11,187,618	11,284,351

Asset revaluation decrement

Land	2,000,000	6,750,000
Buildings	-	4,872,508
Total asset revaluation decrement	2,000,000	11,622,508

Total other expenditure

13,187,618	22,906,859
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(a) Expected credit losses were not measured in 2017

Supplies and services:

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Repairs, maintenance and minor works:

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Other:

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Doubtful debts expense:

Doubtful debts expense was recognised as the movement in the allowance for doubtful debts. From 2018 expected credit losses expense is recognised as the movement in the allowance for expected credit losses. The allowance for expected credit losses receivables is measured at the lifetime expected credit losses at each reporting date. SM TAFE has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. (Note 5.1 Receivables)

Employment on-costs:

Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note 2.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Asset Revaluation:

Revaluation increment is credited directly to an asset revaluation reserve, except to the extent that any increment reverses a revaluation decrement of the same class of assets previously recognised as an expense. Revaluation decrement is recognised as an expense, except to the extent of any balance existing in the asset revaluation reserve in respect of that class of assets.

3 Our funding sources

How we obtain our funding

This section provides additional information about how SM TAFE obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by SM TAFE and the relevant notes are:

	Notes	2018	2017
Income from State Government	3.1	108,691,666	107,335,184
User charges and fees	3.2	49,820,799	53,720,011
Trading profit	3.3	133,837	123,345
Interest revenue	3.4	1,108,306	1,058,971
Other revenue	3.5	2,178,605	4,156,885
Gains/(Losses)	3.6	2,514,158	662

3.1 Income from State Government

Appropriation received during the period:

Service appropriation

Delivery and Performance Agreement (DPA) ^(a)

Non-DPA Grants from Department of Training and Workforce Development (DTWD)

	2018	2017
	98,256,252	97,664,851
	4,449,118	2,742,586
	102,705,370	100,407,437

Services received free of charge from other State Government agencies during the period:

Department of Training and Workforce Development

- Corporate systems support

- Human resources and industrial relations support

- Training infrastructure management ^(b)

- Other

	3,610,003	3,445,446
	71,679	80,916
	1,717,020	2,924,113
	587,594	477,272
	5,986,296	6,927,747
	108,691,666	107,335,184

Total income from State Government

(a) Funds received from the Department of Training and Workforce Development in respect of the delivery of services forming part of the Delivery Performance Agreement. They are the result of training successfully tendered for under competitive tendering arrangements. This revenue is recognised at nominal value in the period in which the College meets the terms of the Agreement.

Service appropriations are recognised as revenues at fair value in the period in which the College gains control of the appropriated funds. The College gains control of the appropriated funds at the time these funds are deposited in the bank account.

(b) Represents expenditure by the Department of Training and Workforce Development on facilities and equipment projects at South Metropolitan TAFE.

3.2 User charges and fees

Fee for service

Fee for service - general

Fee for service - Department of Training and Workforce Development (DTWD)

Fee for service - Government (other than DTWD)

International fees

Higher education

Total fee for service

Student fees and charges

Tuition fees

Enrolment and Resource fees

Recognition of prior learning (RPL) fees

Incidental fees

Other College fees

Total student fees and charges

Ancillary trading

Liveworks (not a trading activity)

Contracting & consulting revenue

Other ancillary revenue

Total ancillary trading

Total User charges and fees

	2018	2017
	8,855,153	8,494,963
	32,367	698
	7,660,502	7,513,098
	7,865,296	10,253,506
	329,611	1,585,793
	24,742,929	27,848,058
	17,491,581	17,272,936
	5,388,245	5,982,241
	513,885	591,954
	45,570	50,654
	305,084	246,555
	23,744,365	24,144,340
	1,281,906	1,604,907
	1,127	4,009
	50,471	118,697
	1,333,504	1,727,613
	49,820,798	53,720,011

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities when fees and charges are due.

3.3 Trading profit

	2018	2017
Cafeteria (non-training related)		
Sales	368,595	367,669
Cost of Sales:		
Opening Inventory	-	-
Purchases	(234,758)	(228,209)
	(234,758)	(228,209)
Closing Inventory	-	-
Cost of Goods Sold	(234,758)	(228,209)
Total trading profit - Cafeteria (non-training related)	133,837	139,460
Other trading		
Sales	-	-
Cost of Sales:		
Opening Inventory	-	(10,188)
Purchases	-	(5,927)
	-	(16,115)
Closing Inventory	-	-
Cost of Goods Sold	-	(16,115)
Total trading loss - Other trading	-	(16,115)
Total Trading profit	133,837	123,345
Closing Inventory comprises:		
Current Inventories		
Non trading activities (at cost)	23,959	-
Total current inventories	23,959	-

Sales

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate for each particular class of inventory, with the majority being measured on a first in first out basis. Inventories not held for resale are measured at cost unless they are no longer required, in which case they are measured at net realisable value.

3.4 Interest revenue

Interest revenue

2018	2017
1,108,306	1,058,971

Revenue is recognised as the interest accrues.

3.5 Other revenue

Rental and facilities fees

Sponsorship and donations revenue

Recoups from external organisations

Recognition of assets

Riskcover performance adjustment and insurance recoveries

Prior year revenue

Miscellaneous revenue

2018	2017
258,178	472,342
261,446	611,885
506,231	317,649
-	452,156
404,072	1,192,963
320,515	847,600
428,163	262,290
2,178,605	4,156,885

Revenue is recognised and measured at the fair value of consideration received or receivable.

3.6 Gains/(Losses)**Gains/(losses) on disposal of non current assets****Net proceeds from disposal of non-current assets**

Plant, furniture and general equipment

Marine craft

Total proceeds from disposal of non-current assets**Carrying amount of non-current assets disposed**

Plant, furniture and general equipment

Computers and communication network

Marine craft

Net gain/(loss)**Other gains**

Gain arising from changes in fair value - buildings

Other gains

	2018	2017
	6,006	5,670
	445	-
	6,451	5,670
	(2,895)	(1,135)
	-	(3,873)
	(35,749)	-
	(32,193)	662
	2,514,158	-
	2,514,158	-

Realised and unrealised gains are usually recognised on a net basis. These include the gains arising on the disposal of non-current assets and some revaluations of non-current assets.

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the statement of comprehensive income (from the proceeds of sale).

4 Key assets**Assets utilised for economic benefit or service potential**

This section includes information regarding the key assets SM TAFE utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

Property, plant and equipment

Intangibles

Total key assets

Notes	2018	2017
4.1	317,878,034	332,331,303
4.2	31,877	81,525
	317,909,911	332,412,828

4.1 Property, plant and equipment

	Land	Buildings	Motor vehicles, caravans and trailers	Leasehold improvements	Plant, furniture and general equipment	Computer equipment, communication network	Marine craft	Library collection	Works of art	Total
Year ended 31 December 2018	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1 January 2018										
Gross carrying amount	103,470,000	216,507,070	392,854	8,779,359	9,082,754	3,920,055	577,728	1,230,276	659,225	344,619,322
Accumulated depreciation	-	-	(138,978)	(8,346,409)	(2,420,108)	(1,382,523)	-	-	-	(12,288,018)
Carrying amount at start of period	103,470,000	216,507,070	253,876	432,950	6,662,646	2,537,532	577,728	1,230,276	659,225	332,331,303
Additions	-	4,755,796	28,382	-	685,906	554,523	-	196,838	-	6,221,445
Transfer between asset classes	-	(241,669)	-	-	241,669	-	-	-	-	-
Transfers (a)	(10,000,000)	(2,235,375)	(4,648)	-	(212,714)	-	-	-	-	(12,452,737)
Other disposals	-	-	-	-	(2,297)	-	(31,564)	-	-	(33,861)
Revaluation increments/(decrements)	(2,000,000)	2,514,158	-	-	-	-	-	-	-	514,158
Depreciation	-	(5,473,051)	(71,740)	(432,950)	(1,381,563)	(1,086,561)	(74,046)	(182,362)	-	(8,702,274)
Carrying amount 31 December 2018	91,470,000	215,826,928	205,870	-	5,993,646	2,005,494	472,118	1,244,752	659,225	317,878,034
Gross carrying amount	91,470,000	215,826,929	405,246	8,779,359	9,697,869	4,469,225	555,050	1,427,114	659,225	333,290,018
Accumulated depreciation	-	-	(199,377)	(8,779,359)	(3,704,223)	(2,463,731)	(82,932)	(182,362)	-	(15,411,984)

(a) Department of Planning, Lands and Heritage (DPLH) is the only agency with the power to sell Crown land. The land is transferred to DPLH for sale and SM TAFE accounts for the transfer as a distribution to owner. Also includes a transfer of motor vehicles and equipment to the Department of Primary Industries and Regional Development.

Initial recognition

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Assets transferred as part of a machinery of government change are transferred at their fair value.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

The initial cost for a non-financial physical asset under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of land, buildings works of art and marine craft.

Land and works of art are carried at fair value.

Buildings and marine craft are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuations and Property Analytics) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Land and buildings were revalued as at 01 July 2018 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 31 December 2018 and recognised at 31 December 2018. In undertaking the revaluation, fair value was determined by reference to market values for land: \$13,500,000 (2017: \$13,500,000).

For the remaining balance, fair value of buildings was determined on the basis of depreciated replacement cost and the fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

Revaluation model:

a) Fair Value where market-based evidence is available:

The fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

b) Fair value in the absence of market-based evidence:

Buildings are specialised or where land is restricted: Fair value of land and buildings is determined on the basis of existing use.

Existing use buildings: Fair value is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

Restricted use land: Fair value is determined by comparison with market value of comparable unrestricted land (low restricted use land).

Marine craft are valued every three years by professional valuer. The last valuation occurred as at 31 December 2017 and was undertaken by Maritime Engineers Pty Ltd.

Works of art are revalued every three years by an independent artwork valuer to ensure the carrying amount does not differ materially from fair value.

Significant assumptions and judgements: The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

4.1.1 Depreciation and impairment Charge for the period

	2018	2017
<u>Depreciation</u>		
Buildings	5,473,050	4,641,271
Leasehold improvements - buildings	432,950	860,747
Motor vehicles, caravans and trailers	71,740	71,086
Plant, furniture and general equipment	1,381,563	1,372,067
Computers and communication network	1,086,561	787,651
Marine craft	74,046	18,095
Library Collection	182,363	-
Total depreciation for the period	8,702,273	7,750,917

As at 31 December 2018 there were no indications of impairment to property, plant and equipment.

All surplus assets at 31 December 2018 have either been classified as assets held for sale or written-off.

Please refer to Note 4.2 Intangible assets for guidance in relation to the impairment assessment that has been performed for intangible assets.

Finite useful lives

Most property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life: years
Building	40 years
Leasehold improvements	1 to 2 years
Motor vehicles, caravans and trailers	1 to 25 years
Plant, furniture and general equipment	1 to 30 years
Computer and communication equipment	1 to 14 years
Marine craft	5 to 8 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Land and works of art, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Under the College capitalisation policy, the library collection is recognised as a grouped asset at year end in accordance with Treasurer's Instruction 1101, and depreciated under a rolling depreciation methodology. Purchases in a given year are 100% depreciated in the fifth year following purchase and derecognised in the seventh year following purchase.

Under the College capitalisation policy, like Computer equipment items, less than the capitalisation threshold is recognised as a grouped asset at year end in accordance with Treasurer's Instruction 1101. Purchases in a given year are depreciated over future years in line with standard college depreciation rates.

Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As SM TAFE is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of future consumption or expiration of the asset's economic benefits and to evaluate any impairment risk from declining replacement costs.

4.2 Intangible assets

	Computer software and licences
Year ended 31 December 2018	
1 January 2018	
Cost/gross carrying amount	383,983
Accumulated amortisation	(302,459)
Carrying amount at start of period	81,524
Additions	34,560
Amortisation expense	(84,207)
Carrying amount at 31 December 2018	31,877

Initial recognition

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$5,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) An intention to complete the intangible asset and use or sell it;
- (c) The ability to use or sell the intangible asset;
- (d) The intangible asset will generate probable future economic benefit;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

4.2.1 Amortisation and impairment

Charge for the period

	2018	2017
<u>Amortisation</u>		
Computer software	84,207	171,343
Total amortisation for the period	84,207	171,343

As at 31 December 2018 there were no indications of impairment to intangible assets.

SM TAFE held no goodwill or intangible assets with an indefinite useful life during the reporting period.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by SM TAFE have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful life for intangible assets are:

Computer software ^(a) 3 to 5 years

^(a) Software that is not integral to the operation of any related hardware.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 4.1.1 Depreciation and impairment.

5 Other assets and liabilities

This section sets out those assets and liabilities that arose from SM TAFE's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2018	2017
Receivables	5.1	4,770,522	3,220,162
Other assets	5.2	1,023,036	1,178,811
Payables	5.3	2,768,777	3,181,239
Other liabilities	5.4	86,569	2,929,650

5.1 Receivables**Current**

	2018	2017
Receivables - Trade	1,513,839	2,359,726
Receivables - Students	1,318,042	1,173,397
Allowance for impairment of receivables	(394,494)	(1,438,957)
Accrued revenue	2,013,349	784,236
GST receivable	319,764	341,734
	4,770,500	3,220,136
Advances:		
Other debtors	23	27
	23	27
Total current	4,770,523	3,220,163
Total receivables	4,770,523	3,220,163

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net receivables is equivalent to fair value as it is due for settlement within 30 days.

5.2 Other assets**Current**

	2018	2017
Prepayments	1,021,583	1,178,811
Other	1,453	-
Total current	1,023,036	1,178,811
Balance at end of period	1,023,036	1,178,811

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.3 Payables**Current**

	2018	2017
Trade payables	100,193	88,566
Accrued expenses	1,533,943	2,121,154
Accrued salaries and related costs	1,128,742	964,290
Paid parental leave payable	5,899	7,228
Total current	2,768,777	3,181,238
Balance at end of period	2,768,777	3,181,238

Payables are recognised at the amounts payable when SM TAFE becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. SM TAFE considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see Note 6.1 Cash and cash equivalents) consists of amounts paid annually from SM TAFE appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26 pay days. No interest is received on this account.

5.4 Other liabilities**Current**

	2018	2017
Income received in advance ^(a)	79,621	265,742
Monies/deposits held in trust	6,948	6,269
Amount payable to North Metropolitan TAFE for current leave liabilities	-	2,657,640
Balance at end of period	86,569	2,929,651

^(a) Includes unspent funds provided under the VET Student Loan arrangements not yet allocated to student enrolments and income received in advance from students.

6 Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of SM TAFE.

	Notes
Cash and cash equivalents	6.1
Commitments	6.2
Non-cancellable operating lease commitments	6.2.1
Capital commitments	6.2.2

6.1 Cash and cash equivalents**Current**

	2018	2017
Cash and cash equivalents		
Cash On Hand	18,610	19,860
Cash At Bank	37,904,708	35,664,647
Total cash and cash equivalents	37,923,318	35,684,507

Restricted cash and cash equivalents current

Capital works grants received from Department of Training and Workforce Development	926,588	2,719,321
---	---------	-----------

Total restricted cash and cash equivalents current

	926,588	2,719,321
--	---------	-----------

Total current

	38,849,906	38,403,828
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Non-current

Restricted cash and cash equivalents non-current

Accrued salaries suspense account (27th pay provision) ^(a)	1,279,045	1,088,916
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Total non-current

	1,279,045	1,088,916
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Balance at end of period

	40,128,951	39,492,744
--	-------------------	-------------------

^(a) Represents an amount set aside for the 27th pay occurring in the year 2025.

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

6.2 Commitments

6.2.1 Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year

Later than 1 year and not later than 5 years

Later than 5 years

	2018	2017
	1,326,455	1,357,484
	3,485,987	2,702,760
	4,007,914	2,856,646
	8,820,356	6,916,890

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

6.2.2 Capital commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within 1 year

Later than 1 year and not later than 5 years

Later than 5 years

	2018	2017
	-	-
	4,630	111,144
	-	-
	-	-
	4,630	111,144

The totals presented for capital commitments are GST inclusive.

Judgements made by management in applying accounting policies – operating lease commitments

SM TAFE has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

7 Financial Instruments and Contingencies

This note sets out the key risk management policies and measurement techniques of SM TAFE.

	Notes
Financial instruments	7.1
Contingent assets	7.2.1
Contingent liabilities	7.2.2

7.1 Financial Instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2018	2017
<u>Financial assets</u>		
Cash and cash equivalents	37,923,318	35,684,507
Restricted cash and cash equivalents	2,205,633	3,808,237
Receivables ^(a)	4,450,759	2,878,429
Total financial assets	44,579,710	42,371,173
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	2,768,777	3,181,238
Other current liabilities	6,948	2,663,909
Total financial liabilities	2,775,725	5,845,147

^(a) The amount excludes GST recoverable from the ATO (statutory receivable).

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

SM TAFE has no contingent assets.

7.2.2 Contingent liabilities

SM TAFE has no contingent liabilities.

8 Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related parties	8.4
Related bodies	8.5
Affiliated bodies	8.6
Remuneration of auditors	8.7
Non-current assets classified as held for distribution to owners	8.8
Equity	8.9
Supplementary financial information	8.10
Explanatory statement	8.11

8.1 Events occurring after the end of the reporting period

There were no significant events occurring after the reporting period that require disclosure.

8.2 Initial application of Australian Accounting Standards**AASB 9 Financial instruments**

AASB 9 Financial instruments replaces AASB 139 Financial instruments: Recognition and Measurements for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

SM TAFE applied AASB 9 prospectively, with an initial application date of 1 January 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, SM TAFE has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in Accumulated surplus/ (deficit).

The effect of adopting AASB 9 as at 1 January 2018 was, as follows:

	Adjustments	1 January 2018
Assets		
Receivables	(a),(b)	<u>871,096</u>
Total Assets		<u>871,096</u>
Total adjustments on Equity		
Accumulated surplus/(deficit)	(a),(b)	<u>871,096</u>
		<u>871,096</u>

The nature of these adjustments are described below:

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: SM TAFE's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of SM TAFE's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to SM TAFE. The following are the changes in the classification of SM TAFE's financial assets:

- Receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 January 2018
- SM TAFE did not designate any financial assets as at fair value through P/L.

In summary, upon the adoption of AASB 9, SM TAFE had the following required (or elected) reclassifications as at 1 January 2018:

	\$	AASB 9 category		
		Amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	
AASB 139 category				
Receivables *	2,094,166	2,965,262	-	-
		2,965,262	-	-

* The change in carrying amount is a result of reduced impairment allowance. See the discussion on impairment below.

(b) Impairment

The adoption of AASB 9 has fundamentally changed SM TAFE's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires SM TAFE to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

Upon adoption of AASB 9, SM TAFE reduced the impairment on receivables by \$871,096 which resulted in a decrease in Accumulated deficit of \$871,096 as at 1 January 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined in accordance with AASB 9:

	Impairment under AASB 139 as at 31 Dec 2017	Remeasurement	ECL under AASB 9 as at 1 Jan 2018
	\$	\$	\$
Receivables under AASB 139 / Financial assets at amortised cost under AASB 9	1,438,957	(871,096)	567,861
	1,438,957	(871,096)	567,861

8.3 Key management personnel

SM TAFE has determined key management personnel to include the Responsible Minister, members of the Accountable Authority and senior officers of SM TAFE. SM TAFE does not incur expenditures to compensate the responsible Minister and those disclosures may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers and Council members of SM TAFE for the reporting period are presented within the following bands:

Compensation Band (\$)	2018	2017
260,001 - 270,001	1	-
210,001 - 220,000	-	1
200,001 - 210,000	1	2
190,001 - 200,000	1	1
180,001 - 190,000	3	3
170,001 - 180,000	1	1
160,001 - 170,000	-	1
150,001 - 160,000	2	1
140,001 - 150,000	1	2
130,001 - 140,000	1	1
100,001 - 110 000	1	-
80,001 - 90,000	1	1
70,001 - 80,000	1	-
60,001 - 70,000	1	-
20,001 - 30,000	1	1
0 - 10,000	8	5
Short-term employee benefits	1,900,015	2,026,586
Post-employment benefits	180,501	189,792
Other long-term benefits	272,502	255,584
Total compensation of senior officers	2,353,018	2,471,962

Total compensation includes the superannuation expense incurred by SM TAFE in respect of senior officers.

8.4 Related parties

SM TAFE is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of SM TAFE include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Material transactions with other related parties

Outside of normal citizen type transactions with SM TAFE, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.5 Related bodies

SM TAFE has no related bodies.

8.6 Affiliated bodies

SM TAFE has no affiliated bodies.

8.7 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2018	2017
Auditing the accounts, financial statements, controls and key performance indicators	173,000	173,000

8.8 Non-current assets classified as held for distribution to owners

	2018	2017
Transfer of the Murray House Cultural Precinct to the City of Melville currently awaiting Ministerial approval.	950,074	950,074

Non-current assets held for distribution to owners are recognised at the lower of carrying amount or fair value less cost to distribute and are disclosed separately in the Statement of Financial Position. Assets classified as held for distribution to owners are not depreciated or amortised.

8.9 Equity**Contributed equity**

Balance at start of period

Reclassification of grant revenue as contributed equity^(a)

Restated balance at start of period

Contributions by owners

Capital appropriation

Transfer of net assets from other agencies

Transfer of assets from other government agencies

Total contributions by owners*Distributions to owners*

Transfer of assets to other government agencies

Net assets transferred to Government

Total distributions to owners**Balance at the end of period**

^(a) Reclassification of 2017 grants revenue to contributed equity in accordance with the determination by the Department of Training and Workforce Development under paragraph 8(c) of AASB Interpretation 1038 'Contribution by Owners Made to Wholly-Owned Public Sector Entities.

Asset revaluation surplus

Balance at start of period

Net revaluation increments

Marine craft

Balance at end of period

	2018	2017
Balance at start of period	369,223,643	388,489,397
Reclassification of grant revenue as contributed equity ^(a)	1,530,616	-
Restated balance at start of period	<u>370,754,259</u>	<u>388,489,397</u>
<i>Contributions by owners</i>		
Capital appropriation	1,149,162	-
<i>Transfer of net assets from other agencies</i>		
Transfer of assets from other government agencies	4,572,129	52,319,237
Total contributions by owners	<u>376,475,550</u>	<u>440,808,634</u>
<i>Distributions to owners</i>		
Transfer of assets to other government agencies	(12,452,737)	-
Net assets transferred to Government	-	(71,584,991)
Total distributions to owners	<u>(12,452,737)</u>	<u>(71,584,991)</u>
Balance at the end of period	<u>364,022,813</u>	<u>369,223,642</u>
<u>Asset revaluation surplus</u>		
Balance at start of period	60,026	-
Net revaluation increments		
Marine craft	-	60,026
Balance at end of period	<u>60,026</u>	<u>60,026</u>

8.10 Supplementary financial information**(a) Write-offs**

During the financial year, \$568,936 (2017: \$158,920) of debts due to SM TAFE were written off under the authority of:

	2018	2017
The accountable authority	568,936	158,920
	568,936	158,920

(b) Losses through theft, defaults and other causes

Losses of public money and public and other property through theft or defaults
Amounts recovered

	2018	2017
Losses of public money and public and other property through theft or defaults	130	604
Amounts recovered	-	-
	130	604

8.11 Explanatory statement (Controlled Operations)

All variances between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017. Narratives are provided for key major variances, which are generally greater than:

- 5% and \$3.4 million for the Statements of comprehensive income and cash flows, and
- 5% and \$7.5 million for the Statement of financial position.

**8.11.1 Statement of Comprehensive
Income Variances**

	Variance Note	Estimate 2018 \$	Actual 2018 \$	Actual 2017 \$	Variance between estimate and actual \$	Variance between actual results for 2018 and 2017 \$
Expenses						
Employee benefits expense	1	121,040,235	114,440,902	117,476,683	(6,599,333)	(3,035,781)
Grants and subsidies		250,000	397,297	453,105	147,297	(55,808)
Supplies and services		31,141,741	31,584,904	33,046,010	443,163	(1,461,106)
Asset revaluation decrement	5	-	2,000,000	11,622,508	2,000,000	(9,622,508)
Other expenses		10,882,189	11,187,618	11,284,351	305,429	(96,733)
Cost of sales		200,000	234,758	244,324	34,758	(9,566)
Loss on disposal of non-current assets		-	32,193	-	32,193	32,193
Depreciation and amortisation expense		8,523,300	8,786,480	7,922,260	263,180	864,220
Total cost of services		172,037,465	168,664,152	182,049,241	(3,373,313)	(13,385,089)
Income						
<i>Revenue</i>						
Fee for service	2	28,951,094	24,742,929	27,848,058	(4,208,165)	(3,105,129)
Student fees and charges		26,705,374	23,744,365	24,144,340	(2,961,009)	(399,975)
Ancillary trading		1,600,004	1,333,504	1,727,613	(266,500)	(394,109)
Sales		25,000	368,595	367,669	343,595	926
Interest revenue		1,150,000	1,108,306	1,058,971	(41,694)	49,335
Other revenue		3,294,996	2,178,605	4,156,885	(1,116,391)	(1,978,280)
Total revenue		61,726,468	53,476,304	59,303,536	(8,250,164)	(5,827,231)
<i>Gains</i>						
Gain on disposal of non-current assets		-	-	662	-	(662)
Gain arising from changes in fair value - buildings	3,4	-	2,514,158	-	2,514,158	2,514,158
Total gains		-	2,514,158	662	2,514,158	2,513,496
Total income other than income from State Government		61,726,468	55,990,462	59,304,198	(5,736,006)	(3,313,735)
NET COST OF SERVICES		110,310,997	112,673,690	122,745,043	2,362,693	(10,071,354)
Income from State Government						
Service appropriation		97,966,000	102,705,370	100,407,437	4,739,370	2,297,933
Services received free of charge		4,175,584	5,986,296	6,927,747	1,810,712	(941,451)
Total income from State Government		102,141,584	108,691,666	107,335,184	6,550,082	1,356,482
SURPLUS/(DEFICIT) FOR THE PERIOD		(8,169,413)	(3,982,024)	(15,409,859)	4,187,388	11,427,834
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		-	-	60,026	-	(60,026)
Total other comprehensive income		-	-	60,026	-	(60,026)
TOTAL COMPREHENSIVE DEFICIT FOR THE PERIOD		(8,169,413)	(3,982,024)	(15,349,833)	4,187,388	11,367,809

Major Estimate and Actual (2018) Variance Narratives

- 1) The Employee Benefits variance is due to structural realignment achieving reduced costs.
- 2) A decrease in international enrolments in 2018 is the key factor of the Fee For Service variance.
- 3) Gain arising from changes in fair value - buildings relates to revaluations for which a budget cannot be set.

Major Actual 2018 and Comparative (2017) Variance Narratives

- 4) Gain arising from changes in fair value - buildings reflects the building revaluation increments which did not occur in 2017.
- 5) Only land received a revaluation decrement in 2018 and buildings were incremented.

8.11.2 Statement of Financial Position Variances

	Variance Note	Estimate 2018 \$	Actual 2018 \$	Actual 2017 \$	Variance between estimate and actual \$	Variance between actual results for 2018 and 2017 \$
ASSETS						
Current Assets						
Cash and cash equivalents		41,246,481	37,923,318	35,684,507	(3,323,163)	2,238,811
Restricted cash and cash equivalents		-	926,588	2,719,321	926,588	(1,792,733)
Receivables		2,484,831	4,770,523	3,220,163	2,285,692	1,550,360
Inventories		18,364	23,959	-	5,595	23,959
Other current assets		1,791,288	1,023,036	1,178,811	(768,252)	(155,775)
Non-current assets classified as held for transfer		-	950,074	950,074	950,074	-
Total Current Assets		45,540,964	45,617,498	43,752,876	76,534	1,864,622
Non-Current Assets						
Restricted cash and cash equivalents		1,017,697	1,279,045	1,088,916	261,348	190,129
Property, plant and equipment	1	346,332,720	317,878,034	332,331,303	(28,454,686)	(14,453,269)
Intangible assets		-	31,877	81,525	31,877	(49,648)
Total Non-Current Assets		347,350,417	319,188,956	333,501,744	(28,161,461)	(14,312,788)
TOTAL ASSETS		392,891,381	364,806,454	377,254,620	(28,084,927)	(12,448,167)
LIABILITIES						
Current Liabilities						
Payables		4,088,100	2,768,777	3,181,238	(1,319,323)	(412,461)
Employee related provisions		21,251,000	22,118,764	20,448,405	867,764	1,670,359
Other current liabilities		6,977,784	86,569	2,929,651	(6,891,215)	(2,843,082)
Total Current Liabilities		32,316,884	24,974,110	26,559,294	(7,342,774)	(1,585,184)
Non-Current Liabilities						
Employee related provisions		4,790,000	2,840,136	3,860,825	(1,949,864)	(1,020,689)
Total Non-Current Liabilities		4,790,000	2,840,136	3,860,825	(1,949,864)	(1,020,689)
TOTAL LIABILITIES		37,106,884	27,814,246	30,420,119	(9,292,638)	(2,605,873)
NET ASSETS		355,784,497	336,992,208	346,834,501	(18,792,289)	(9,842,293)
EQUITY						
Contributed equity		380,086,406	364,022,813	369,223,643	(16,063,593)	(5,200,830)
Reserves		-	60,026	60,026	60,026	(0)
Accumulated deficit		(24,301,909)	(27,090,631)	(22,449,168)	(2,788,722)	(4,641,463)
TOTAL EQUITY		355,784,497	336,992,208	346,834,501	(18,792,289)	(9,842,293)

Major Estimate and Actual (2018) Variance Narratives

1) Property, Plant & Equipment is less than estimated due to the impact of asset revaluations and transfers to/from Department of Training and Workforce Development that were not budgeted for.

8.11.3 Statement of Cash Flows Variances

Variance Note	Estimate 2018 \$	Actual 2018 \$	Actual 2017 \$	Variance between estimate and actual \$	Variance between actual results for 2018 and 2017 \$
CASH FLOWS FROM STATE GOVERNMENT					
Service appropriation - Department of Training & Workforce Development	97,967,097	99,833,486	97,785,472	1,866,389	2,048,014
Capital appropriation - Department of Training and Workforce Development	-	1,147,149	-	1,147,149	1,147,149
Total Net cash provided by State Government	97,967,097	100,980,635	97,785,472	3,013,538	3,195,163
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Employee benefits	(118,523,764)	(113,540,461)	(117,446,357)	4,983,303	3,905,896
Supplies and services	(27,097,414)	(26,764,777)	(27,791,021)	332,637	1,026,244
Grants and subsidies	(250,000)	(397,297)	(453,105)	(147,297)	55,808
GST payments on purchases	-	(2,907,572)	(3,100,782)	(2,907,572)	193,210
Other payments	(9,682,185)	(10,527,008)	(11,464,167)	(844,823)	937,159
Receipts					
Fee for service 1,3	29,000,083	24,448,817	28,143,245	(4,551,266)	(3,694,428)
Student fees and charges 2	26,566,417	23,018,786	22,032,403	(3,547,631)	986,383
Ancillary trading and sales	1,600,004	1,693,366	2,095,282	93,362	(401,916)
Interest received	1,150,000	1,086,068	1,092,705	(63,932)	(6,637)
GST receipts on sales	-	629,943	1,216,832	629,943	(586,889)
GST receipts from taxation authority	-	2,140,974	1,728,742	2,140,974	412,232
Other receipts	3,319,996	2,138,460	3,704,701	(1,181,536)	(1,566,241)
Net cash used in operating activities	(93,916,863)	(98,980,701)	(100,241,522)	(5,063,838)	1,260,821
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments					
Purchase of non-current physical assets	(3,960,000)	(1,370,178)	(2,449,767)	2,589,822	1,079,589
Receipts					
Proceeds from sale of non-current physical assets	-	6,451	5,670	6,451	781
Net cash provided by investing activities	(3,960,000)	(1,363,727)	(2,444,097)	2,596,273	1,080,370
Net increase in cash and cash equivalents	90,234	636,207	(4,900,147)	545,974	5,536,355
Cash and cash equivalents at the beginning of period	42,173,944	39,492,745	44,392,892	(2,681,199)	(4,900,147)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	42,264,178	40,128,951	39,492,745	(2,135,227)	636,206

Major Estimate and Actual (2018) Variance Narratives

- 1) International enrolments in 2018 were less than the forecast.
- 2) Tuition and other fees collected were less than the forecast.

Major Actual 2018 and Comparative (2017) Variance Narratives

- 3) International enrolments in 2018 were less than in 2017.

KEY PERFORMANCE INDICATORS

Certification of Key Performance Indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess South Metropolitan TAFE's performance, and fairly represent the performance of SM TAFE for the period ending 31 December 2018.



Elizabeth Carr AM
Chair of Governing Council

12 March 2019



Terry Durant
Managing Director

12 March 2019

South Metropolitan TAFE 2018 KEY PERFORMANCE INDICATORS

DESIRED OUTCOME:

The provision of vocational education and training services to meet community and industry training needs.

EFFECTIVENESS INDICATORS:

The effectiveness indicators measure the achievement of vocational education and training in meeting community and industry needs via student and graduate satisfaction, labour force status of graduates and profile achievement.

Student Satisfaction Survey

The *Student Satisfaction Survey* is administered annually on behalf of the Department of Training and Workforce Development by a third-party research agency. In 2018 the fieldwork and analysis were conducted by EY Sweeney. The key focus is to attain an understanding of the students' training requirements and measure the quality of the delivery of training and services provided by South Metropolitan TAFE. Students who were enrolled in either the first or second semester of 2018 were invited to complete the survey online via e-mail, SMS, through the WA Student Satisfaction Survey website and via posters on campuses. Students were also able to complete a hard copy questionnaire provided by staff at each of the campuses. A subset of students were called in order to complete the survey using telephone surveying.

KPI 1 – Student Satisfaction

The overall student satisfaction rating is obtained from the 2018 *Student Satisfaction Survey* and measures the extent to which students were satisfied with the training they received from South Metropolitan TAFE. The measure represents the proportion of 'satisfied' and 'very satisfied' (on a five point scale) responses received from students responding to the question '*Overall how satisfied were you with your course?*'

Table 1 – Overall Student Satisfaction

	2016 Actual	2017 Actual	2018 Target	2018 Actual	Variance
South Metropolitan TAFE	88.7%	87.1%	>85%	87.8%	+2.8%
All WA TAFEs & WAAPA	88.9%	87.3%	n/a	88.2%	n/a

Source: Department of Training and Workforce Development, 2018 Student Satisfaction Survey.

Notes: The WA Student Satisfaction Survey is an annual survey amongst students who are funded under the National Agreement for Skills and Workforce Development. The following student groups have been excluded from the scope of the survey: international full fee paying students, students undergoing training through a school-based program (VET in schools), Adult community education (ACE) students, students who are in a correctional facility and students aged less than 15 years.

All data described in this report have been weighted back to the total student population based on a combination of gender (male, female), age group (15-19, 20-29, 30-44, 45+), student status (IBS, EBS), and the specific training provider (each of the six colleges plus private providers as one group), resulting in 112 different weighted cell possibilities. Weight cells with a zero count for both the population and survey data were removed.

Percentages are rounded to the nearest whole percentage.

In 2018, of the 15,796 South Metropolitan TAFE students contacted, there were 3,491 usable returns representing a response rate of 22.1%. South Metropolitan TAFE's standard error for 2018 was 0.6%, with a relative sampling error of +/- 1.0% at the 95% level of confidence.

The 2018 target overall student satisfaction at South Metropolitan TAFE was met and exceeded, with 87.8% of respondents claiming to be either satisfied or very satisfied. This is slightly higher than the level of student satisfaction reported in 2017 (87.1%).

South Metropolitan TAFE 2018 KEY PERFORMANCE INDICATORS

Student Outcomes Survey

The *Student Outcomes Survey* is conducted on behalf of the National Centre for Vocational Education Research (NCVER) by the Social Research Centre. The survey measures vocational education and training students' employment levels, further study and opinions on the training undertaken.

Out of scope of the survey are:

- international students
- students who undertook recreational, leisure or personal enrichment (short) courses
- students who undertook VET delivered in schools, where training activity was undertaken as part of a senior secondary certificate
- students under 18 years of age.

2016 comparatives have not been reported as no survey was performed in that year. From 2017, the survey results are reported annually.

KPI 2 - Graduate Achievement

Graduate achievement is a question in the NCVER *Student Outcomes Survey* and measures the extent to which South Metropolitan TAFE Graduates have "Achieved their main reason for doing the training". The measure shows the proportion of graduates who indicated they had fully achieved or partly achieved their main reason for doing the training.

Table 2 – Graduate Achievement

	2017 Actual	2018 Target	2018 Actual
South Metropolitan TAFE	81.0%	80.0%	79.5%
TAFE Western Australia	n/a	n/a	79.7%
TAFE Australia	83.2%	n/a	82.1%
All VET providers Australia	84.2%	n/a	84.2%

In 2018, of the 4,288 South Metropolitan TAFE graduates asked, there were 1,583 usable returns representing a response rate of 36.9%. South Metropolitan TAFE's relative sampling error for this result was +/- 1.7% at the 95% level of confidence.

The 2018 South Metropolitan TAFE's target for graduate achievement was slightly below target, with 79.5% of respondents claiming to have achieved their main reason for doing the training.

South Metropolitan TAFE 2018 KEY PERFORMANCE INDICATORS

KPI 3 - Graduate Destination

Graduate destination data is also taken from the *Student Outcomes Survey* and measures the proportion of graduates in employment. This measure shows the extent to which the college is providing relevant, quality training that enhances student employability. Graduate employment status measures who was employed, unemployed or not in the labour force, and was obtained by calculating the graduates in each category compared to the total valid responses over the total responses and expressed as a percentage.

Table 3 – Graduate Destination Rate - Employed

	2017 Actual	2018 Target	2018 Actual
South Metropolitan TAFE	73.2%	>75%	68.4%
TAFE Western Australia	n/a	n/a	68.5%
TAFE Australia	73.1%	n/a	72.4%
All VET providers Australia	77.7%	n/a	77.3%

In 2018, of the 4,288 South Metropolitan TAFE graduates contacted, there were 1,553 usable returns representing a response rate of 36.2%. South Metropolitan TAFE's relative sampling error for this result was +/- 2.0% at the 95% level of confidence.

The 2018 target for graduate destination rate (employed) was not met, with 68.4% of respondents claiming to be employed after training.

South Metropolitan TAFE 2018 KEY PERFORMANCE INDICATORS

KPI 4 – Achievement of profile delivery (by ANZSCOs)

This achievement of profile delivery indicator reports the effectiveness of South Metropolitan TAFE in meeting its Delivery and Performance Agreement (DPA) targets. The delivery profile is negotiated directly with the Department of Training and Workforce Development and constitutes South Metropolitan TAFE's profile funded training delivery plan. The delivery profile takes into consideration government priorities, the needs of individuals, industry and the local community.

It should be noted that the KPI reporting is based on the originally negotiated DPA. The Department of Training and Workforce Development allows South Metropolitan TAFE to review and make any modifications to the original DPA targets twice a year. This provides the opportunity to consider any changes in the operating environment and modify the DPA to set realistic targets. In 2018, the final amended profile SCH target was 7,437,000 SCH compared to the original DPA target of 7,300,000.

Table 3: Profile Achievement (DPA)

	Actual Achievement 2016	Actual Achievement 2017	Actual Achievement 2018
Profile Achievement % (DPA Original)	93.4%	101.7%	102.2%

The Profile delivered by South Metropolitan TAFE was above the original planned target of 7,300,000 SCH by 164,046 SCH, resulting in an overall achievement of 102.2%.

South Metropolitan TAFE's profile delivery by ANZSCO (Australia and New Zealand Standard Classification of Occupations) levels for 2018 are provided in Table 4.

As per the data presented in Table 4, in 2018, the following ANZSCO sub groups constituted over 50% of total SCH achievement: General Education (13%); Automotive and Engineering Trades Workers (12%); Carers and Aides (8%); Health and Welfare Support Workers (7%); Engineering, ICT and Science Technicians (7%); and Sports and Personal Service Workers (5%).

The ANZSCO levels that were significantly above target (more than 40,000 SCH of positive variance) were: Automotive and Engineering Trade Workers, Sports and Personal Service Workers, Health and Welfare Support Workers, Adult Literacy / ESL and Carers and Aides.

The ANZSCO levels that were significantly below target (more than 40,000 SCH of negative variance) were: Skilled Animal and Horticultural Workers.

South Metropolitan TAFE 2018 KEY PERFORMANCE INDICATORS

Table 4: Achievement of 2018 Profile Delivery (DPA) by ANZSCO sub groups

ANZSCO Major Group Title	ANZSCO Sub Group Title	2018 Census Actual	2018 Target Planned	2018 Target Achievement
1. Managers	11 – Chief Executives, General Managers and Legislators	9,690	12,750	76.0%
	12 – Farmers and Farm Managers	0	5,179	0.0%
	13 – Specialist Managers	36,747	54,627	67.3%
	14 – Hospitality, Retail and Service Managers	136,210	105,324	129.3%
2. Professionals	21 – Arts and Media Professionals	3,985	5,031	79.2%
	22 – Business, Human Resource and Marketing Professionals	24,485	32,200	76.0%
	23 – Design, Engineering, Science and Transport Professionals	178,973	213,221	83.9%
	24 – Education Professionals	46,490	19,500	238.4%
	26 – ICT Professionals	231,455	214,499	107.9%
3. Technicians and Trades Workers	31 – Engineering, ICT and Science Technicians	534,877	539,897	99.1%
	32 – Automotive and Engineering Trades Workers	915,887	797,051	114.9%
	33 – Construction Trades Workers	220,923	210,490	105.0%
	34 – Electro-technology and Telecommunications Trades Workers	190,064	207,495	91.6%
	35 – Food Trades Workers	266,832	280,105	95.3%
	36 – Skilled Animal and Horticultural Workers	336,503	411,248	81.8%
	39 – Other Technicians and Trades Workers	263,520	255,759	103.0%
4. Community and Personal Service Workers	41 – Health and Welfare Support Workers	557,679	491,863	113.4%
	42 – Carers and Aides	619,210	562,919	110.0%
	43 – Hospitality Workers	85,538	82,821	103.3%
	44 – Protective Service Workers	0	21,266	0.0%
	45 – Sports and Personal Service Workers	410,501	340,961	120.4%
5. Clerical and Administrative Workers	51 – Office Managers and Program Administrators	41,495	37,000	112.1%
	53 – General Clerical Workers	104,370	134,356	77.7%
	54 – Inquiry Clerks and Receptionists	27,490	28,000	98.2%

South Metropolitan TAFE 2018 KEY PERFORMANCE INDICATORS

	55 – Numerical Clerks	126,265	116,690	108.2%
	59 – Other Clerical and Administrative Workers	91,108	74,551	122.2%
7. Machinery Operators and Drivers	71 – Machine and Stationary Plant Operators	48,773	74,319	65.6%
	72 – Mobile Plant Operators	25,933	18,323	141.5%
	74 – Store-persons	5,490	6,473	84.8%
8. Labourers	82 – Construction and Mining Labourers	62,212	97,134	64.0%
	83 – Factory Process Workers	139,937	143,662	97.4%
	84 – Farm, Forestry and Garden Workers	116,380	128,845	90.3%
	85 – Food Preparation Assistants	9,482	13,921	68.1%
	89 – Other Labourers	358,038	373,641	95.8%
G. General Education	GB – General Education	987,115	921,891	107.1%
	GE – General Education	250,389	266,988	93.8%
TOTAL		7,464,046	7,300,000	102.2%

KPI 5 – Delivery Cost per Student Curriculum Hour (SCH)

The overall cost per SCH demonstrates the efficiency with which South Metropolitan TAFE manages its resources to enable the provision of vocational education and training programs. The overall cost per SCH shows the aggregate unit cost of delivery output per SCH, based on the delivery costs (total cost of service) as detailed in the 2018 Financial Statements.

Table 6 – Delivery Cost per SCH

	2017	2018
Actual Cost per SCH	\$18.43	\$17.70
Target Cost per SCH	\$16.16	\$17.80
Variance	-\$2.27	\$0.10

Note: The total delivery cost per SCH is calculated by dividing the total cost of services as defined in the Financial Statements by the total SCH delivered including profile and non-profile delivery. Non-profile delivery in 2018 was 2,065,949 SCH.

The 2016 comparatives have not been presented as the College was granted a partial exemption by the Under Treasurer from the reporting of this efficiency indicator for 2016.

The 2018 actual unit cost of delivery is within the target specified in the 2018 Section 40 Estimates.

Ministerial directives

Treasurer's Instruction 903 (12) requires SM TAFE to disclose details of any ministerial directives relevant to the setting of desired outcomes or operational objectives, the achievement of desired outcomes or operational objectives, investment activities and financing activities.

No such directives were issued to SM TAFE in 2018.

Other financial disclosures

Pricing policies for services provided

Under the Vocational Education and Training Regulations 1996, the college may determine fees and charges for services, other than for services prescribed by the Minister for Training and Workforce Development.

Fees and charges levied by the college were in accordance with the requirements of the following:

- *Vocational Education and Training Act, 1996*
- *Vocational Education and Training Regulations, 1996*
- *Policy Guidelines for Publicly Funded Registered Training Organisations (RTO)*

Capital works

SM TAFE's capital works program was funded by internally generated revenue and State Government contributions. There were no major capital works programs completed or commenced in 2018.

Unauthorised use of credit cards

Agencies are required to publish details of instances in their annual report where a Western Australian Government Purchasing Card (credit card) is utilised for personal use. In 2018, 15 officers inadvertently used an SM TAFE purchasing card for personal use, to the value of \$507.88.

The details as required by Treasurer's Instruction 903 (iv) are set out below.

Unauthorised use of purchasing cards	\$
Aggregate amount of personal use expenditure for the reporting period	507.88
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	239.85
Aggregate amount of personal use expenditure settled after the period (after 5 working days)	243.44
Aggregate amount of personal use expenditure outstanding at balance date	24.59

Staff Profile

SM TAFE is a large and diverse organisation delivering a large number of specialist and unique vocational education and training services, which requires an equally diverse and high quality workforce. As at December 31, 2018, SM TAFE employed 909 Full Time Equivalent (FTE) staff. SM TAFE's staffing levels by employment category for 2018 is presented below.

		2018			2017		
		Full-time (FTE)	Part-time (FTE)	TOTAL (FTE)	Full-time (FTE)	Part-time (FTE)	TOTAL (FTE)
Lecturer	Contract	44	34	78	160	27	187
	Permanent	352	96	448	331	39	370
GOSAC	Contract	30	19	49	50	7	57
	Permanent	253	81	334	312	51	363
TOTAL		679	230	909	853	124	977

Equal employment opportunity and diversity

SM TAFE is committed to ensuring a discrimination and harassment free workplace, and to promoting equal employment opportunity for all people. This is an integral part of the college's values and is reflected in our policies, programs and personnel practices such as the Code of Conduct, grievance procedures and recruitment processes.

SM TAFE continues to work to create a workforce that matches the diversity in the Western Australian community. SM TAFE promotes a work environment that is inclusive and free from discrimination in accordance with its obligations under Part IX of the Equal Opportunity Act 1984. In 2018, the college developed and implemented an Intranet page which provides information relating to recruitment, employment and working with people with disability.

The table below compares our workforce composition to the public sector workforce in relation to different equity groups. Representation is based on the number of employees who identified themselves as belonging to a diversity group.

Equal Employment Opportunity and Diversity (continued)

	SM TAFE	WA Public Sector
Aboriginal people representation	1.7%	2.7%
People with culturally diverse background representation	15.3%	13.2%
People with disability representation	2.7%	1.6%

Compliance with public sector standards and ethical codes

SM TAFE has policies, procedures and guidelines in place to ensure agency obligations are met with respect to the Public Sector Standards in Human Resource Management, the Western Australian Code of Ethics and the Code of Conduct.

These policies and supporting guidelines are actively promoted throughout the college's intranet site and by the Human Resource Directorate. In addition, SM TAFE continues to provide training for all staff on Accountable and Ethical Decision Making in line with the Public Sector Commission Instruction Codes of Conduct and Integrity Training.

In accordance with section 31(1) of the *Public Sector Management Act 1994*, SM TAFE provides the following statements regarding compliance with the Public Sector Standards, the Public Sector Code of Ethics and the SM TAFE Code of Conduct.

Compliance category	2018 result
Public sector standards in human resource management	0 breaches
WA Code of Ethics	0 breaches
SM TAFE Code of Conduct	2 breaches

Employee Assistance Program

SM TAFE is committed to maintaining a safe and healthy work environment. As part of this commitment, the college values the importance of the contribution of its staff.

SM TAFE's Employee Assistance Program is available to help staff identify, explore and resolve work or personal problems that may adversely affect their wellbeing, including anxiety, depression, relationships, conflict with others, coping with change and communication breakdown. This free service is available to all staff and their immediate family.

Family and domestic violence

SM TAFE is committed to supporting employees experiencing family and domestic violence by helping them to maintain their employment and participate safely in the workplace. All employees, including casuals, can access up to an additional 10 days, non-cumulative paid leave per calendar year.

SM TAFE has trained Family and Domestic Violence (FDV) officers available to provide information and assistance to staff experiencing FDV.

Workers compensation

Nine claims for workers compensation were lodged in the 2018 financial year. One claim was declined by RiskCover, of the accepted claims, four were lost time injuries.

Governance disclosures

Declarations of interests

In accordance with the requirements of Treasurer's Instruction 903 (14), other than normal contracts of employment of service, no senior officers, or entities in which senior officers have any substantial interests, had any interest in existing or proposed contracts with SM TAFE.

Public interest disclosures

The Public Interest Disclosure Act 2003 facilitates the disclosure of information in the public interest about matters of wrongdoing, corruption or improper conduct within the Western Australian public sector. The legislation provides protections for the person raising the disclosure and any person about whom the disclosure is made. SM TAFE has three Public Interest Disclosure officers. There were no public interest disclosures during 2018.

Governing Council remuneration

The individual and aggregate cost of remunerating Governing Council members in 2018 was as follows:

Position	Name	Type of remuneration	Period of membership	Gross remuneration \$
Chair	Elizabeth Carr AM	Annual salary	12 months	22,665.24
Deputy Chair	David Wood	Per meeting	12 months	2,215
Member	Christine Coyne	Per meeting	6 months	768
Member	Niegel Grazia	Per meeting	12 months	0
Member	Stephen Cain	Per meeting	6 months	0
Member	Deborah Hamblin	Per meeting	12 months	2,304
Member	Kelly Townson	Per meeting	6 months	1,152
Member	Zaneta Mascarenhas	Per meeting	6 months	768
Member	Nicole Ashby	Per meeting	6 months	1,152
Member	Lina Dickins	Per meeting	6 months	1,152
Member	Julian Coyne	Per meeting	6 months	1,152
				33,328.24

Other legal requirements

Advertising expenditure

In accordance with Section 175ZE of the Electoral Act 1907, the following is a statement of all expenditure incurred by SM TAFE during 2018 in relation to advertising, market research, polling, direct mail and media advertising organisations.

Expenditure was incurred in the following areas:

	Total \$	Expenditure	Amount \$
Advertising agencies	Nil	Nil	Nil
Market research organisations	Nil	Nil	Nil
Polling organisations	Nil	Nil	Nil
Direct mail organisations	2,208.91	Campaign Monitor	2,208.91
Media advertising agencies	56,951.03	Carat Australia Pty Ltd	7216.65
		Facebook (GST not applicable)	43,816.51
		Google	5,345.51
		Linkedin	572.36

Disability Access and Inclusion Plan (DAIP) – Outcomes 2018

As required under the Disability Services Act 1993, SM TAFE implemented actions throughout 2018 that supported the strategies in our Disability Access and Inclusion Plan (DAIP). Outlined below are outcomes and initiatives to address the agency outcomes to ensure SM TAFE's services, facilities and information are accessible and inclusive.

People with a disability have the same opportunities as other people to access the services of, and any events organised by, a public authority

- The DAIP Committee provides guidance and a forum for progressing discussion and action planning key initiatives
- Information and resources are available on the intranet site to assist staff to ensure events are accessible.

People with a disability have the same opportunities as other people to access the buildings and other facilities of a public authority

- Completion of upgrades to the accessible parking bays at Munster and Murdoch campuses to meet legislative requirements
- Facilities staff are represented on the DAIP Committee, providing advice and regular updates on building and facilities access.

People with a disability receive information from a public authority in a format that will enable them to access the information as readily as other people

- Implementation of a Training Services process to identify student support needs at course commencement in line with standard 1.7 of the Standards for RTOs 2015
- A focus on the implementation and delivery of high quality, sustainable training services across all portfolio areas.

People with a disability receive the same level and quality of service from the staff of a public authority as other people

- The addition of an accessibility content webpage to the college's e-learning intranet page to assist lecturers in designing accessible content on the newly implemented Blackboard platform
- Staff professional development opportunities to broaden understanding of the needs of students with a disability, including the delivery of four lecturer-orientated sessions entitled Students with a disability: What lecturers need to know.

People with a disability have the same opportunities as other people to make complaints to a public authority

- People with disability have an opportunity to discuss concerns and grievances with Student Support Advisors in a confidential setting and receive assistance to resolve issues
- Student Support Advisors to assist students with disability to access alternatives to online complaint and feedback submissions such as face-to-face meetings or hard copy forms.

People with a disability have the same opportunities as other people to participate in any public consultation by a public authority

- Ongoing general surveying of students, including state student satisfaction surveys, college based learner surveys and disability support effectiveness surveys. Assistance completing surveys is provided where needed, such as providing hard copy versions
- SM TAFE regularly engages with agencies that support people with disability on training matters such as the NDIS program, Disability Employment Services and mental health support services.

People with a disability have the same opportunities as other people to obtain and maintain employment with a public authority

- The numbers of employees with a disclosed disability is monitored in order to inform HR strategies and practices
- SM TAFE provides information and support to managers to assist them in employing people with a disability.

Recordkeeping Plan

Under the State Records Act 2000, all government agencies are required to have a record keeping plan. SM TAFE has an approved Recordkeeping Plan as prescribed by the State Records Act 2000. This consolidated Recordkeeping Plan covers the WA TAFE Sector as a whole and has been submitted to the State Records Office. The plan was approved by the State Records Commission on 10 August 2018. In addition SM TAFE has a new recordkeeping system scheduled for implementation in January 2019.

Records awareness training remains a key component of SM TAFE's induction process, addressing staff roles and responsibilities in regard to compliance with the Recordkeeping Plan. All staff are required to complete Records Awareness Training.

In addition, training is provided to staff regularly either formally or in a "one on one" setting which looks at the practical aspects of capturing significant business and corporate records. The efficiency and effectiveness of recordkeeping training will form part of the forthcoming records management review to ensure that the program continues to meet staff needs and the requirements of the Act.

Freedom of Information

SM TAFE's FOI Information Statement is available on our website. One FOI request was received during the 2018 reporting period.



Government policy requirements

SM TAFE is committed to maintaining a high level of safety within the work environment. A robust system of safety committees at both the work site and senior management level exists across the organisation to ensure safety outcomes are achieved. The SM TAFE Occupational Safety and Health team continue to ensure uniformity is applied across all sites in the field of safety and as part of this process provide up to date policies and procedures which cover the entire organisation. An independent audit is undertaken to assess the organisation against the WorkSafe Plan to ensure the college's safety strategy meets industry best practice standards.

Measure	Actual results			Results against targets	
	2016	2017	2018	Target	Comment on result
Number of fatalities	0	0	0	Zero (0)	Target achieved
Lost time injury and/or disease incidence rate	0.57	0.96	0.44	Zero (0) or 10% reduction	Target achieved, 54% reduction on 2017
Lost time injury severity rate	25	18	50	Zero (0) or 10% reduction	Although the rate has increased the number of LTI's have reduced significantly from 11 in 2017 to 4 in 2018
Percentage of injured workers returned to work within:				Greater than or equal to 80% return to work within:	Targets have been met
(i) 13 weeks; and	(i) 100%	(i) 85%	(i) 100%	(i) 13 weeks; and	
(ii) 26 weeks	(ii) 100%	(ii) 100%	(ii) 100%	(ii) 26 weeks	
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	N/A	N/A	*50%	Greater than or equal to 80%	Further training will continue in 2019

* In November 2018 SM TAFE commenced a new online training program to provide OSH training to managers and supervisors. This training will continue in 2019.

Note:

- **Fatalities:** number of compensated work related fatalities
- **Lost time injury/disease incidence rate:** The lost time injury/disease incidence rate is the number of lost time injury/disease claims lodged, divided by the number of employees (FTE) and multiplied by 100
- **Lost time injury severity rate:** The lost time injury severity rate is the number of severe injuries (over 60 days lost from work) divided by the number of lost time injury/disease claims multiplied by 100.

Section 40 estimates for 2019

In accordance with section 40 of the *Financial Management Act 2006* and *Treasurer's Instruction 953* the annual estimates for the 2019 financial year are hereby included in the Annual Report. These estimates do not form part of the financial statements and are not subject to audit.

South Metropolitan TAFE	2019
STATEMENT OF COMPREHENSIVE INCOME	Estimate
	\$
COST OF SERVICES	
Expenses	
Employee benefits expense	117,300,000
Supplies and services	31,391,127
Depreciation and amortisation expense	9,207,050
Grants and subsidies	453,125
Cost of sales	202,500
Other expenses	11,000,000
Total Cost of Services	169,553,802
Income	
Revenue	
Fee for service	25,076,674
Student charges and fees	26,246,519
Ancillary trading	1,520,004
Sales	350,313
Interest revenue	1,250,000
Other revenue	3,472,304
Total Revenue	57,915,814
Total income other than income from State Government	57,915,814
NET COST OF SERVICES	(111,637,988)
INCOME FROM STATE GOVERNMENT	
Service Appropriation	98,470,000
Resources received free of charge	4,191,316
Total income from State Government	102,661,316
DEFICIT FOR THE PERIOD	(8,976,672)
TOTAL COMPREHENSIVE DEFICIT FOR THE PERIOD	(8,976,672)

South Metropolitan TAFE	2019
STATEMENT OF FINANCIAL POSITION	Estimate
	\$
ASSETS	
Current Assets	
Cash and cash equivalents	37,321,646
Restricted cash and cash equivalents	2,719,321
Receivables	1,664,537
Other current assets	458,570
Non-current assets classified as held for sale	950,074
Total Current Assets	43,114,148
Non-Current Assets	
Restricted cash and cash equivalents	1,597,764
Property, plant and equipment	329,209,380
Intangible assets	81,525
Total Non-Current Assets	330,888,669
TOTAL ASSETS	374,002,817
LIABILITIES	
Current Liabilities	
Payables	5,883,669
Provisions	21,251,000
Other current liabilities	3,152,779
Total Current Liabilities	30,287,448
Non-Current Liabilities	
Provisions	4,321,000
Total Non-Current Liabilities	4,321,000
TOTAL LIABILITIES	34,608,448
NET ASSETS	339,394,369
EQUITY	
Contributed Equity	378,795,439
Reserves	60,026
Accumulated deficit	(39,461,096)
TOTAL EQUITY	339,394,369

South Metropolitan TAFE	2019
STATEMENT OF CASH FLOWS	Estimate
CASH FLOWS FROM STATE GOVERNMENT	
Service Appropriation	98,470,000
Net cash provided by State Government	98,470,000
Utilised as follows:	
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments	
Employee benefits	(113,037,230)
Supplies and services	(28,839,138)
Grants and subsidies	(453,125)
Other payments	(9,169,796)
Receipts	
Fee for service	25,281,475
Student fees and charges	25,039,607
Ancillary trading	1,520,004
Interest received	1,275,960
GST receipts from taxation authority	35,707
Sale of Goods	325,000
Other receipts	3,249,763
Net cash used in operating activities	(94,771,773)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of non-current physical assets	(2,630,000)
Net cash used in investing activities	(2,630,000)
Net increase in cash held and cash equivalents	1,068,227
Cash and cash equivalents at the beginning of the period	40,570,504
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	41,638,731

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Government of **Western Australia**
South Metropolitan **TAFE**