

South Metropolitan TAFE ANNUAL REPORT 2017



Government of **Western Australia**
South Metropolitan TAFE

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► 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 2017.

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

8 March 2018



Terry Durant
Managing Director

8 March 2018

▶ EXECUTIVE SUMMARY

Overview of year and key highlights of 2017

PROFILE

DELIVERY TARGET
(STUDENT CURRICULUM HOURS)

7,167,547
ACHIEVED
& EXCEEDED



SM TAFE
DELIVERED
OVER **396**
QUALIFICATIONS



TRAINING
DELIVERED TO
26,000
STUDENTS



STUDENT
SATISFACTION
RATING
87.1%



A NEW
STRATEGIC
PLAN WAS
DEVELOPED,
SETTING SOUTH METROPOLITAN
TAFE'S GOALS, PRIORITIES AND
STRATEGIES TO **2020**

SM TAFE
SUCCESSFULLY
PASSED THE TRAINING
ACCREDITATION COUNCIL'S
COMPREHENSIVE
REGISTRATION AUDIT



2 NEW MAJOR
CAPITAL
WORKS
COMPLETED ON TIME AND ON BUDGET



WE ESTABLISHED
PARTNERSHIPS WITH
MAJOR EMPLOYERS

COMMENCED PREPARATION
FOR A NEW
STUDENT
MANAGEMENT
SYSTEM



Overview of the agency



► WELCOME FROM THE CHAIR AND MANAGING DIRECTOR

Welcome to South Metropolitan TAFE's (SM TAFE) 2017 Annual Report. 2017 has been a productive and fruitful year, as the college set about planning and finalising our strategic goals and initiatives from now through to 2020. Our new strategic plan, which will guide our activities over the following three years, focuses on four goals: exceeding customer expectations; achieving and maintaining financial sustainability; delivering a high performance workforce; and optimising our operations.

Significant work was undertaken in 2017 to position the college to meet the goals of our strategic plan, with the college fostering strong relationships with major employers, including a number of defence organisations. These employer relationships will place the college in a strong position to respond to upcoming opportunities in growth sectors such as defence, cyber security and automation. As a result, training and curriculum will be developed to support the evolving needs of major sectors of the Western Australian economy and job market.

Notably, SM TAFE was successful in achieving and exceeding our State Government profile training target of 7,167,547 student contact hours. This achievement is significant in light of the challenging economic and vocational training environment the college currently operates in.

The college successfully underwent the Training Accreditation Council's comprehensive five year registration audit this year, and we are pleased to share that the outcome of the audit highlighted many examples of excellent teaching practices across the college. The establishment of Quality Week, as part of the college's extensive preparation for the audit, will now occupy a permanent position in the college's annual Academic Calendar, as we seek to continuously improve the quality of our teaching and learning practices.

The finalisation of two major capital works projects at our Murdoch and Munster campuses were a particularly exciting

feature of 2017, representing a pivotal moment in the early life of SM TAFE as we continue to consolidate our courses and campuses and grow our college. The new Murdoch building, which was completed in November, saw the co-location of the college's corporate and support teams and a subsequent enhancement of internal collaboration. Most importantly, the new facilities at Murdoch and Munster will enrich our on-campus learning environments for our primary stakeholders, our students.

In response to the State Government's *Plan for Jobs*, preparations commenced for the implementation of Industry Skills Centres. The new skills centres will improve the college's capacity to engage with local employers, industries and communities. Community and industry engagement will continue to be a key focus for the college to ensure the success of the centres.

Our success is ultimately measured by the outcomes of our students and we are delighted that 2017 saw numerous awards

presented to our students on local, national and international stages. SM TAFE was fortunate to be once again recognised at the Western Australian Training Awards as a finalist in the Large Training Provider of the Year category, as well as also being awarded the 2017 Employer of the Year by BIZLINK Employment for outstanding support of equal employment opportunities.

SM TAFE would not have achieved such significant progress in 2017 without the dedication of our staff and the guidance and support of our Governing Council. We are continuously impressed and thankful for our staff's ongoing enthusiasm and commitment to providing quality vocational education and training.

Lastly, we would like to thank the Hon. Sue Ellery MLC, Minister for Education and Training, for her support in 2017. We look forward another year of building upon our provision of quality vocational education and training and contribution to the economic and social prosperity of Western Australia.



Elizabeth Carr
Chair of Governing Council

8 March 2018



Terry Durant
Managing Director

8 March 2018

▶ ABOUT SOUTH METROPOLITAN TAFE

Overview

SM TAFE is one of WA's largest and most diverse training providers. Training more than 26,000 local and international students per year, SM TAFE delivers courses ranging from certificate I to advanced diplomas. The college's 14 campuses are spread across the south metropolitan region, from Fremantle to Armadale and as far south as Peel.

SM TAFE plays an important role in the state's economic development by responding to industry, workforce, and community needs. SM TAFE works alongside industry to support the development of education and training programs, the placement of job-ready graduates and the identification of training needs. Industry collaboration contributes to SM TAFE's programs remaining contemporary, relevant to workplace requirements and supportive of broader workforce development initiatives.

Services

SM TAFE provides high-quality vocational training, higher education, apprenticeships, traineeships, short courses, and a range of customised fee-for-service training courses. SM TAFE maintains close relationships with employers and industry to ensure courses are aligned to the needs of the workforce, and graduates have the practical skills needed for employment.

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.

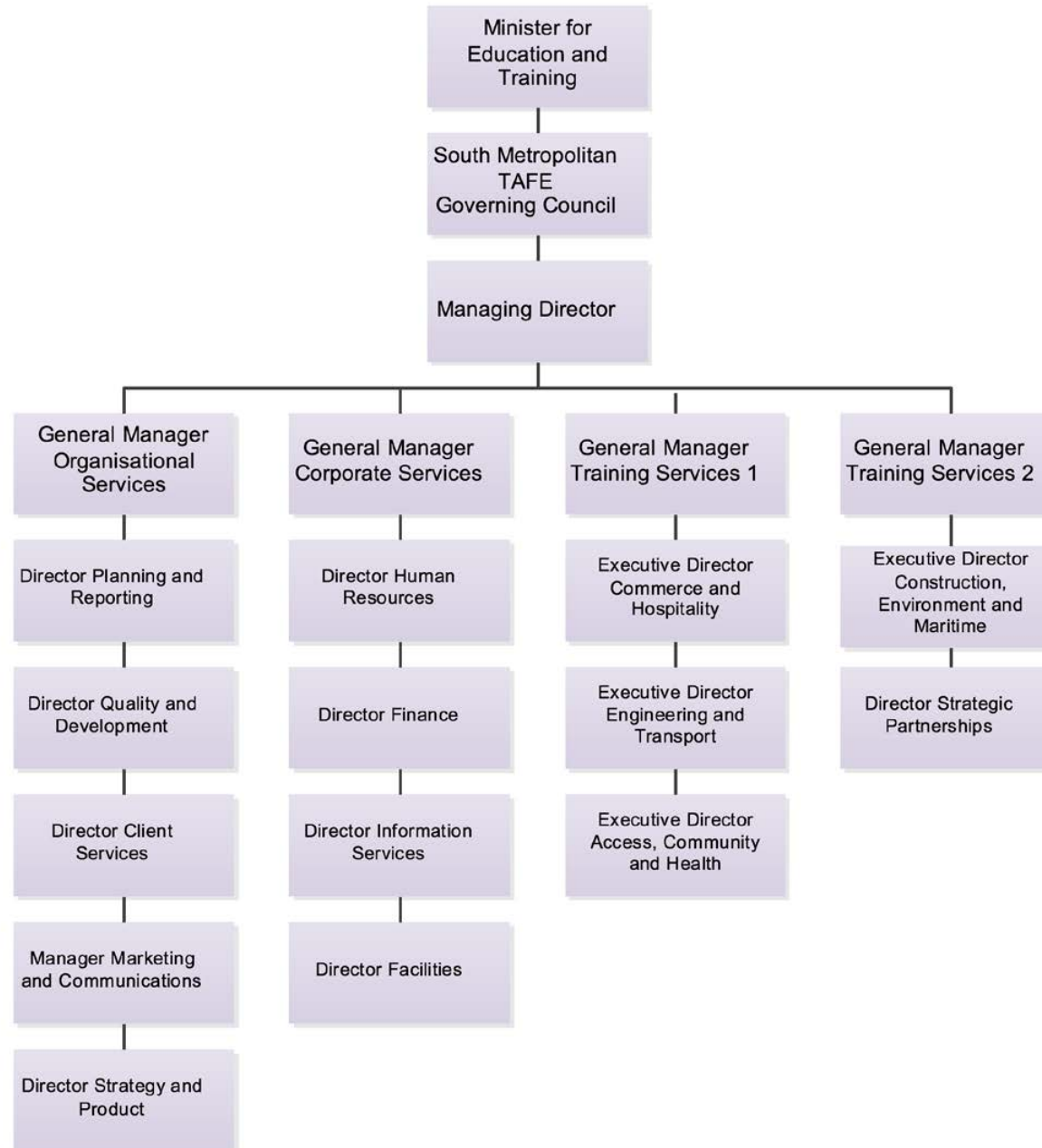
► ORGANISATIONAL STRUCTURE

Enabling Legislation

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

Responsible Minister

Between January and March, SM TAFE was responsible to the Hon. Liza Harvey MLA, the previous Minister for Training and Workforce Development. From March to December, SM TAFE was responsible to the Hon. Suzanne Ellery MLC, Minister for Education and Training, with the primary purpose of delivering vocational education and training.



► GOVERNING COUNCIL

Introduction

South Metropolitan 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 2017 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), Seton Villa Disabilities (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) and a Postgraduate Diploma in Urban and Regional Planning and doctorate from Curtin University.



Stephen Cain

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).



Niegel Grazia

Niegel Grazia is currently the acting 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.



Christine Coyne

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.



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. Cr 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.



Fiona Lander (resigned October 2017)

Fiona Lander is a partner with Deloitte Australia, working in the public sector consulting area. She was previously an Executive General Manager with Perth Airport for more than six years, where she had responsibility for a range of functions, including policy, government relations, stakeholder engagement, communications and media management, customer complaints, marketing, business systems and risk management, human resources and information technology. Before joining Perth Airport, Fiona held a range of senior executive roles in human service portfolios in the State Government for more than 10 years. She has also worked for a number of state and Commonwealth ministers providing policy advice. Fiona holds a Bachelor of Arts (Social Science), an Executive Master of Public Administration and is a graduate of the Australian Institute of Company Directors. Fiona holds a number of non-executive director board

positions, including Director of Youth Focus, Vice President of the Meerilinga Young Children's Foundation and was formerly a Director of Fremantle Port Authority, and member of the Women's Advisory Council and Healthway.



Professor Julie Quinlivan (resigned August 2017)

Professor Julie Quinlivan (MBBS FRANZCOG PHD MAICD) is a medical specialist in obstetrics and gynaecology. She is Chair of the Clinical Senate of WA, Member of the Administrative Appeals Tribunal of Australia, Director of the Professional Services Review, Ambassador for Brave Foundation, Editor in Chief of the Journal of Psychosomatic Obstetrics and Gynaecology and on the Editorial Board of the Australian and New Zealand Journal of Obstetrics and Gynaecology. Julie is the former Deputy Chair of West Coast Institute and is the former Pro Vice Chancellor and Executive Dean of Medicine and Dean

of Health at the University of Notre Dame Australia. She has co-authored more than 250 books, book chapters, research papers, government reports and conference presentations covering teenage pregnancy, domestic violence, women's health, parenting and health services management.



Terry Durant

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

SM TAFE would like to thank Fiona Lander and Professor Julie Quinlivan for their valuable contribution to the college through their service on the Governing Council.

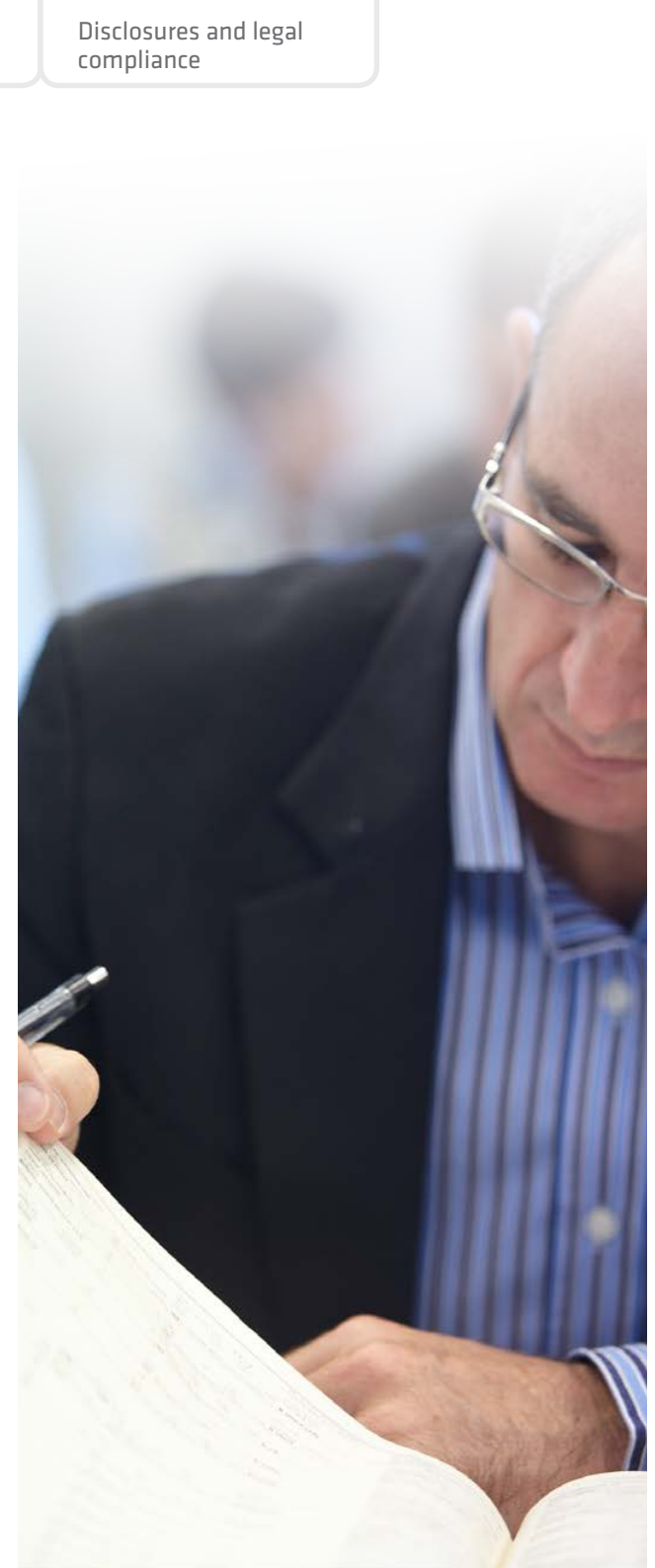
Legislative Environment

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 2013*
- *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) Act 2004*



► 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
Results-based service delivery	Provision of vocational education and training services to meet community and industry training needs.	<ol style="list-style-type: none"> 1. Delivering nationally recognised training qualifications 2. Apprenticeships and traineeships 3. Entry and bridging courses leading into mainstream courses 4. Commercial training – customised training, and short courses.

Changes to Outcome Based Management Framework

There was no change to SM TAFE's Outcome Based Management Framework in 2017.

Shared responsibilities with other agencies

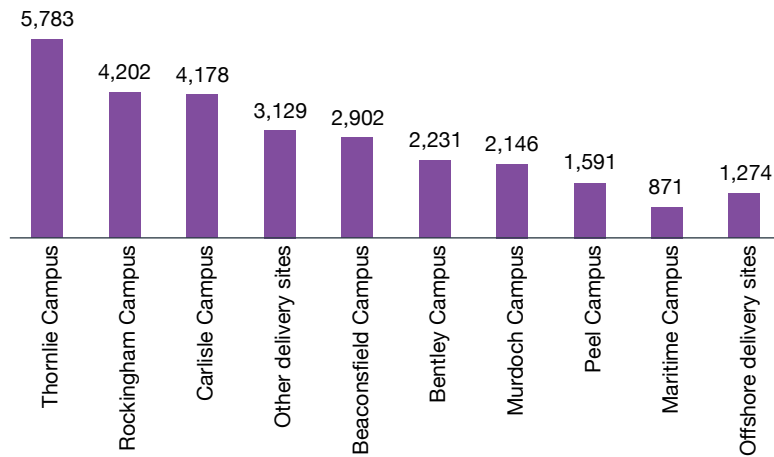
SM TAFE receives its annual funding allocation from the State Government through a resource agreement (Delivery and Performance Agreement) with the Department of Training and Workforce Development. The college reports to the Department for outcomes under that agreement.

▶ OUR STUDENT POPULATION

In 2017, 26,817 unique students enrolled at SM TAFE.

Approximately 76% of students enrolled at eight of the college's 14 campuses, with the Thornlie campus the largest delivery site with 5,783 students.

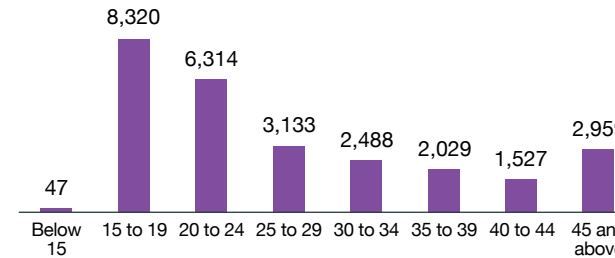
Student numbers by campus



*Other delivery sites include prisons, ACEPT, Armadale Campus, Jandakot Campus, Kwinana Campus, Henderson Campus, and Fremantle e-Tech.

The largest group of students continued to be the 15 to 19 year old age group, representing 31% of the total SM TAFE student population.

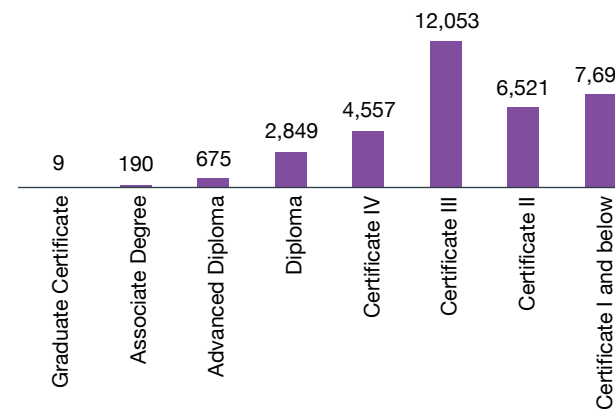
Student population by age group



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 2017 were male and 40% were female.

Student population by qualification level



Agency Performance



▶ REPORT ON OPERATIONS

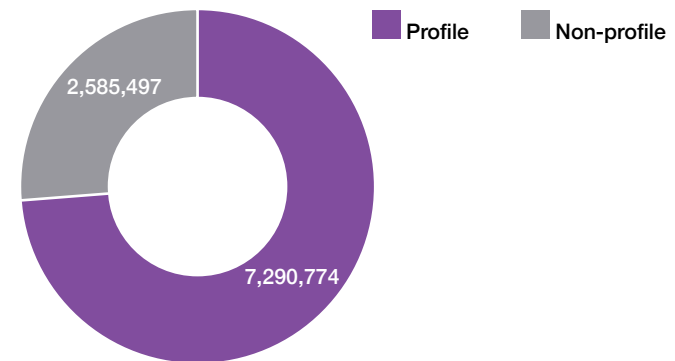
In 2017, SM TAFE delivered a total of 9,876,271 student curriculum hours (SCH) to 26,817 students in 39,883 course enrolments.

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.

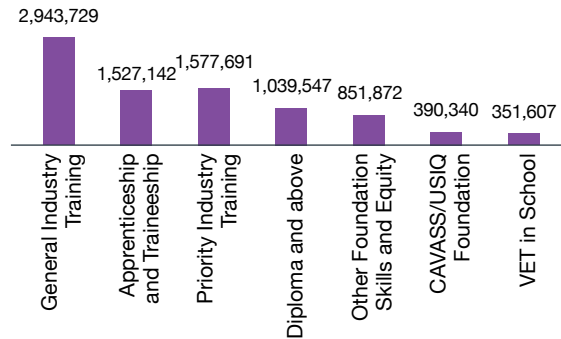
Profile

The amount of profile funded training delivered in 2017 was 7,290,774 SCH to 19,130 students, in 30,329 course enrolments. This represents more than 74% of SM TAFE's total training delivery activity in 2017.

Overall 2017 training effort profile and non-profile (SCH)



2017 profile training effort key delivery categories



General industry training courses represented the largest profile delivery category comprising 40% 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 industry areas with the highest SCH delivered in 2017 included; automotive (538,500 SCH); information technology (521,979 SCH); hospitality & culinary arts (494,801 SCH); children services (422,951 SCH).

Priority industry training delivery was the second largest profile delivery category, accounting for 22% of total profile funded delivery.

Apprenticeship and traineeship delivery (employment-based training) was the third largest profile delivery category, accounting for 21% of total profile funded delivery.

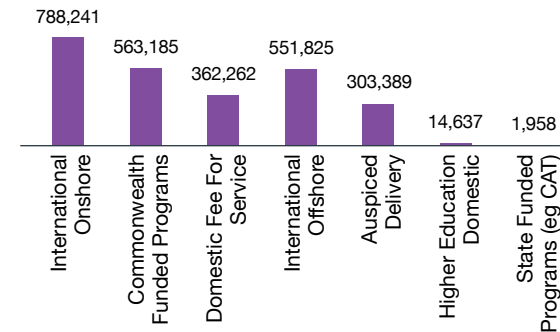
Non-profile

SM TAFE achieved 2,585,497 SCH in non-profile funded training activity delivered to 8,887 students in 10,308 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.

2016 non-profile SCH training effort by funding source



Commonwealth funded programs

Under contract to the Australian Government Department of Education and Training, SM TAFE delivered customised commercial programs through the Adult Migrant English Program (AMEP) and the Skills for Education and Employment (SEE) program.

The college delivered AMEP and SEE services to 1,672 clients in 2017.

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

► DIVISIONAL OVERVIEWS

Commerce and Hospitality

(Information Technology; Business and Financial Services; Creative Industries and Lifestyle; Hospitality and Culinary Arts)

2017 saw the pilot of SM TAFE's first Advanced Diploma of Network Security successfully delivered at the college's Rockingham campus. The course is the first of SM TAFE's IT courses to focus principally on cyber security, a growing industry in Australia with strong employment outcomes. The success of the pilot course will be built upon in 2018, with additional delivery at Murdoch campus. Additionally, the introduction of the Certificate II in Computer Assembly and Repair and the Certificate II in Electronics at the college's Fremantle, Peel and Rockingham campuses accounted for a 50 per cent growth in the delivery of information technology courses.

The work of 21 SM TAFE fashion and design students shone at the Perth Fashion Festival. The Future Runway on Show exhibition, which featured top design students from across Western Australia, was dominated by talented SM TAFE students. Of the six categories — eveningwear, womenswear, menswear, wearable technology, and costume — four of the winning students were from SM TAFE.

The fashion portfolio impressed crowds at the college's 47th annual fashion show, Proto, which showcased the work of graduates from the Advanced Diploma of Fashion Design and Technology. Proto explored the habitat of Perth's original wetlands and tailoring skills in contrast to modern fashion production techniques. Proto was an outstanding event that showcased the quality of SM TAFE graduates and was attended by representatives from the Western Australian fashion industry and media.

The Certificate III in Barbering, which has been much anticipated by the hairdressing industry, was added to the college's scope in 2017 in preparation for delivery in 2018. The college will look to develop short courses to support demand in this area.

The opening of the SM TAFE Wellness Centre, a simulated business network that operates across four campuses, provides students with realistic simulated industry training. The division will focus on expanding the network to include offerings at the college's Bentley campus in 2018.

In 2017, the Hospitality and Tourism portfolio established a partnership with Flight Centre for the delivery of their entry-level Traineeship. This new initiative is set to expand in 2018 as Flight Centre channel new employees through the program. Flight Centre join Coles, Woolworths, Crown Resorts, Morris Corporation and Sodexo in developing delivery partnerships with SM TAFE hospitality.

The college's 47th annual fashion show, Proto.



Engineering and Transport

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

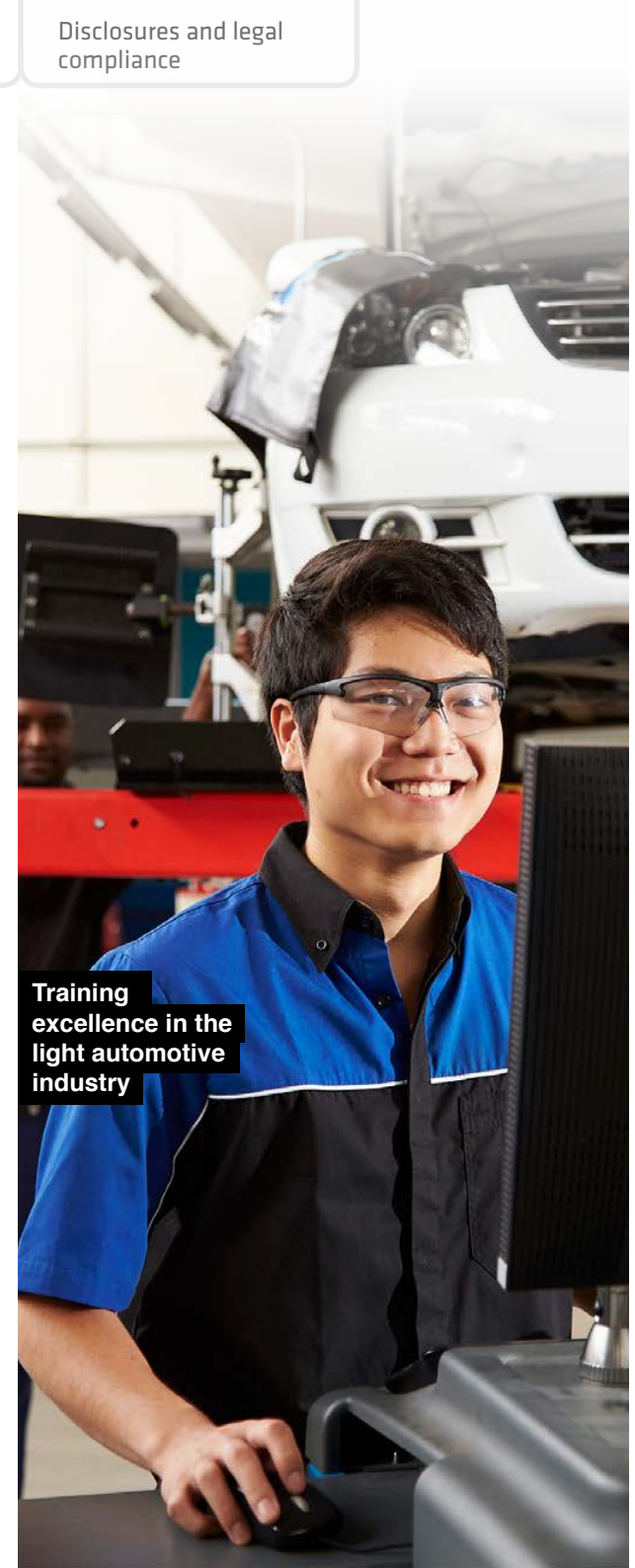
The new engineering facility, at the college's Munster campus was completed and was opened by Hon. Sue Ellery, Minister for Education and Training, in November. These new buildings provide state of the art facilities for electrical, mechanical and civil engineering students relocating from the college's Beaconsfield and Henderson campuses. The facility consists of specialist testing areas, workshops, process control rooms, mechatronics laboratories, simulation spaces, computer-based learning areas, and staff and student support areas. The opening of these buildings, which is the second stage of the Munster campus development, places SM TAFE at the forefront of flexible and innovative training in the applied engineering and process plant industries as it plays a key role in providing a skilled workforce.

The division collaborated with Cecil Andrews Senior High School, who are currently piloting Western Australia's first Pathways in Technology (P-TECH) education model, providing students with industry supported pathways into a STEM (science, technology, engineering and

maths) related qualification. The P-TECH model gives students the opportunity to gain applicable skills while studying in secondary school, as well as the opportunity to work with industry and vocational training providers. SM TAFE's delivery in this area is expected to expand in 2018.

Eleven new aviation qualifications were added to SM TAFE's scope, replacing superseded qualifications in aviation supervision, pilot studies, logistics and warehousing. Major industry partners, including Royal Aero Club and Heliwest Group, were involved in the development of courses such as the certificates III and IV in aviation.

Training excellence in the Light Automotive industry has seen increased support for nationalised TAFE provided delivery. With key contracts in place with Toyota, Ford, Hyundai and Nissan, the division is meeting the industry training needs through flexible and tailored solutions. Growth in these areas is ensuring that SM TAFE is well positioned for the rapid technological advances in Automation, Hybrid technology, Electric vehicles, and Driverless Vehicle developments.



Training excellence in the light automotive industry

Access, Community and Health

(Health; Adult Migrant English Program; Community and Children's Services; Foundation Skills and Access)

SM TAFE students collaborated with the WA Police Graffiti Team in a joint effort to transform vandalised facilities with artistic murals. Students from the Certificate I in Gaining Access to Training and Education (GATE) and Certificate II in General Education for Adults (CGEA) revitalised vandalised telecommunication huts along the Kwinana freeway into artworks inspired by the surrounding river, flora and fauna. GATE and CGEA are SM TAFE bridging programs for disengaged young people who have struggled with mainstream education. The programs enable students to gain the skills required to enter the workforce and further education. The project received support from Telstra, Vodafone and the City of Perth. The murals were unveiled by the Minister for Police, Hon. Michelle Roberts MLA.

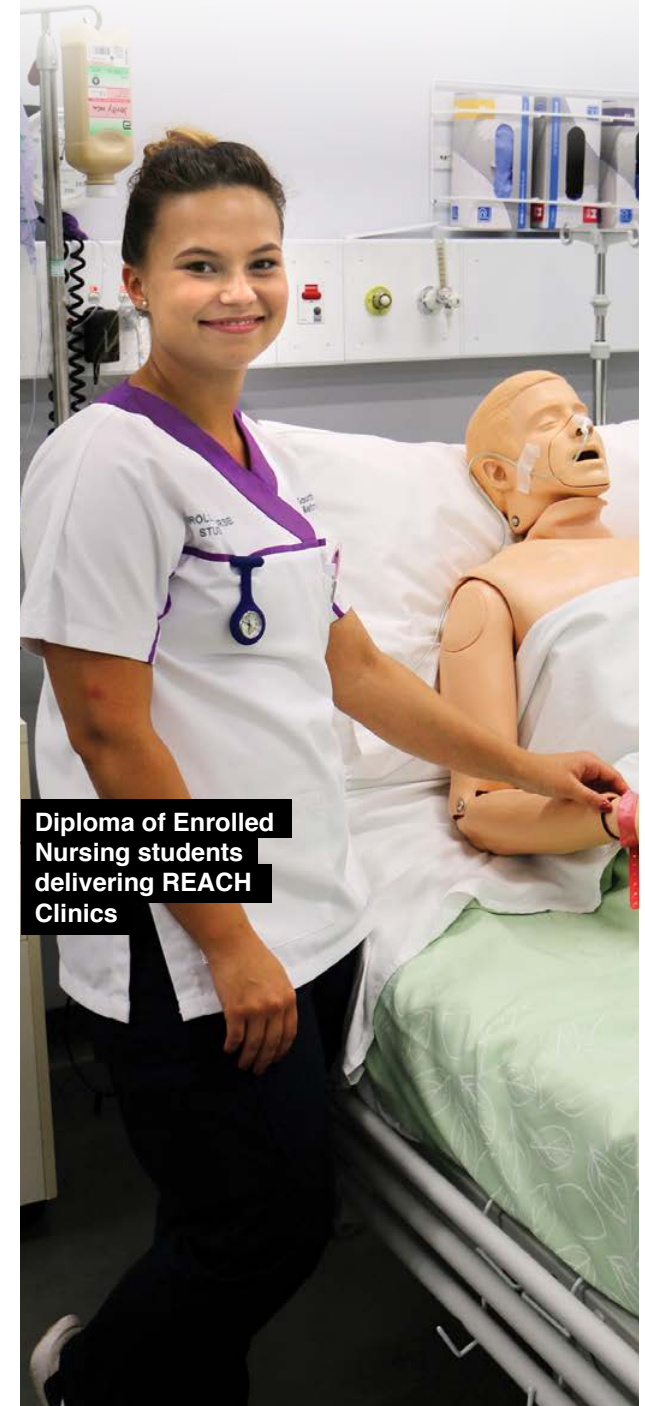
The launch of Roaming Education and Community Health (REACH) clinics enabled more than 70 students to put their skills into practice in a controlled and supervised environment, offering blood pressure, cholesterol and health promotion advice. REACH clinics are delivered by Diploma of Enrolled Nursing students to students and staff at various SM TAFE campuses.

The Health area secured placements at Graylands Hospital to deliver the Certificate III in Health Services Assistance. SM TAFE is now the only WA training provider to offer a mental health stream in assistance in nursing (AIN) courses, where students are specifically training to work in a mental health setting. The college is negotiating with other health care providers to secure additional placements for 2018.

SM TAFE partnered with the WA Country Health Service (WACHS) to deliver a Certificate III in Allied Health Assistance for indigenous WACHS employees. The initiative strengthens the WACHS Aboriginal clinical workforce.

The division successfully launched the dual Certificate IV in Community Services and Youth Work qualifications in collaboration with local south metropolitan community agencies. SM TAFE has been a primary stakeholder in the development of the youth work sector across the south east Perth corridor. It has participated in community, industry, networking and youth engagement events.

The Children's Services area provided training opportunities for students through local community and family engagement projects, as well as integrated work placements in registered agencies and schools. Each campus



**Diploma of Enrolled
Nursing students
delivering REACH
Clinics**

is a member of a regional Early Years Action Group, a network of services supporting children and families. SM TAFE students organised community-based reading programs and events such as the Rockingham Teddy Bears Picnic. The area also collaborated with sustainability organisation Little Green Steps to ensure student training is based on authentic and current resources.

The Adult Migrant English Program area won a new three-year contract with the Australian Government Department of Education and Training to deliver English language tuition, childcare services and a Home Tutor Scheme to migrants and humanitarian entrants in the south metropolitan region.

Construction, Environment and Maritime

(Building and Construction; Electrical and Safety; Veterinary Nursing and Animal Studies; Science and Environment; Plumbing and Gas; Maritime and Aquaculture; Australian Centre for Applied Aquaculture Research)

This year the plumbing portfolio held their inaugural South of the River Plumbing Trade Day at the college's Rockingham campus. The event attracted local exhibitors displaying tools, equipment and innovations to more than 80 local plumbing employers. The event provided

the opportunity for prospective apprentices and students to network with employers and lecturers. The trade event coincided with a grassroots WorldSkills plumbing competition that showcased to employers and students the expertise and knowledge of current apprentices.



The horticulture area continued to provide students with a real life nursery retail learning experience through the biannual Murdoch plant sale. The exposure to the general public generated the opportunity for students to apply their horticulture knowledge with customers.

The division partnered with Edith Cowan University in a joint project monitoring the effects of climate change on rabbitfish at the college's Fremantle based aquaculture facility. The project will commence in 2018 and provide aquaculture students with the opportunity to assist with monitoring, maintenance and managing water quality.

The Australian Centre for Applied Aquaculture Research (ACAAR) was successful in gaining two new Commonwealth grants for research into the health of kingfish grown under aquaculture conditions. ACAAR is the leading aquaculture research group in WA. The grants will support significant research projects underpinning the successful culture of this species. The centre will improve understanding of health issues for kingfish, including nutrition, disease resistance and treatments.

Additionally, ACAAR spawned and cultured more than 45,000 yellowtail kingfish for a Geraldton-based aquaculture company. This allowed the commencement of the commercial culture of the species in WA.

Significant issues impacting the agency



Western Australian Economic Outlook

The state's economy as measured by Gross State Product (GSP) is expected to grow in 2018 from 0.25% in 2016-2017 to 3% in 2017-2018. The transitioning from the mining construction to production phase is near complete with the economy to be boosted by higher export volumes estimated at 12% in net exports and forecast growth in GSP of 3% in 2018.

Business investment is likely to stabilise in 2018 while increased labour demand is set to drive a return to employment growth in 2018 of an estimated 1.5% with wage growth expected to remain subdued.

It is anticipated that the declining demand for apprenticeship delivery, associated with occupations linked to the construction industry, will continue in 2018.

SM TAFE is well positioned to support the Western Australian economy and the State Government's jobs focused agenda through the delivery of flexible, institutional and employment based training pathways which target the State's priority industry skills and occupation needs.

Key delivery areas for SM TAFE in 2018 include automotive, metals and engineering, foundation skills, community and children's services, information and technology and hospitality and tourism.

Student Management System (SMS)

SM TAFE will implement a new TAFE sector wide Student Management System (SMS) in 2019.

The SMS aims to maximise operational efficiency and improve client experience by providing students with timely access to course and enrolment information and streamlined admissions, enrolment and training delivery services.

In 2018, SM TAFE will focus on the business transformation needed to deliver an enhanced sales and service culture and the related capabilities including organisational design, staff capability and capacity, and new business processes.

Jobs and Skills Centres

As part of the State Government's Plan for Jobs initiative, 2018 will see the launch of Jobs and Skills Centres across several of the college's campuses. The Centres will act a conduit between industry, employers and the local community, providing a one-stop shop for information, support and services related to training, career development and workforce development. The establishment of these Centres will be significant focus for the college in 2018.



Disclosures and legal compliance



► 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 2017 and the financial position as at 31 December 2017.

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

2 March 2018



Terry Durant
Managing Director

2 March 2018



David Savill
Director Finance

2 March 2018

► INDEPENDENT AUDITOR'S REPORT



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 2017, 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 2017 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 TAFE'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

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 TAFE'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 TAFE'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 2017.

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 2017. 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 2017.

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 TAFE'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 2017 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.



COLIN MURPHO
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
2 March 2018

FINANCIAL STATEMENTS

<i>South Metropolitan TAFE</i>		1 January to 31 December 2017	11 April to 31 December 2016
STATEMENT OF COMPREHENSIVE INCOME			
FOR THE YEAR ENDED 31 DECEMBER 2017			
	Notes	\$	\$
COST OF SERVICES			
Expenses			
Employee benefits expense	6	117,476,683	108,465,288
Supplies and services	8	33,046,010	26,716,513
Depreciation and amortisation expense	9	7,922,260	6,974,122
Grants and subsidies	10	453,105	322,568
Cost of sales	17	244,324	192,443
Loss on disposal of non-current assets	20	-	35,864
Asset revaluation decrement	11	11,622,508	3,288,886
Other expenses	12	11,284,351	10,430,536
Total cost of services		182,049,241	156,426,220
Income			
Revenue			
Fee for service	14	27,848,058	25,782,171
Student fees and charges	15	24,144,340	24,396,265
Ancillary trading	16	1,727,613	1,202,367
Sales	17	367,669	274,056
Interest revenue	18	1,058,971	896,094
Other revenue	19	4,156,885	3,360,431
Total revenue		59,303,536	55,911,384
Gains			
Gain on disposal of non-current assets	20	662	-
Total gains		662	-
Total income other than income from State Government		59,304,198	55,911,384
NET COST OF SERVICES		122,745,043	100,514,836
INCOME FROM STATE GOVERNMENT			
Service appropriation	21	100,407,437	90,043,943
Services received free of charge		6,927,747	3,431,584
Total income from State Government		107,335,184	93,475,527
DEFICIT FOR THE PERIOD		(15,409,859)	(7,039,309)
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	34	60,026	-
Total other comprehensive income		60,026	-
TOTAL COMPREHENSIVE DEFICIT FOR THE PERIOD		(15,349,833)	(7,039,309)

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

<i>South Metropolitan TAFE</i>		2017	2016
STATEMENT OF FINANCIAL POSITION			
AS AT 31 DECEMBER 2017			
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	35	35,684,507	40,751,788
Restricted cash and cash equivalents	22,35	2,719,321	2,877,831
Inventories	23	-	10,188
Receivables	24	3,220,163	3,776,765
Other current assets	25	1,178,811	1,542,548
Non-current assets classified as held for sale	26	950,074	-
Total Current Assets		43,752,876	48,959,120
Non-Current Assets			
Restricted cash and cash equivalents	22,35	1,088,916	763,273
Property, plant and equipment	27	332,331,303	371,738,630
Intangible assets	29	81,525	252,867
Total Non-Current Assets		333,501,744	372,754,770
TOTAL ASSETS		377,254,620	421,713,890
LIABILITIES			
Current Liabilities			
Payables	31	3,181,238	4,378,027
Provisions	32	20,448,405	25,308,443
Other current liabilities	33	2,929,651	5,718,522
Total Current Liabilities		26,559,294	35,404,992
Non-Current Liabilities			
Provisions	32	3,860,825	4,858,810
Total Non-Current Liabilities		3,860,825	4,858,810
TOTAL LIABILITIES		30,420,119	40,263,802
NET ASSETS		346,834,501	381,450,088
EQUITY			
Contributed equity	34	369,223,643	388,489,397
Reserves		60,026	-
Accumulated deficit		(22,449,168)	(7,039,309)
TOTAL EQUITY		346,834,501	381,450,088

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

South Metropolitan TAFE		1 January to	11 April to
STATEMENT OF CASH FLOWS		31 December 2017	31 December 2016
FOR THE YEAR ENDED 31 DECEMBER 2017			
	Notes	\$	\$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation - Department of Training and Workforce Development		97,785,472	92,665,908
Cash transferred in under the TAFE Reform Project		-	35,599,939
Capital appropriation - Department of Training and Workforce Development		-	8,573,804
Net cash provided by State Government		97,785,472	136,839,651
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(117,446,357)	(108,914,830)
Supplies and services		(27,791,021)	(22,240,224)
Grants and subsidies		(453,105)	(322,568)
GST payments on purchases		(3,100,782)	(2,663,101)
Other payments		(11,464,167)	(9,869,411)
Receipts			
Fee for service		28,143,245	23,888,957
Student fees and charges		22,032,403	21,937,011
Ancillary trading		1,727,613	1,202,367
Sales		367,669	274,056
Interest received		1,092,705	603,389
GST receipts on sales		1,216,832	1,208,897
GST receipts from taxation authority		1,728,742	1,486,651
Other receipts		3,704,701	2,282,220
Net cash used in operating activities	35	(100,241,522)	(91,126,586)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(2,449,767)	(1,334,506)
Receipts			
Proceeds from sale of non-current physical assets		5,670	14,333
Net cash used in investing activities		(2,444,097)	(1,320,173)
Net increase/(decrease) in cash and cash equivalents		(4,900,147)	44,392,892
Cash and cash equivalents at the beginning of period		44,392,892	-
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	35	39,492,745	44,392,892

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

South Metropolitan TAFE					
STATEMENT OF CHANGES IN EQUITY					
FOR THE YEAR ENDED 31 DECEMBER 2017					
	Notes	Contributed Equity \$	Reserves \$	Accumulated Deficit \$	Total Equity \$
Balance at 11 April 2016	34	-	-	-	-
Deficit		-	-	(7,039,309)	(7,039,309)
Total comprehensive income for the period		-	-	(7,039,309)	(7,039,309)
Transaction with owners in their capacity as owners:					
Capital appropriations	34	450,475	-	-	450,475
Net assets transferred in under the TAFE Reform Project	34	384,865,118	-	-	384,865,118
Correction of overstatement of land transferred in	34	(5,400,000)	-	-	(5,400,000)
Establishment of College funds across the training sector as part of the Training Sector Reform Project	34	8,573,804	-	-	8,573,804
Total		388,489,397	-	-	388,489,397
Balance at 31 December 2016		388,489,397	-	(7,039,309)	381,450,088
Balance at 1 January 2017		388,489,397	-	(7,039,309)	381,450,088
Deficit		-	-	(15,409,859)	(15,409,859)
Other comprehensive income		-	60,026	-	60,026
Total comprehensive income for the period		-	60,026	(15,409,859)	(15,349,833)
Transaction with owners in their capacity as owners:					
Capital appropriations	34(a)	52,319,237	-	-	52,319,237
Net assets transferred out under the TAFE Reform Project	34(b)	(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

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

SOUTH METROPOLITAN TAFE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. Australian Accounting Standards

(a) General

The College's financial statements for the period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The College has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

(b) Early adoption of standards

The College cannot early adopt an Australian Accounting Standard unless specifically permitted by Treasurer's Instruction (TI) 1101 '*Application of Australian Accounting Standards and Other Pronouncements*'.

There has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the College for the year ended 31 December 2017.

2. Summary of significant accounting policies

The following accounting policies have been adopted in the preparation of these financial statements. Unless otherwise stated, these policies are consistent with those adopted in the previous year.

(a) General statement

The College is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land, buildings and marine craft which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars (\$).

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the College's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The financial statements have been prepared on a going concern basis which assumes that the College will be able to generate sufficient positive cash flows to meet its financial obligations and realise its assets and extinguish its liabilities in the normal course of business

(c) Reporting entity

The reporting entity comprises the College and bodies included at note 43 'Related bodies'.

(d) 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 transfers 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. See note 34 'Equity'.

(e) Income

Revenue recognition

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

The majority of operating revenue of the College represents revenue earned from student fees and charges, fee for service, ancillary services, trading activities and Commonwealth grants and contributions.

The following specific recognition criteria must also be met before revenue is recognised for the major business activities as follows:

Sale of goods

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.

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Interest

Revenue is recognised as the interest accrues.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the College obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Service appropriations

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 appropriated funds at the time those funds are deposited to the bank account.

State funds

The funds received from the Department of Training and Workforce Development in respect of the delivery of services forming part of the Delivery Performance Agreement are included in State funds, disclosed under 'Income from State Government'. 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. See note 21 'Income from State Government'.

Gains

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

(f) Property, plant and equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Where applicable in accordance with TI 1101, the capitalisation threshold has been applied to the aggregate value of a group or network of assets where the cost of individual item may be below the threshold but collectively the cost of the items in the group or network exceeds the threshold. 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).

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings and marine craft. Historical cost is used for all other property, plant and equipment. Revalued assets are held at fair value less accumulated depreciation and accumulated impairment losses.

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

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. Marine vessels are valued on the basis of market values. When assets 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.

In the absence of market-based evidence, fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use buildings 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 and the accumulated

depreciation are restated proportionately. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuation Services) 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. Marine vessels 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.

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 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. Refer to note 27 'Property, plant and equipment' for further information on revaluations.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets on a class of assets basis.

Depreciation

All non-current assets 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 calculated using the straight line method, using rates which are reviewed annually.

Estimated useful lives for each class of depreciable asset are:

Buildings	40 years
Transportable	40 years
Marine craft	5 to 8 years
Motor vehicles, caravans and trailers	1 to 25 years
Plant, furniture and general equipment	1 to 30 years
Computing, communications and software ^(a)	1 to 14 years
Leasehold Improvements	1 to 2 years

^(a) Software that is integral to the operation of related hardware.

Land is not depreciated.

Art Works

Works of art controlled by the College are classified as property, plant and equipment. These are anticipated to have indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and no depreciation has been recognised.

Library Collection

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.

ICT Assets

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.

(g) Intangible assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$5,000 or more, are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. 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.

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

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the College have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software ^(a) 3 to 5 years

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

Computer software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

(h) Impairment of assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. 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 recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the College is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount of regularly revalued specialised asset is anticipated to be materially the same as fair value.

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 consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

See note 30 'Impairment of assets' for the outcome of impairment reviews and testing. See note 2(n) 'Receivables' and note 24 'Receivables' for impairment of receivables.

(i) Non-Current Assets held for distribution to owners

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

(j) Leases

The College has entered into operating lease arrangements for computers, computing equipment and motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased assets. See Note 36 'Commitments'.

(k) Financial instruments

The College has two categories of financial instruments:

Financial assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables

Financial liabilities

- Payables
- Other Liabilities

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(l) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include restricted cash and cash equivalents. These are 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.

(m) Accrued salaries

Accrued salaries (see note 31 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The College considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see note 22 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of ten financial years to largely meet the additional cash outlay in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(n) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to 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.

See note 23 'Inventories'.

(o) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the College will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

See note 2(j) 'Financial instruments' and note 24 'Receivables'.

(p) Payables

Payables are recognised when the College 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. See note 2(j) 'Financial instruments' and note 31 'Payables'.

(q) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period. See note 32 'Provisions'.

(i) Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the College does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

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 PricewaterhouseCoopers 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.

Unconditional long service leave provisions are classified as current liabilities as the College does not have an unconditional right to defer the 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 the College has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service

Deferred Leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Superannuation

The Government Employees Superannuation Board (GESB) and other funds 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.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The College makes contributions to GESB or other funds providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the College's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for College purposes because the concurrent contributions (defined contributions) made by the College to GESB extinguishes the College's obligations to the related superannuation liability.

The College has no liabilities under the Pension Scheme or the GSS. 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 the College to the GESB.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share. See also note 2(q) 'Superannuation expense'.

(ii) Provisions - other

Employment on-costs

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 'Other expenses' and are not included as part of the College's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. (See note 12 'Other expenses' and note 32 'Provisions'.)

(r) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), the GESB Super Scheme (GESBS) and other superannuation funds.

(s) Assets and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost that the College would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(t) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The College evaluates these judgements regularly.

Operating Lease Commitments

The College has entered into several commercial leases and has determined that the lessors retain substantially all the significant risks and rewards incidental to ownership of the properties. Accordingly, the leases have been classified as operating leases.

4. Key sources of estimation uncertainty

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 reporting period.

Several estimations and assumptions used in calculating the College's long service leave provision 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.

Student receivables under 60 days due are considered collectable. Student receivables over 90 days are analysed for collectability based on historical collection rates and the provision is adjusted accordingly.

General receivables from other government agencies are considered risk free (no allowance for doubtful debt) and all others are individually assessed, with an allowance to the full value if required.

The College revalues its land and buildings every year during which time estimates of useful life are provided to give guidance on depreciation rates used. For example, due to refurbishments, additions and upgrades, the College assesses buildings to have maximum useful life from revaluation.

No provision has been made for sick leave as the College's annual costs do not exceed the annual value of entitlements.

5. Note 5. Disclosure of changes in accounting policy and estimates

Voluntary Changes in Accounting Policy

In 2017, the College changed its accounting policy for subsequent measurement of marine craft from cost to the revaluation model. An independent valuation of marine craft was performed and adopted at 31 December 2017 that resulted in recognition of previously unrecognised assets totalling \$452,156 (Note 19 Other Revenue and Note 27 Property, Plant and Equipment) and a revaluation increment of existing assets totalling \$60,026 (Note 34 Asset Revaluation Reserve).

Initial application of an Australian Accounting Standard

The College has applied the following Australian Accounting Standards effective, or adopted, for annual reporting periods beginning on or after 1 January 2017 that impacted on the College.

AASB 1057	Application of Australian Accounting Standards This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.
AASB 2014-3	Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]

The College establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.

AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]

The adoption of this Standard has no financial impact for the College as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.

AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements [AASB 1, 127 & 128]

This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. As the College has no joint ventures and associates, the application of the Standard has no financial impact.

AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]

These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The College has determined that the application of the Standard has no financial impact.

AASB 2015-2	<p>Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</p> <p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.</p>
AASB 2015-6	<p>Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</p> <p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.</p>
AASB 2015-10	<p>Amendments to Australian Accounting Standards Effective Date of Amendments to AASB 10 & 128</p> <p>This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & AASB 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. There is no financial impact.</p>
AASB 2016-2	<p>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</p> <p>This Standard amends AASB 107 <i>Statement of Cash Flows</i> (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.</p>

AASB 2016 - 7	<p>Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities</p> <p>This Standard amends the mandatory effective date (application date) of AASB 15 and defers the consequential amendments that were originally set out in AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018.</p> <p>There is no financial impact.</p>
AASB 2017-2	<p>Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle</p> <p>This Standard clarifies the scope of AASB 12 by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5. There is no financial impact.</p>

Future impact of Australian Accounting Standards not yet operative

The College cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 1101. Where applicable, the College plans to apply the following Australian Accounting Standards from their application date.

Operative for
reporting
periods
beginning
on/after

AASB 9

Financial Instruments

1 Jan 2018

This Standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting treatments.

The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9, and AASB 2014-1 *Amendments to Australian Accounting Standards*. The College has not yet determined the application or the potential impact of the Standard.

AASB 15

Revenue from Contracts with Customers

1 Jan 2019

This Standard establishes the principles that the College shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The College's income is principally derived from appropriations which will be measured under AASB 1058 Income of Not-for-Profit Entities and will be unaffected by this change. However, the College has not yet determined the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the College has discharged its performance obligations.

AASB 16

Leases

1 Jan 2019

This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating lease commitments for \$6,563,363. The worth of non-cancellable operating leases which the College anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short-term or low-value leases. Interest and amortisation expense will increase and rental expense will decrease.

AASB 1058 Income of Not-for-Profit Entities 1 Jan 2019

This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, or a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The College has not yet determined the application or the potential impact of the Standard.

AASB Amendments to Australian Accounting 1 Jan 2018
2010-7 Standards arising from AASB 9 (December

2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]

This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.

The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The College has not yet determined the application or the potential impact of the Standard.

AASB 2014-1	Amendments to Australian Accounting Standards Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the College to determine the application or potential impact of the Standard.	1 Jan 2018
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15 This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The College has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).	1 Jan 2018

This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The College has not yet determined the application or the potential impact of the Standard.

AASB
2014-10

Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]

1 Jan 2018

This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The mandatory effective date (application date) for the Standard has been deferred to 1 January 2018 by AASB 2015-10. The College has determined that the Standard has no financial impact.

AASB 2015-8	<p data-bbox="763 199 1536 276">Amendments to Australian Accounting Standards – Effective Date of AASB 15</p> <p data-bbox="763 312 1536 802">This Standard amends the mandatory effective date (application date) of AASB 15 <i>Revenue from Contracts with Customers</i> so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. For Not-For-Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. The Authority has not yet determined the application or the potential impact of AASB 15.</p>	1 Jan 2019
AASB 2016-3	<p data-bbox="763 855 1536 932">Amendments to Australian Accounting Standards – Clarifications to AASB 15</p> <p data-bbox="763 968 1536 1278">This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The College has not yet determined the application or the potential impact.</p>	1 Jan 2018
AASB 2016-8	<p data-bbox="763 1331 1536 1453">Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities</p>	1 Jan 2019

This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.

Changes in Accounting Estimates

There have been no changes in accounting estimates.

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	11 April to 31 December 2016
6 Employee benefits expense		
Wages and salaries (a)	\$ 107,260,631	\$ 99,373,189
Superannuation - defined contribution plans (b)	10,216,052	9,092,099
	117,476,683	108,465,288

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, and Gold State and GESB and other eligible funds.

Employment on-costs expenses, such as workers' compensation insurance, are included at note 12 'Other expenses'.

Employment on-costs liability is included at note 32 'Provisions'.

7 Compensation of Key Management Personnel

The College has determined that key management personnel include Ministers, members, and, senior officers of the College. However, the College is not obligated to compensate Ministers and therefore disclosures in relation to Ministers' compensation may be found in the Annual Report on State Finances.

Total compensation for key management personnel, comprising members and senior officers, of the College for the reporting period are presented within the following bands:

Compensation of Members of the College

Compensation Band(\$)

210,001 - 220,000

190,001 - 200,000

0 - 10,000

	1	-
	-	1
	5	5
	6	6
	\$ 250,923	\$ 178,292
	21,104	15,533
	26,445	26,445
	-	-
	298,472	220,270

Short term employee benefits

Post employment benefits

Other long term benefits

Termination benefits

Total compensation of Members of the College

**South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	11 April to 31 December 2016
Compensation of Senior Officers of the College		
Compensation Band(\$)		
200,001 - 210,000	2	-
190,001 - 200,000	1	-
180,001 - 190,000	3	-
170,001 - 180,000	1	-
160,001 - 170,000	1	-
150,001 - 160,000	1	3
140,001 - 150,000	2	3
130,001 - 140,000	1	2
120,001 - 130,000	-	2
110,001 - 120,000	-	1
80,001 - 90,000	1	-
70,001 - 80,000	-	1
40,001 - 50,000	-	1
20,001 - 30,000	1	-
10,001 - 20,000	-	1
	14	14
	\$	\$
Short term employee benefits	1,775,663	1,299,683
Post employment benefits	168,688	129,031
Other long term benefits	229,139	213,310
Termination benefits	-	-
Total compensation of Senior Officers of the College	2,173,490	1,642,024
No Key Management Personnel were members of the Pension Fund.		
8 Supplies and services		
	\$	\$
Consumables and minor equipment (a)	5,934,579	5,094,226
Communication expenses	569,769	572,417
Utilities expenses	3,263,483	2,613,972
Consultancies and contracted services	16,423,650	12,902,288
Minor works	1,111,728	1,190,792
Repairs and maintenance	899,336	672,325
Operating lease and hire charges	2,068,357	1,573,538
Travel and passenger transport	212,270	142,289
Advertising and public relations	281,883	387,370
Supplies and services - other	2,151,284	1,418,851
Supplies and Services - Professional Development (PD) staff activities	129,671	148,445
	33,046,010	26,716,513

(a) Prior year comparatives have been restated to recognise a group or network of assets totalling \$640,239 that were purchased in 2016 but erroneously expensed.

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	11 April to 31 December 2016
9 Depreciation and amortisation expense		
<i>Depreciation</i>	\$	\$
Buildings	4,641,271	4,313,339
Leasehold improvements - buildings	860,747	224,216
Motor vehicles, caravans and trailers	71,086	78,832
Plant, furniture and general equipment	1,372,067	1,557,658
Computers and communication network (a)	787,651	655,861
Marine craft	18,095	13,100
Library Collection	-	-
Other	-	-
Total depreciation	7,750,917	6,843,006
<i>Amortisation</i>		
Software	171,343	131,116
Total amortisation	171,343	131,116
Total depreciation and amortisation	7,922,260	6,974,122
 (a) Prior year comparatives have been restated to recognise a group or network of assets totalling \$640,239 that were purchased in 2016 but erroneously expensed. This also resulted in an increase of \$81,521 in Depreciation expense.		
10 Grants and subsidies	\$	\$
<i>Recurrent</i>		
<i>Function A</i>		
Apprentices and trainees (travel, accommodation and other off-the-job assistance)	453,105	322,568
	453,105	322,568
11 Asset revaluation decrement	\$	\$
Land	6,750,000	-
Building	4,872,508	3,288,886
	11,622,508	3,288,886
Asset revaluation decrement (note 27 'Property, plant and equipment')		
12 Other expenses	\$	\$
Building maintenance	2,805,183	2,022,584
Doubtful debts expense	(138,427)	953,852
Employment on-costs	8,172,507	7,292,415
Student prizes and awards	2,223	2,451
Write-down of obsolete bookshop stock	-	91,055
Losses and write-offs	2,902	22,999
Other	439,963	45,180
	11,284,351	10,430,536

**South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	11 April to 31 December 2016
13 Related Party Transactions		
The College is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the College is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to the State.		
Related parties of the College include:		
<ul style="list-style-type: none"> • all 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 public sector entities, including related bodies included in the whole of government consolidated financial statements; • associates and joint ventures, that are included in the whole of government consolidated financial statements; and • the Government Employees Superannuation Board (GESB). 		
Significant transactions with government related entities		
Significant transactions include:		
<ul style="list-style-type: none"> • service appropriations \$100.4m (Note 21); • capital appropriations \$52.3m (Note 34); • transfer of assets and liabilities to North Metropolitan TAFE relating to Balga and Midland campuses \$71.6m (Note 34) • services received free of charge from Department of Training and Workforce Development \$6.9m (Note 21); • lease rentals payments for accommodation and fleet leasing to Department of Finance \$0.3m, Fremantle Port Authority, \$1.2m, and Landcorp, \$0.4m (Note 8); • commitments for future lease payments to Department of Finance \$0.6m and Landcorp \$1.7m (Note 36); • payment for consultancies and contracted services to Department of Training and Workforce Development \$1.6m (Note 8) • insurance payments to the Insurance Commission and Riskcover fund \$2.3m (Note 12); • remuneration for services provided by the Auditor General \$0.2m (Note 42). • utilities payment to Water Corporation \$0.6m (Note 8) 		
Material transactions with other related parties		
<ul style="list-style-type: none"> • superannuation payments to GESB \$9.2m (Note 6) 		
The College had no material related party transaction with Ministers/senior officers or their close family members or their controlled (or jointly controlled) entities for disclosure.		
14 Fee for service		
Fee for service - general	\$ 8,494,963	\$ 8,816,229
Fee for service - Department of Training and Workforce Development	698	9,745
Fee for service - Government (other than Department of Training and Workforce Development)	7,513,098	6,643,598
Adult community education fees	-	17,402
International division fees	10,253,506	8,747,445
Fee for service - other	1,585,793	1,547,752
	27,848,058	25,782,171
15 Student fees and charges		
Tuition fees	\$ 17,272,936	\$ 17,783,786
Resource fees	5,982,241	5,546,781
Other college fees	246,555	372,300
Student Fees - Recognition of Prior Learning (RPL) fees	591,954	642,695
Student Fees - Incidental fees & overcharges	50,654	50,703
	24,144,340	24,396,265

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	11 April to 31 December	
	2017	2016
16 Ancillary trading	\$	\$
Live works (not a trading activity)	1,604,907	1,118,300
Contracting and consulting	4,009	6,645
Other ancillary revenue	118,698	77,422
	1,727,613	1,202,366
17 Trading profit/(loss)		
(a) Cafeteria (non-training related)	\$	\$
Sales	367,669	274,056
Cost of sales:		
Purchases	228,209	183,035
Cost of goods sold	<u>(228,209)</u>	<u>(183,035)</u>
Trading profit/(loss) - Cafeteria	139,460	91,021
(b) Other trading		
Sales	-	-
Cost of sales:		
Opening inventory	10,188	12,475
Purchases	5,927	7,121
	<u>16,115</u>	<u>19,596</u>
Closing inventory	-	10,188
Cost of goods sold	<u>16,115</u>	<u>9,408</u>
Trading profit/(loss) - Other trading	(16,115)	(9,408)
	123,345	81,613
See note 2(m) 'Inventories' and note 23 'Inventories'.		
18 Interest revenue	\$	\$
Interest revenue	1,058,971	896,094
	1,058,971	896,094
19 Other revenue	\$	\$
Rental and facilities fees	472,342	264,830
Sponsorship and donations revenue	611,885	62,805
Recoup of expenditure for equipment at Peel Health and Community Services Centre	-	266,520
Recoups from external organisations	317,649	416,420
Recognition of assets	452,156	740,738
Take up of Ex-Challenger Institute library materials	-	309,423
Riskcover performance adjustment and insurance recoveries	1,192,963	646,081
Miscellaneous revenue	1,109,890	653,614
	4,156,885	3,360,431

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	11 April to 31 December 2016
	\$	\$
20 Net gain/(loss) on disposal of non-current assets		
<u>Net proceeds from disposal of non-current assets</u>		
Motor vehicles, caravans and trailers	-	1,870
Plant, furniture and general equipment	5,670	14,334
Total proceeds from disposal of non-current assets	5,670	16,204
<u>Carrying amount of non-current assets disposed</u>		
Plant, furniture and general equipment	(1,135)	(52,068)
Computers and communication network	(3,873)	-
Total cost of disposal of non-current assets	(5,008)	(52,068)
Net gain/(loss)	662	(35,864)

See note 2(f) 'Property, Plant & Equipment', and note 27 'Property, Plant and Equipment'.

21 Income from State Government

Appropriation received during the year:

Service appropriation (a) (State funds received from Department of Training and Workforce Development):

	\$	\$
Delivery and Performance Agreement (DPA)	97,664,851	86,944,463
Training Sector Reform Project severance recoup	-	2,720,250
Other recurrent funds	2,742,586	379,230
Total State funds	100,407,437	90,043,943

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

Department of Training and Workforce Development		
- Corporate systems support	3,445,446	2,775,729
- Human resources, and industrial relations support	80,916	79,716
- Training infrastructure management (b)	2,924,113	-
- Other	477,272	576,139
	6,927,747	3,431,584

Total income from State Government

	107,335,184	93,475,527
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(a) Service appropriations fund the net cost of services delivered.

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

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
22 Restricted cash and cash equivalents		
<u>Current</u>	\$	\$
(a) Capital works grants received from Department of Training and Workforce Development	2,719,321	477,831
(b) Funds provided by the Department of Training and Workforce Development in establishment of College funds for capital and other works	-	2,400,000
	2,719,321	2,877,831
<u>Non-current</u>		
Accrued salaries suspense account (27th Pay provision)	1,088,916	763,273
	1,088,916	763,273
23 Inventories		
<u>Current</u>	\$	\$
<u>Inventories held for resale:</u>		
Other (at cost)	-	10,188
Total	-	10,188
See also note 2(m) 'Inventories' and note 17 'Trading profit/(loss)'.		
24 Receivables		
<u>Current</u>	\$	\$
Receivables - trade	2,359,726	2,534,385
Receivables - students	1,173,397	1,510,112
Receivables - other	27	-
Accrued revenue	784,236	1,167,925
Allowance for impairment of receivables	(1,438,957)	(1,734,007)
GST receivable	341,734	298,350
Total current	3,220,163	3,776,765
<u>Reconciliation of changes in the allowance for impairment of receivables:</u>		
Balance at start of period	(1,734,007)	-
Provision for Doubtful Debts transferred in (Note 34)	-	(1,106,532)
Doubtful debts expense	138,427	(953,852)
Amount written off during the period	156,623	326,377
Balance at end of period	(1,438,957)	(1,734,007)
The College does not hold any collateral or other credit enhancements as security for receivables.		
See also note 2(n) 'Receivables' and note 40 'Financial instruments'.		
25 Other assets		
<u>Current</u>	\$	\$
Prepayments	1,178,811	1,542,548
Total current	1,178,811	1,542,548

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	11 April to 31 December 2016
	\$	\$
26 Non-current assets classified as held for distribution to owners		
<u>Opening Balance</u>		
Buildings	-	-
<u>Assets reclassified as held for distribution to owners</u>		
Buildings (a)	950,074	-
	950,074	-
<u>Total assets reclassified as held for sale</u>		
Buildings	950,074	-
	950,074	-
<u>Closing balance</u>		
Buildings	950,074	-
	950,074	-

(a) On 20 July 2017 an agreement was drawn up to transfer the Murray House Cultural Precinct to the City of Melville. While this awaits Ministerial Approval the asset has been classified as held for distribution to owners.

	2017	2016
	\$	\$
27 Property, plant and equipment		
<u>Land</u>		
At fair value (a)	103,470,000	121,770,000
	103,470,000	121,770,000
<u>Buildings</u>		
At fair value (a)	216,507,070	236,467,582
	216,507,070	236,467,582
<u>Buildings under construction</u>		
Construction costs	-	136,270
	-	136,270
<u>Leasehold improvements</u>		
At cost	1,517,914	1,517,914
Accumulated depreciation	(1,084,963)	(224,216)
	432,951	1,293,698
<u>Motor vehicles, caravans and trailers</u>		
At cost	392,854	449,410
Accumulated depreciation	(138,978)	(78,831)
	253,876	370,579
<u>Plant, furniture and general equipment</u>		
At cost	9,082,754	9,626,998
Accumulated depreciation	(2,420,108)	(1,550,175)
	6,662,646	8,076,823
<u>Computer equipment, communication network (b)</u>		
At cost	3,920,055	2,399,894
Accumulated depreciation	(1,382,524)	(670,452)
	2,537,531	1,729,442

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
<u>Marine craft</u>		
At cost	-	96,742
At fair value (Note 5)	577,728	-
Accumulated depreciation	-	(13,101)
	<u>577,728</u>	<u>83,641</u>
<u>Works of art</u>		
At fair value	659,225	722,840
	<u>659,225</u>	<u>722,840</u>
<u>Library Collection</u>		
At cost	1,230,276	1,087,755
	<u>1,230,276</u>	<u>1,087,755</u>
	<u>332,331,303</u>	<u>371,738,630</u>

- (a) Land and buildings were revalued as at 1st July 2017 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 31 December 2017 and recognised at that date. In undertaking the revaluation, fair value was determined by reference to market values for land: \$ 13,500,000 (2016: \$14,900,000). For the remaining balance, fair value of buildings was determined on the basis of depreciated replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land). See note 2(f) 'Property, plant and equipment'. **Information on fair value measurements is provided in Note 28.**
- (b) Prior year comparatives have been restated to recognise a group or network of assets totalling \$640,239 that were purchased in 2016 but erroneously expensed. This also resulted in an increase of \$81,521 in Accumulated Depreciation.

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out in the table below.

	Land	Buildings	Buildings under construction	Leasehold improvements	Motor vehicles, caravans and trailers	Plant, furniture and general equipment	Computer equipment, communication network	Marine craft	Works of art	Library Collection	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2017											
Carrying amount at start of year	121,770,000	236,467,582	136,270	1,293,698	370,579	8,076,823	1,729,442	83,641	722,840	1,087,755	371,738,630
Additions	-	23,104	13,611	-	9,545	1,731,924	1,693,648	452,156	-	142,521	4,066,509
Transfers in (Note 34a)	-	52,319,237	-	-	-	-	-	-	-	-	52,319,237
Transfers out (Note 34b)	(11,550,000)	(61,835,000)	-	-	(35,000)	(1,051,498)	(97,907)	-	(40,000)	-	(74,609,405)
Other Disposals	-	(4,000)	(149,881)	-	(20,162)	(722,536)	-	-	(23,615)	-	(920,194)
Classified as held for distribution by owners (Note 26)	-	(950,074)	-	-	-	-	-	-	-	-	(950,074)
Revaluation increments/(decrements) (a)	(6,750,000)	(4,872,508)	-	-	-	-	-	60,025	-	-	(11,562,483)
Depreciation	-	(4,641,271)	-	(860,747)	(71,086)	(1,372,067)	(787,651)	(18,095)	-	-	(7,750,917)
Carrying amount at end of period	103,470,000	216,507,070	-	432,951	253,876	6,662,646	2,537,532	577,727	659,225	1,230,276	332,331,303

	Land	Buildings	Buildings under construction	Leasehold improvements	Motor vehicles, caravans and trailers	Plant, furniture and general equipment	Computer equipment, communication network	Marine craft	Works of art	Library Collection	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
11 April to 31 December 2016											
Assets transferred in	127,170,000	242,848,057	609,397	1,517,914	411,916	10,250,673	1,811,465	98,412	105,165	655,676	385,478,675
Correction of overstatement of land transferred in	(5,400,000)	-	-	-	-	-	-	-	-	-	(5,400,000)
Minor assets expensed	-	-	-	-	(37,544)	(672,682)	(117,442)	(1,670)	-	-	(829,338)
Reclassification	-	-	-	-	73,168	(112,473)	39,305	-	-	-	-
Additions	-	748,582	-	-	1,870	237,033	655,844	-	622,900	432,079	2,698,308
Transfers	-	473,167	(473,127)	-	-	(20,873)	-	-	-	-	(20,833)
Other Disposals	-	-	-	-	-	(47,197)	(3,869)	-	(5,225)	-	(56,291)
Revaluation increments/(decrements) (a)	-	(3,288,885)	-	-	-	-	-	-	-	-	(3,288,885)
Depreciation	-	(4,313,339)	-	(224,216)	(78,831)	(1,557,658)	(655,861)	(13,101)	-	-	(6,843,006)
Carrying amount at end of period	121,770,000	236,467,582	136,270	1,293,698	370,579	8,076,823	1,729,442	83,641	722,840	1,087,755	371,738,630

(a) Recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

Information on fair value measurements is provided in Note 28.

**South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

28 Fair value measurements

Assets measured at fair value :

2017

Land (Note 27)
Buildings (Note 27)
Marine craft (Note 27)
Works of Art (Note 27)

Level 1	Level 2	Level 3	Fair Value at end of period
\$	\$	\$	\$
-	13,500,000	89,970,000	103,470,000
-	-	216,507,070	216,507,070
-	577,728	-	577,728
-	659,225	-	659,225
-	14,736,953	306,477,070	321,214,023

Assets measured at fair value :

2016

Land (Note 27)
Buildings (Note 27)
Works of Art (Note 27)

Level 1	Level 2	Level 3	Fair Value at end of period
\$	\$	\$	\$
-	14,900,000	106,870,000	121,770,000
-	-	236,467,582	236,467,582
-	722,840	-	722,840
-	15,622,840	343,337,582	358,960,422

There were no transfers between Levels 1, 2 or 3 during the current and the previous periods.

Valuation techniques to derive Level 2 fair values

Level 2 fair values of Non-current assets held for sale, Land and Buildings (Office Accommodation), Marine Craft and Works of Art are derived using the market approach. Market evidence of sales prices of comparable land and buildings (office accommodation), Marine Craft and Works of Art is used to determine fair value.

Fair value measurements using significant unobservable inputs (Level 3)

2017

Fair Value at start of period
Additions
Revaluation decrements (Note 11)
Transfers (Note 34)
Assets reclassified as Held for Distribution to Owners (Note 26)
Disposals
Depreciation Expense
Fair Value at end of period

Land	Buildings
\$	\$
106,870,000	236,467,582
-	23,104
(5,350,000)	(4,872,508)
(11,550,000)	(61,835,000)
-	-
-	(4,000)
-	(4,641,271)
89,970,000	165,137,907

11 April to 31 December 2016

Fair Value at start of period
Assets transferred in (Note 34)
Additions
Correction of overstatement of land transferred in (Note 34)
Revaluation decrements (Note 11)
Depreciation Expense
Fair Value at end of period

Land	Buildings
\$	\$
-	-
112,270,000	242,848,057
-	1,221,749
(5,400,000)	-
-	(3,288,885)
-	(4,313,339)
106,870,000	236,467,582

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Valuation processes

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's instructions require valuations of land and buildings to be categorised within Level 3 where the valuations utilise significant Level 3 inputs on a recurring basis.

Buildings (Level 3 fair values)

Fair value for existing use specialised building is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed economic benefit, expired economic benefit or obsolescence, and optimisation (where applicable) of the asset. Determination of the current replacement cost of such assets held by the College is calculated by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Valuation using depreciated replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset Australian Land Information Authority (Valuation Services), which is estimated by the Western Australian Land Information Authority (Valuation Services). The fair value measurement is sensitive to the estimate of consumption/obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings.

Land (Level 3 fair values)

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Information about significant unobservable inputs (Level 3) in fair value measurements

Description	Fair Value 2017 \$000	Fair Value 2016 \$000	Valuation Technique(s)	Unobservable Inputs
Land	89,970,000	106,870,000	Market Approach	Selection of land with similar approximate utility.
Buildings	216,507,070	236,467,582	Depreciated Replacement Cost	Consumed economic benefit/obsolescence of asset. Historical cost of building per square metre floor area (m2).

Basis of Valuation

In the absence of market-based evidence due to the specialised nature of the assets, non-financial assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service and the College's enabling legislation.

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>2017</u>	<u>2016</u>
29 Intangible assets		
<u>Computer software</u>	\$	\$
At cost	383,983	383,983
Accumulated amortisation	(302,459)	(131,116)
	<u>81,524</u>	<u>252,867</u>
 Reconciliations		
<u>Computer software</u>		
Carrying amount at start of period	252,867	-
Assets transferred in	-	98,343
Additions	-	285,640
Amortisation expense	(171,343)	(131,116)
Carrying amount at end of period	<u>81,524</u>	<u>252,867</u>
 30 Impairment of assets		
There were no indications of impairment to property, plant and equipment or intangible assets at 31 December 2017.		
The College held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.		
 31 Payables		
<u>Current</u>	\$	\$
Trade payables	88,566	1,172,201
Accrued expenses	2,121,154	1,939,924
Accrued salaries and related costs	964,290	1,261,086
Paid parental leave payable	7,228	4,816
Total current	<u>3,181,238</u>	<u>4,378,027</u>
See also note 2(o) 'Payables' and note 40 'Financial Instruments'.		
 32 Provisions		
<u>Current</u>	\$	\$
<i>Employee benefits provision</i>		
Annual leave (a)	4,632,710	5,452,091
Long service leave (b)	14,345,503	18,103,188
Deferred Salary Scheme (c)	241,393	252,065
Purchase Leave Scheme (d)	3,170	7,468
	<u>19,222,776</u>	<u>23,814,812</u>
<i>Other provisions</i>		
Employment on-costs (e)	1,225,629	1,493,631
Total current	<u>20,448,405</u>	<u>25,308,443</u>
 <u>Non-current</u>		
<i>Employee benefits provision</i>		
Long service leave (b)	3,631,035	4,569,836
	<u>3,631,035</u>	<u>4,569,836</u>
<i>Other provisions</i>		
Employment on-costs (e)	229,790	288,974
	<u>229,790</u>	<u>288,974</u>
Total non-current	<u>3,860,825</u>	<u>4,858,810</u>

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
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	2017	2016
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	\$ 3,760,347	\$ 4,599,962
More than 12 months after the end of the reporting period	872,363	852,129
	4,632,710	5,452,091
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	\$ 7,311,987	\$ 7,171,995
More than 12 months after the end of the reporting period	10,664,551	15,501,029
	17,976,538	22,673,024
(c) Deferred salary scheme liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	\$ 121,844	\$ 153,754
More than 12 months after the end of the reporting period	119,549	98,311
	241,393	252,065
(d) Purchased leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	\$ 3,170	\$ 7,468
More than 12 months after the end of the reporting period	-	-
	3,170	7,468
(e) 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. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 12 'Other expenses'.		
<u>Movements in other provisions</u>		
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.		
<u>Employment on-cost provision</u>		
Carrying amount at start of period	1,782,605	1,786,360
Additional provisions recognised	(327,185)	(3,755)
Carrying amount at end of period	1,455,420	1,782,605
33 Other liabilities		
<u>Current</u>		
Income received in advance (a)	\$ 265,742	\$ 3,087,400
Money/deposits held in trust	6,269	9,158
Provision for Delivery and Performance Agreement Refund	-	2,621,964
Amount payable to North Metropolitan TAFE for current leave liabilities	2,657,640	-
Total current	2,929,651	5,718,522
(a) Income received in advance comprises:		
Fee for service	2,958	43,073
Student fees and charges	35,616	2,702,224
Learning Resource Centre Project	211,887	176,541
Other	15,281	165,562
	265,742	3,087,400

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

34 Equity

The Western Australian Government holds the equity interest in the College on behalf of the community. Equity represents the residual interest in the net assets of the College. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity

Balance at start of period

Contributions by owners

Capital appropriation (a)

Other contributions by owners

Transfer of net assets from other agencies

Correction of overstatement of land transferred in

Establishment of College funds across the training sector as part of the Training Sector Reform Project

Total contributions by owners

Distributions to owners

Net assets transferred to Government (b)

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

(a) Transfer of the Murdoch building and other major capital works from the Department of Training and Workforce Development.

(b) Transfer of assets and liabilities to North Metropolitan TAFE relating to Balga and Midland campuses, being;

Property, Plant & Equipment	(74,609,405)
Leave Liabilities	3,099,955
Student Debtors	(64,669)
Water Corporation Equipment	(10,872)
	<u>(71,584,991)</u>

Reserves**Asset revaluation surplus**

Balance at start of period

Marine craft

Balance at end of period**Accumulated deficit**

Balance at start of period

Result for the period (a)

Balance at end of period**Total Equity at end of period**

	2017	2016
	\$	\$
Balance at start of period	388,489,397	-
Contributions by owners	52,319,237	450,475
Other contributions by owners	-	384,865,118
	-	(5,400,000)
	-	8,573,804
Total contributions by owners	52,319,237	388,489,397
Distributions to owners	(71,584,991)	-
Total distributions to owners	(71,584,991)	-
Balance at end of period	369,223,643	388,489,397
	\$	\$
Balance at start of period	-	-
Marine craft	60,026	-
Balance at end of period	60,026	-
Balance at start of period	(7,039,309)	-
Result for the period (a)	(15,409,859)	(7,039,309)
Balance at end of period	(22,449,168)	(7,039,309)
Total Equity at end of period	346,834,501	381,450,088

(a) Prior year comparatives have been restated to recognise a group or network of assets totalling \$640,239 that were purchased in 2016 but erroneously expensed. This also resulted in an increase of \$81,521 in Depreciation expense.

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

35 Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the financial year, as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents

Restricted cash and cash equivalents (refer to note 22 'Restricted cash and cash equivalents')

	2017	2016
	\$	\$
	35,684,507	40,751,788
	3,808,237	3,641,104
	39,492,744	44,392,892

Reconciliation of net cost of services to net cash flows used in operating activities

Net cost of services

Non-cash items:

Depreciation and amortisation expense (note 9 'Depreciation and amortisation expense')

Doubtful debts expense (note 12 'Other expenses')

Services received free of charge (Note 21 'Income from State Government')

Net (gain)/loss on sale of property, plant and equipment (note 20 'Net gain/(loss) on sale of non-current assets')

Asset revaluation decrement (Note 11 'Asset Revaluation Decrement')

(Increase)/decrease in assets:

Current receivables (a)

Current inventories

Other current assets

Other non-current assets

Increase/(decrease) in liabilities

Current payables (a)

Current provisions

Other current liabilities

Non-current provisions

Net GST receipts/(payments) (b)

Change in GST in receivables/payables (c)

	2017	11 April to 31 December 2016
	(122,745,043)	(100,433,315)
	7,922,260	6,974,122
	(138,427)	953,852
	6,927,747	3,431,584
	(662)	36,641
	11,622,508	3,288,886
	673,746	5,774,367
	10,188	93,342
	363,734	(1,113,630)
	(452,156)	(425,000)
	(1,254,138)	601,419
	98,151	2,914,752
	(2,824,546)	(10,429,817)
	(423,888)	(2,826,236)
	(1,749,738)	(1,454,204)
	1,728,742	1,486,651
	(100,241,522)	(91,126,586)

Net cash used in operating activities

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. cash transactions

(c) This reverses out the GST in receivables and payables

At the end of the reporting period, the College had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

36 Commitments

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

2017	2016
\$	\$
1,357,484	1,756,801
2,702,760	1,381,896
2,856,646	3,230,777
6,916,890	6,369,474

The commitments below are inclusive of GST.

Capital expenditure 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

2017	2016
\$	\$
111,144	2,699,585
-	-
-	-
111,144	2,699,585
111,144	2,699,585

The capital commitments include amounts for:

Buildings

37 Contingent liabilities and contingent assets

The College had no contingent liabilities or contingent assets at 31st December 2017.

38 Events occurring after the reporting period

No events occurred after the end of the reporting period.

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

39 Explanatory statement

Major variances between original budget estimates and actual results for 2017, and between the actual results for 2017 and 2016 are shown below.

Major variances are considered to be those greater than 5% and greater than a dollar aggregate, being the lower of \$25 million or the dollar aggregate or, as applicable:

- (i) 5.0% and \$3,640,985 for the Statement of Comprehensive Income and Cash Flows; and
(ii) 5.0% and \$7,545,092 for the Statement of Financial Position.

FOR THE YEAR ENDED 31 DECEMBER 2017

		11 April to 31 December				
	Notes	2017 Actual	2016 Actual	2017 Estimate	Variance Act 2017 & 2016	Variance Est & Actual
Statement of Comprehensive Income						
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expense	A	117,476,683	108,465,288	117,905,232	9,011,395	(428,549)
Supplies and services	5,A,B	33,046,010	26,716,513	23,824,319	6,329,497	9,221,691
Depreciation and amortisation expenses		7,922,260	6,974,122	8,504,445	948,138	(582,185)
Grants and subsidies		453,105	322,568	270,670	130,537	182,435
Cost of sales		244,324	192,443	-	51,881	244,324
Loss on disposal of non-current assets		-	35,864	228,194	(35,864)	(228,194)
Asset revaluation decrement	2, C	11,622,508	3,288,886	-	8,333,622	11,622,508
Other expenses	6	11,284,351	10,430,536	14,784,768	853,815	(3,500,417)
Total cost of services		182,049,241	156,426,220	165,517,628	25,623,021	16,531,613
<u>Income</u>						
Revenue						
Fees for services		27,848,058	25,782,171	26,886,399	2,065,887	961,659
Student fees and charges	3	24,144,340	24,396,265	27,901,826	(251,925)	(3,757,486)
Ancillary Trading		1,727,613	1,202,367	1,169,474	525,246	558,139
Sales		367,669	274,056	531,863	93,613	(164,194)
Interest revenue		1,058,971	896,094	-	162,877	1,058,971
Other revenue		4,156,885	3,360,431	4,090,946	796,454	65,939
Total Revenue		59,303,536	55,911,384	60,580,508	3,392,152	(1,276,972)
Gains						
Gain on disposal of non current assets		662	-	16,151	662	(15,489)
Total Gains		662	-	16,151	662	(15,489)
Total income other than income from State Government		59,304,198	55,911,384	60,596,659	3,392,814	(1,292,461)
NET COST OF SERVICES		(122,745,043)	(100,514,836)	(104,920,969)	(22,230,207)	(17,824,074)
INCOME FROM GOVERNMENT						
Service appropriation	4, A	100,407,437	90,043,943	92,896,000	10,363,494	7,511,437
Service received free of charge	1, B	6,927,747	3,431,584	3,893,555	3,496,163	3,034,192
Total Income from State Government		107,335,184	93,475,527	96,789,555	13,859,657	10,545,629
DEFICIT FOR THE PERIOD		(15,409,859)	(7,039,309)	(8,131,414)	(8,370,550)	(7,278,445)
OTHER COMPREHENSIVE INCOME						
Changes in asset revaluation surplus		60,026	-	-	60,026	60,026
		60,026	-	-	60,026	63,426
Total Other Comprehensive Income		60,026	-	-	60,026	60,026
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(15,349,833)	(7,039,309)	(8,131,414)	(8,310,524)	(7,218,419)

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of Financial Position

ASSETS

Current Assets

	Notes	2017 Actual	2016 Actual	2017 Estimate	Variance Act 2017 & 2016	Variance Est & Actual
Cash and Cash equivalents		35,684,507	40,751,788	31,179,594	(5,067,281)	4,504,913
Restricted cash and cash equivalents		2,719,321	2,877,831	-	(158,510)	2,719,321
Inventories		-	10,188	81,424	(10,188)	(81,424)
Receivables		3,220,163	3,776,765	3,869,754	(556,602)	(649,591)
Other current assets		1,178,811	1,542,548	2,596,602	(363,737)	(1,417,791)
Non-current assets classified for sale		950,074	-	-	950,074	950,074
Total Current Assets		43,752,876	48,959,120	37,727,374	(5,206,244)	6,025,502

Non-Current Assets

Restricted cash and cash equivalents		1,088,916	763,273	1,186,798	325,643	(97,882)
Property, plant and equipment	7, D	332,331,303	371,738,630	298,553,569	(39,407,327)	33,777,734
Intangible assets		81,525	252,867	84,690	(171,342)	(3,165)
Total Non-Current Assets		333,501,744	372,754,770	299,825,057	(39,253,026)	33,676,687

TOTAL ASSETS

		377,254,620	421,713,890	337,552,431	(44,459,270)	39,702,189
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LIABILITIES

Current Liabilities

Payables		3,181,238	4,378,027	3,631,641	(1,196,789)	(450,403)
Provisions		20,448,405	25,308,443	21,740,247	(4,860,038)	(1,291,842)
Other current liabilities		2,929,651	5,718,522	4,020,406	(2,788,871)	(1,090,755)
Total Current Liabilities		26,559,294	35,404,992	29,392,294	(8,845,698)	(2,833,000)

Non-Current Liabilities

Provisions		3,860,825	4,858,810	6,807,745	(997,985)	(2,946,920)
Total Non-Current Liabilities		3,860,825	4,858,810	6,807,745	(997,985)	(2,946,920)

TOTAL LIABILITIES

		30,420,119	40,263,802	36,200,039	(9,843,683)	(5,779,920)
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NET ASSETS

		346,834,501	381,450,088	301,352,392	(34,615,587)	45,482,109
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EQUITY

Contributed Equity		369,223,643	388,489,397	312,465,965	(19,265,755)	56,757,678
Reserves		60,026	-	-	60,026	60,026
Accumulated deficit		(22,449,168)	(7,039,309)	(11,653,584)	(15,219,725)	(10,523,930)
TOTAL EQUITY		346,834,501	381,450,088	300,812,381	(34,425,454)	46,293,774

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

		11 April to 31 December			
	2017	2016	2017	Variance	Variance
Notes	Actual	Actual	Estimate	Act 2017 & 2016	Est & Actual
Statement of cash Flows					
CASH FLOWS FROM STATE GOVERNMENT					
	97,785,472	92,665,908	98,896,000	5,119,564	(1,110,528)
Service appropriation					
Cash transferred - TAFE Reform Project	-	35,599,939	-	(35,599,939)	-
Establishment of College funds across the training sector as part of the Training Sector Reform Project	-	8,573,804	-	(8,573,804)	-
Net Cash Provided by State Government	97,785,472	136,839,651	98,896,000	(39,054,179)	(1,110,528)
CASHFLOWS FROM OPERATING ACTIVITIES					
Payments					
Employee benefits	(117,446,357)	(108,914,830)	(118,900,744)	(8,531,527)	1,454,387
Supplies and Services	(27,791,021)	(22,240,224)	(20,879,078)	(5,550,797)	(6,911,943)
Grants and subsidies	(453,105)	(322,568)	(270,670)	(130,537)	(182,435)
GST payments on purchases	(3,100,782)	(2,663,101)	(13,342)	(437,681)	(3,087,440)
Other payments	(11,464,167)	(9,869,411)	(14,657,870)	(1,594,756)	3,193,703
Receipts					
Fees for services	28,143,245	23,888,957	27,006,399	4,254,288	1,136,846
Student fees and charges	22,032,403	21,937,011	27,671,940	95,392	(5,639,537)
Ancillary trading	1,727,613	1,202,367	1,169,474	525,246	558,139
Commonwealth grants and contributions	-	-	132,374	-	(132,374)
Interest received	1,092,705	603,389	1,179,404	489,316	(86,699)
GST receipts on sales	1,216,832	1,208,897	121,257	7,935	1,095,575
GST receipts from taxation authority	1,728,742	1,486,651	-	242,091	1,728,742
Sales	367,669	274,056	-	93,613	367,669
Other receipts	3,704,701	2,282,220	3,555,490	1,422,481	149,211
Net cash used in operating activities	(100,241,522)	(91,126,586)	(93,885,366)	(9,114,936)	(6,356,156)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of non-current assets	(2,449,767)	(1,334,506)	(2,211,292)	(1,115,261)	(238,475)
Proceeds from sale of non-current assets	5,670	14,333	16,151	(8,663)	(10,481)
Net cash used in investing activities	(2,444,097)	(1,320,173)	(2,195,141)	(1,123,924)	(248,956)
Net increase/(decrease) in cash and cash equivalents	(4,900,147)	44,392,892	(3,184,507)	(49,293,039)	(1,715,640)
Cash and cash equivalents at the beginning of the period	44,392,892	-	35,550,899	44,392,892	8,841,993
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	39,492,745	44,392,892	32,366,392	(4,900,147)	7,126,353

Major Variance Narratives

Variance between Estimate and Actual

- Resources provided free of charge from the Department of Training and Workforce Development were more than estimated, due to a considerable increase in infrastructure support.
- The \$11.6M decrement in the 2017 valuation of land and buildings was not anticipated and therefore not budgeted.
- Tuition and other fees collected were less than forecast due to poorer than expected economic conditions.
- Service Appropriation is higher than estimated due to increased purchase of profile delivery training and the receipt of additional funding.
- Supplies and Services are above estimates, reflecting increased cost of departmental resources provided and budgeting classification differences between Supplies and Services and Other Expenses.
- Other expenses are below estimates, this is mainly due to budgeting classification between Supplies and Services and Other Expenses.
- Property, Plant & Equipment is greater than estimate due to the variances to the estimated impact of asset revaluations and transfers.

Variance between Actual results for 2017 and 2016

- Amount is higher in 2017 than 2016, mainly due to 2016 being a part year result as the College commenced operations on 11 April 2016.
- Resources provided free of charge from the Department of Training and Workforce Development were more than in 2016, as 2017 saw a considerable increase in infrastructure support.
- The 2017 devaluation of College land and buildings was larger than the decrement in 2016, consistent with land devaluations across State Government.
- Property, Plant & Equipment in 2017 is less than 2016 primarily due to significant asset revaluation decrements and asset transfers of Balga and Midland campuses.

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

40 Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the College are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables, payables and other liabilities. The College has limited exposure to financial risks. The College's overall risk management program focuses on managing the risk identified below:

Credit risk

Credit risk arises when there is the possibility of the College's receivables defaulting on their contractual obligations resulting in financial loss to the College.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 40(c) 'Financial instruments disclosures' and note 24 'Receivables'.

Credit risk associated with the College's financial assets is minimal because the College trades only with recognised, creditworthy third parties. The College has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the College's exposure to bad debt is minimal. At the end of the reporting period there are no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the College is unable to meet its financial obligations as they fall due.

The College is exposed to liquidity risk through its trading in the normal course of business.

The College has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the College's income or the value of its holdings of financial instruments. The College does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes).

All borrowings are due to the Western Australian Treasury Corporation (WATC) and are repayable at fixed rates with varying maturities. Other than as detailed in the Interest rate sensitivity analysis table at Note 44(c), the College is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing and it has no borrowings other than WATC borrowings and finance leases (fixed interest rate).

(b) Categories of 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 :

Financial Assets

	\$	\$
Cash and cash equivalents	35,684,507	40,751,788
Restricted cash and cash equivalents	3,808,237	3,641,104
Receivables (a)	2,878,429	3,478,415

Financial Liabilities

Payables	3,181,238	4,378,027
Other liabilities	2,663,909	2,631,122

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

2017

2016

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(c) Financial instrument disclosures

Credit risk

The following table discloses the College's maximum exposure to credit risk and the ageing analysis of financial assets. The College's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing impaired and impaired financial assets. The

The College does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

Ageing analysis of financial assets

	Carrying Amount \$000	Not past due and not impaired \$000	<u>Past due but not impaired</u>					Impaired Financial Assets \$000
			Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 Years \$000	More than 5 years \$000	
Financial Assets								
2017								
Cash and cash equivalents	35,685	35,685	-	-	-	-	-	-
Restricted cash and cash equivalents	3,808	3,808	-	-	-	-	-	-
Receivables (a)	2,878	2,065	715	94	4	-	-	1,439
	42,371	41,558	715	94	4	-	-	1,439
2016								
Cash and cash equivalents	40,752	40,752	-	-	-	-	-	-
Restricted cash and cash equivalents	3,641	3,641	-	-	-	-	-	-
Receivables (a)	3,478	2,761	321	391	5	-	-	1,734
	47,871	47,154	321	391	5	-	-	1,734

(a) The amount of receivables excludes the GST receivables from the ATO (statutory receivable).

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Liquidity risk and interest rate exposure

The following table details the College's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities.

The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate %	Interest rate exposure				Nominal Amount \$000	Maturity dates				
		Carrying Amount \$000	Fixed Interest Rate \$000	Variable Interest Rate \$000	Non- Interest Bearing \$000		Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 Years \$000	More than 5 years \$000
2017											
<u>Financial Assets</u>											
Cash and cash equivalents	1.96%	35,685	-	35,665	20	35,685	35,685	-	-	-	-
Restricted cash and cash equivalents	1.96%	3,808	-	3,808	-	3,808	3,808	-	-	-	-
Receivables ^(a)		2,878	-	-	2,878	2,878	2,878	-	-	-	-
		42,371	-	39,473	2,898	42,371	42,371	-	-	-	-
<u>Financial Liabilities</u>											
Payables		3,181	-	-	3,181	3,181	3,181	-	-	-	-
Other current liabilities		2,664	-	-	2,664	2,664	2,664	-	-	-	-
		5,845	-	-	5,845	5,845	5,845	-	-	-	-

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate %	Interest rate exposure				Nominal Amount \$000	Maturity dates				
		Carrying Amount \$000	Fixed Interest Rate \$000	Variable Interest Rate \$000	Non- Interest Bearing \$000		Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 Years \$000	More than 5 years \$000
2016											
<u>Financial Assets</u>											
Cash and cash equivalents	1.75%	40,752	-	40,727	25	40,752	40,752	-	-	-	-
Restricted cash and cash equivalents	1.75%	3,641	-	3,641	-	-	3,641	-	-	-	-
Receivables ^(a)		3,478	-	-	3,478	-	3,478	-	-	-	-
		47,871	-	44,368	3,503	40,752	47,871	-	-	-	-
<u>Financial Liabilities</u>											
Payables		4,378	-	-	4,378	4,378	4,378	-	-	-	-
Other current liabilities		2,631	-	-	2,631	2,631	9	2,622	-	-	-
		7,009	-	-	7,009	7,009	4,387	2,622	-	-	-

(a) The amount of receivables excludes the GST receivables from the ATO (statutory receivable).

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the College's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2017	- 100 Basis Points			+ 100 Basis Points	
	Carrying \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
<u>Financial Assets</u>					
Cash and cash equivalents	35,685	(357)	(357)	357	357
Restricted cash and cash equivalents	3,808	(38)	(38)	38	38
Total Increase/(Decrease)	3,808	(38)	(38)	38	38
2016	- 100 Basis Points			+ 100 Basis Points	
	Carrying \$	Surplus \$	Equity \$	Surplus \$	Equity \$
<u>Financial Assets</u>					
Cash and cash equivalents	40,727	(407)	(407)	407	407
Restricted cash and cash equivalents	3,641	(36)	(36)	36	36
Total Increase/(Decrease)	3,641	(36)	(36)	36	36

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

41 Joint Operations

The College has no Joint Operations.

42 Remuneration of auditor

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

Auditing the accounts, financial statements and key performance indicators

2017	11 April to 31 December 2016
\$	\$
173,000	171,000

**South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	11 April to 31 December 2016
43 Related bodies		
The College has no related bodies.		
44 Affiliated bodies		
The College has no affiliated bodies.		
45 Supplementary financial information		
(a) <u>Write-Offs</u>	\$	\$
Public property written-off by the Governing Council during the financial year	-	5,101
Bad debts	156,623	326,377
Inventory	-	1,891
Other	2,297	-
	158,920	333,369
(b) <u>Losses through theft, defaults and other causes</u>		
Losses of public money and public and other property through theft or default	604	1,509
	604	1,509
46 Schedule of income and expenditure by service		
The College provides only one service as defined by Treasurer's Instruction 1101 (9) and that is Vocational Education and Training Delivery.		

► 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 2017.



Elizabeth Carr AM
Chair of Governing Council

2 March 2018



Terry Durant
Managing Director

2 March 2018

► 2017 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 Patterson Research Group. 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 2017 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 was called in order to complete the survey using Computer Assisted Telephone Interviewing (CATI).

KPI 1 – Student Satisfaction

The overall student satisfaction rating is obtained from the 2017 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 Target	2017 Actual	Target Variance
South Metropolitan TAFE	88.7%	>85%	87.1%	+2.1%
Western Australia	88.9%	n/a	87.3%	n/a

Source: Department of Training and Workforce Development, 2017 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. The weighted data are based on weighting the response data back to the total student population based on a combination of gender, age group (15-19, 20-29, 30-44, 45+), student status (IBS, EBS) and the specific Training Provider, resulting in 96 different weight 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 2017, of the 15,186 South Metropolitan TAFE students contacted, there were 3,460 usable returns representing a response rate of 22.78%. South Metropolitan TAFE's standard error for 2017 was 0.5%, with a relative sampling error of +/- 1.0% at the 95% level of confidence.

The 2017 target overall student satisfaction at South Metropolitan TAFE was met and exceeded, with 87.1% of respondents claiming to be either satisfied or very satisfied. This is similar to the level of student satisfaction reported (88.7%) in 2016.

STUDENT OUTCOMES SURVEY

The biennial 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. Since 2005, organisational level data has been collected every second year only. The latest graduate achievement and destination information for South Metropolitan TAFE relates to the 2017 Student Outcomes Survey which provides information on the outcomes of students who have completed government-funded vocational education and training (VET) in 2016 with the data collected in mid-2017.

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.

KPI 2 - Graduate Achievement

Graduate achievement is a question in the 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. The question has four response options 'Yes', 'No', 'Partly' or 'Don't know yet'.

Table 2 – Graduate Achievement

	2017 Target	2017 Actual
South Metropolitan TAFE	80%	81.0%
TAFE Australia	n/a	83.2%
All VET providers Australia	n/a	84.2%

In 2017, of the 6,683 South Metropolitan TAFE students contacted, there were 1,917 usable returns representing a response rate of 28.68%. South Metropolitan TAFE's relative sampling error for this result was +/- 1.6% at the 95% level of confidence.

The 2017 South Metropolitan TAFE's target for graduate achievement was met and exceeded, with 81.0% of respondents claiming to have achieved their main reason for doing the training.

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 Target	2017 Actual
South Metropolitan TAFE	>75%	73.2%
TAFE Australia	n/a	73.1%
All VET providers Australia	n/a	77.7%

In 2017, of the 6,553 South Metropolitan TAFE students contacted, there were 1,880 usable returns representing a response rate of 28.69%. South Metropolitan TAFE's relative sampling error for this result was +/- 1.8% at the 95% level of confidence.

The 2017 target for graduate destination rate (employed) was not met, with 73.2% of respondents claiming to be employed after training.

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 2017, the final amended profile SCH target was 7,300,000 SCH compared to the original DPA target of 7,167,547.

Table 4: Profile Achievement (DPA)

	Actual Achievement 2017
Profile Achievement (DPA Original)	101.7%

The Profile delivered by South Metropolitan TAFE was above the original planned target of 7,167,547 SCH by 123,227 SCH, resulting in an overall achievement of 101.7%.

South Metropolitan TAFE's profile delivery by ANZSCO (Australia and New Zealand Standard Classification of Occupations) levels for 2017 are provided in Table 5.

As per the data presented in Table 5, in 2017, the following ANZSCO sub groups constituted over 50% of total SCH achievement: General Education (17%); Automotive and Engineering Trades Workers (12%); Carers and Aides (8%); Engineering, ICT and Science Technicians (7%) and Health and Welfare Support Workers (7%).

The ANZSCO levels that were significantly above target (more than 40,000 SCH of positive variance) were: Hospitality, Retail and Service Managers, General Education, Automotive and Engineering Trade Workers, ICT Professionals, and Other Technicians and Trade Workers.

The ANZSCO levels that were significantly below target (more than 40,000 SCH of negative variance) were: Specialist Managers, Design, Engineering, Science and Transport Professionals, Construction Trades Workers, Electrotechnology and Telecommunications Trades Workers, Carers and Aides, and General Clerical Workers

Table 5: Achievement of 2017 Profile Delivery (DPA) by ANZSCO sub groups

ANZSCO Major Group Title	ANZSCO Sub Group Title	2016 Census Actual	2016 Target Planned	2016 Target Achievement
1. Managers	11 – Chief Executives, General Managers and Legislators	14,020	14,745	95.08%
	12 – Farmers and Farm Managers	20,903	28,188	74.16%
	13 – Specialist Managers	61,003	105,795	57.75%
	14 – Hospitality, Retail and Service Managers	104,257	54,036	192.94%
2. Professionals	21 - Arts and Media Professionals	6,075	-	0.00%
	22 – Business, Human Resource and Marketing Professionals	35,745	42,190	84.72%
	23 – Design, Engineering, Science and Transport Professionals	205,114	358,219	57.26%
	24 – Education Professionals	20,375	25,248	80.70%
	25 – Health Professionals	0	8,475	0.00%
	26 – ICT Professionals	231,520	166,743	138.85%
3. Technicians and Trades Workers	31 – Engineering, ICT and Science Technicians	507,952	509,124	99.77%
	32 – Automotive and Engineering Trades Workers	851,294	762,319	111.67%
	33 – Construction Trades Workers	231,223	296,829	77.90%
	34 – Electro-technology and Telecommunications Trades Workers	216,352	262,876	82.30%
	35 – Food Trades Workers	287,046	252,526	113.67%
	36 – Skilled Animal and Horticultural Workers	369,906	376,607	98.22%
	39 – Other Technicians and Trades Workers	294,993	245,098	120.36%
4. Community and Personal Service Workers	41 – Health and Welfare Support Workers	504,994	509,291	99.16%
	42 – Carers and Aides	565,822	635,310	89.06%
	43 – Hospitality Workers	86,621	80,382	107.76%
	44 – Protective Service Workers	13,920	26,000	53.54%
	45 – Sports and Personal Service Workers	288,177	284,295	101.37%

Table 5: (continued)

ANZSCO Major Group Title	ANZSCO Sub Group Title	2016 Census Actual	2016 Target Planned	2016 Target Achievement
5. Clerical and Administrative Workers	51 – Office Managers and Program Administrators	34,715	64,165	54.10%
	52 – Personal Assistants and Secretaries	0	700	0.00%
	53 – General Clerical Workers	100,045	150,600	66.43%
	54 – Inquiry Clerks and Receptionists	27,285	16,352	166.86%
	55 – Numerical Clerks	130,180	148,631	87.59%
	59 – Other Clerical and Administrative Workers	70,335	75,808	92.78%
7. Machinery Operators and Drivers	71 – Machine and Stationary Plant Operators	69,515	80,305	86.56%
	72 – Mobile Plant Operators	25,090	28,510	88.00%
	74 – Store-persons	2,080	6,680	31.14%
8. Labourers	82 – Construction and Mining Labourers	72,640	87,991	82.55%
	83 – Factory Process Workers	129,994	140,968	92.22%
	84 – Farm, Forestry and Garden Workers	119,352	91,403	130.58%
	85 – Food Preparation Assistants	13,635	16,672	81.78%
	89 – Other Labourers	336,289	316,091	106.39%
G. General Education	GE – General Education	1,242,212	894,408	138.89%
TOTAL		7,290,774	7,167,547	101.73%

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 2017 Financial Statements.

Table 6 – Delivery Cost per SCH

	2017
Actual Cost per SCH	\$18.43
Target Cost per SCH	\$16.16
Variance	-\$2.27

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 2017 was 2,585,497 SCH.

The 2017 actual unit cost of delivery is above the Section 40 Estimates target due to increased costs of departmental resources and an unbudgeted significant land and buildings revaluation decrement.

▶ 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.

▶ 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. An overview of major capital works is presented below.

Completed Capital Works

Murdoch Development Stage 4

The new multi-story Murdoch facility provides specialist training and education spaces for live works, student services, general classrooms and other student facilities. Additionally, the building provides office accommodation for academic and corporate directorates. The cost of the project was \$46.5 million.

ACEPT (Munster) Stage 2

ACEPT Stage 2 consists of two new buildings that enhance the college's capacity to deliver applied engineering and process training, complementing delivery through the Australian Centre for Energy and Process Training (ACEPT). The cost of the project was \$12 million.

Ongoing Capital Works

There were no major ongoing capital works projects at the end of 2017

UNAUTHORISED USE OF CREDIT CARDS

Agencies are required to publish details of instances in their annual report where a Western Australian Government Purchasing Card (a credit card) is utilised for personal use. In 2017, 7 officers inadvertently used an SM TAFE credit card for personal use, to the value of \$216.04.

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

Unauthorised use of credit cards	\$
Aggregate amount of personal use expenditure	216.04
Aggregate amount of personal use expenditure settled by the due date (within five working days)	33.46
Aggregate amount of personal use expenditure settled after the period(after five working days)	152.34
Aggregate amount of personal use expenditure outstanding at balance date	30.24 (a)

Note (a) This amount was repaid on January 8, 2018

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, 2017 SM TAFE employed 977 Full Time Equivalent (FTE) staff. SM TAFE's staffing levels by employment category for 2017 is presented below.

		2017			2016		
		Full-time (FTE)	Part-time (FTE)	Total	Full-time (FTE)	Part-time (FTE)	Total
Lecturer	Contract	160	27	187	129	23	152
	Permanent	331	39	370	356	40	396
GOSAC	Contract	50	7	57	63	15	78
	Permanent	312	51	363	300	43	343
TOTAL		853	124	977	848	120	968

WORKERS COMPENSATION

There were 21 claims for workers compensation lodged and accepted in the 2017 financial year. Of the accepted claims, 11 were lost time injuries.

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*. Notably, In 2017 SM TAFE was nominated as the 'employer of the year' by a disability employment service provider.

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.

	SM TAFE	WA Public Sector
Aboriginal people representation	1.6%	2.7%
People with culturally diverse background representation	16.2%	12.9%
People with disability representation	2.4%	1.8%

► 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 2017.

Governing Council remuneration

The individual and aggregate cost of remunerating Governing Council members at SM TAFE in 2017 was as follows:

Position	Name	Type of remuneration	Period of membership	Gross remuneration
Chair	Elizabeth Carr	Annual salary	12 months	\$22,665.24
Deputy Chair	David Wood	Per meeting	12 months	\$2,658.00
Member	Christine Coyne	Per meeting	12 months	\$768.00
Member	Niegel Grazia	Per meeting	12 months	\$0
Member	Stephen Cain	Per meeting	12 months	\$0
Member	Deborah Hamblin	Per meeting	5 months (commenced July)	\$1,152.00
Member	Fiona Lander	Per meeting	10 months (resigned October)	\$1,152.00
Member	Julie Quinlivan	Per meeting	8 months (resigned August)	\$384.00
				\$28,779.24

▶ 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 2017 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	\$3179.55	Campaign Monitor	\$3179.55
Media advertising agencies	\$81,816.61	Carat Australia Pty Ltd	\$14,358.82
		Facebook	\$56,954.85
		Google	\$9119.56
		Linkedin	\$1383.38

TAFE Choices campaign

SM TAFE led a sector wide campaign for all WA state training providers. The funding for this campaign was shared across all colleges, with SM TAFE being the principal contract owner. SM TAFE's financial contribution toward the campaign is outlined below:

	Total	Expenditure	Amount
Advertising agencies	\$1045.30	Rare Pty Ltd	\$1045.30
Market research organisations	Nil	Nil	Nil
Polling organisations	Nil	Nil	Nil
Direct mail organisations	Nil	Nil	Nil
Media advertising agencies	\$8907.20	Carat Australia Pty Ltd	\$8907.20

Disability Access and Inclusion Plan Outcomes 2017

As required under the *Disability Services Act 1993*, SM TAFE implemented actions throughout 2017 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.
- 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.
- The provision of 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 recordkeeping plan. SM TAFE has an approved Recordkeeping Plan as prescribed by the State Records Act 2000. This was submitted to the State Records Office as an interim recordkeeping plan for all TAFE colleges after the Training Sector Reform Project. A consolidated Recordkeeping Plan for the TAFE sector is currently being developed for submission to the State Records Commission in early 2018. In addition, SM TAFE has a new recordkeeping system scheduled for implementation in 2018.

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 regularly provided to staff either formally or in a one-on-one setting, looking at the practical aspects of capturing significant business and corporate records. The efficiency and effectiveness of the recordkeeping training will form part of the forthcoming records management review to ensure 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 2017 reporting period.

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	Result
Public Sector Standards in Human Resource Management	1 breach lodged and subsequently withdrawn
Public Sector Code of Ethics	No breaches
SM TAFE Code of Conduct	1 incident upheld

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. When staff are experiencing work-related and personal or health problems, it may affect their work performance as well as their quality of life and general sense of wellbeing.

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.

▶ GOVERNMENT POLICY REQUIREMENTS

Occupational safety, health and injury management

SM TAFE is committed to promoting a safe workplace that adheres to and promotes the Occupational Safety and Health Act 1984 and the Workers Compensation and Injury Management Act 1981. SM TAFE, as far as practicable, will provide for the safety and health at work of all its employees and others affected by the delivery of its services at all its workplaces. SM TAFE's senior managers and line managers are responsible for verifying that the Code of Practice on Occupational Safety and Health in the Western Australian Public Sector 2007 is adopted and implemented.

Mechanism for consultation

SM TAFE supports the formation of safety and health committees across the organisation. In 2017, 9 Committees represented the major campuses. They were comprised of 82 elected safety and health representatives as well as management representatives. The committees meet bimonthly to address local issues, review incident and hazard reports along with reported accidents.

SM TAFE supports its occupational safety and health representatives and the role they undertake. All occupational safety and health representatives are provided with the five-day mandatory training and are registered with WorkSafe WA.

SM TAFE also has an Occupational Safety and Health Standing Committee chaired by the General Manager Corporate Services. This Committee ensures matters unable to be addressed at local committee level are given appropriate attention as well as endorsing safety related policies.

To facilitate consultation on injury management matters, SM TAFE has dedicated staff within the Occupational Safety and Health team to provide information and assistance.

Compliance with injury management requirements

SM TAFE supports and promotes the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*. SM TAFE has worked and will

continue to work closely with our insurer and vocational rehabilitation providers to develop and manage return to work strategies that ensure injured employees return to the workplace as quickly and successfully as possible.

In the management of claims, SM TAFE's aim is to ensure that every opportunity is given to the employee to return to their pre-injury role. SM TAFE continues to work closely with RiskCover to minimise claims and determine the best course of action to effectively manage claims.

Occupational Safety and Health Management System

SM TAFE is committed to maintaining a high level of safety within the work environment. A robust system of safety committees at both the worksite and senior management level exists across the organisation to ensure safety outcomes are achieved. The SM TAFE Occupational Safety and Health team will 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 will be 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	Target	Comment on Result
Number of fatalities	0	0	Zero (0)	Target achieved
Lost time injury and/or disease incidence rate	0.57	0.96	Zero (0) or 10% reduction on the previous year	There is an increase on the 2016 figures which can be attributed to the fact that the 2016 figures were from April until December due to the amalgamation.
Lost time injury severity rate	25	18	Zero (0) or 10% reduction on the previous year	Target achieved
Percentage of injured workers returned to work within (i) 13 weeks and (ii) 26 weeks	(i) 100%	(i) 85%	Greater than or equal to 80% return to work within (i) 13 weeks and (ii) 26 weeks	Target achieved
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	(ii) 100%	(ii) 100%	Greater than or equal to 80% return to work within (i) 13 weeks and (ii) 26 weeks	The training of managers and supervisors will re-commence in the 2018 calendar year.

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 2018

In accordance with section 40 of the *Financial Management Act 2006* and *Treasurer's Instruction 953* the annual estimates for the 2018 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

STATEMENT OF COMPREHENSIVE INCOME	2018 Estimate
	\$
COST OF SERVICES	
Expenses	
Employee benefits expense	121,040,235
Supplies and services	31,141,741
Depreciation and amortisation expense	8,523,300
Grants and subsidies	250,000
Cost of sales	200,000
Charges to provisions	500,000
Other expenses	10,382,189
Total cost of services	172,037,465
Income	
Revenue	
Fee for service	28,951,094
Student fees and charges	26,705,374
Ancillary trading	1,600,004
Sales	25,000
Interest revenue	1,150,000
Other revenue	3,294,996
Total revenue	61,726,468
Total income other than income from State Government	61,726,468
NET COST OF SERVICES	110,310,997
INCOME FROM STATE GOVERNMENT	
Service appropriation	97,966,000
Services received free of charge	4,175,584
Total income from State Government	102,141,584
DEFICIT FOR THE PERIOD	(8,169,413)
TOTAL COMPREHENSIVE DEFICIT FOR THE PERIOD	(8,169,413)

South Metropolitan TAFE

STATEMENT OF FINANCIAL POSITION

2018
Estimate

\$

ASSETS**Current Assets**

Cash and cash equivalents

35,746,481

Inventories

18,364

Receivables

3,734,831

Other current assets

3,041,288

Total Current Assets**42,540,964****Non-Current Assets**

Restricted cash and cash equivalents

1,017,697

Property, plant and equipment

346,332,720

Total Non-Current Assets**347,350,417****TOTAL ASSETS****389,891,381****LIABILITIES****Current Liabilities**

Payables

3,088,100

Provisions

21,251,000

Other current liabilities

4,977,784

Total Current Liabilities**29,316,884****Non-Current Liabilities**

Provisions

4,790,000

Total Non-Current Liabilities**4,790,000****TOTAL LIABILITIES****34,106,884****NET ASSETS****355,784,497****EQUITY**

Contributed equity

380,086,406

Accumulated deficit

(24,301,909)

TOTAL EQUITY**355,784,497**

South Metropolitan TAFE

STATEMENT OF CASH FLOWS

2018
Estimate

\$

CASH FLOWS FROM STATE GOVERNMENT

Service appropriation - Department of Training and Workforce Development

97,967,097

Net cash provided by State Government**97,967,097****Utilised as follows:****CASH FLOWS FROM OPERATING ACTIVITIES****Payments**

Employee benefits

(118,523,764)

Supplies and services

(27,097,414)

Grants and subsidies

(250,000)

Other payments

(9,682,185)

Receipts

Fee for service

29,000,083

Student fees and charges

26,566,417

Ancillary trading

1,600,004

Interest received

1,150,000

Other receipts

3,319,996

Net cash used in operating activities**(93,916,863)****CASH FLOWS FROM INVESTING ACTIVITIES****Payments**

Purchase of non-current physical assets

(3,960,000)

Net cash used in investing activities**(3,960,000)****Net increase in cash and cash equivalents**

90,234

Cash and cash equivalents at the beginning of period

42,173,944

CASH AND CASH EQUIVALENTS AT THE END OF PERIOD**42,264,178**

NOTES

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