



2016-17 Annual Report

TAFE SA

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Presented to the Minister for Higher Education and Skills on 29 September 2017

2016-17 ANNUAL REPORT FOR TAFE SA

To The Hon Susan Close MP
Minister for Higher Education and Skills

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

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

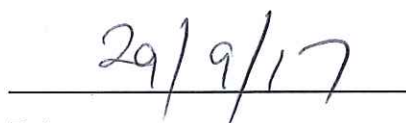
Submitted on behalf of TAFE SA by:

Robin Murt

CHIEF EXECUTIVE, TAFE SA



Signature



Date

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Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

TAFE SA plays a major role in the development of South Australia's future workforce and in building the state's skill base, TAFE SA works with industry and local communities to deliver relevant, high-quality VET and higher education to align skills and training with job opportunities and the needs of industry, business and governments. TAFE SA's core business is the design and facilitation of high quality teaching and learning programs and services to a diverse customer base – locally, nationally and internationally.

TAFE SA's vision is to be recognised as Australia's best vocational education and training provider, and its mission is to transform people's lives by delivering high-quality and financially sustainable training and education in a competitive environment.

As the public provider, TAFE SA honours its role as an instrument of public policy and its obligations to the communities and industries the organisation serves, while at the same time understanding the need to become financially sustainable within an increasingly competitive VET marketplace.

Objectives

TAFE SA's objectives are to deliver high quality training and skills development targeted to South Australia's economic priorities, economic transformation and jobs through:

- providing innovative training to individuals and employers to develop workforce skills that are linked to employment opportunities
- building foundation skills through vocational and community education, providing career advice, skills recognition and employment services that prepare people for training and/or job opportunities.

Key strategies and their relationship to SA Government objectives

Key Strategy	SA Government Objective
Deliver innovative training to our transforming society - <i>Provide high-quality, flexible, demand-driven courses and training options that meet the needs of students, employers and the industries of the future.</i>	Relates to the following from South Australia's Strategic Plan (SASP): <ul style="list-style-type: none"> ▪ having a skilled and sustainable workforce ▪ meeting industry skill needs by training South Australians ▪ having a zest for lifelong learning ▪ every member of the community can equally participate in learning opportunities

Key Strategy	SA Government Objective
Meet our customers' expectations - <i>Create a customer-centric culture, efficient systems and clear, accessible and equitable pathways that will ensure we are the training provider of choice.</i>	Relates to the following from SASP: <ul style="list-style-type: none"> ▪ governments demonstrating strong leadership working with and for the community. ▪ increasing the customer and client satisfaction with government services
Build a high-performance culture - <i>Set high standards and clear expectations that will ensure all employees are empowered and perform at their optimum levels of capability.</i>	Relates to the following from SASP: <ul style="list-style-type: none"> ▪ communities are vibrant places to live, work, play and visit ▪ South Australians are the best teachers and learners
Grow profitable external income - <i>Diversify our income streams and expand our reach by leveraging our unique strengths through new courses and new markets, and with a greater focus on commercial opportunities and partnerships with industry.</i>	Relates to the following from SASP: <ul style="list-style-type: none"> ▪ a strong, sustainable economy that builds on our strengths ▪ South Australia is renowned as an educational leader ▪ Increase the number of overseas students across all education and training sectors ▪ South Australians are creative; we innovate to overcome environmental, economic, and social challenges <p>And two of the Premier's 10 Economic Priorities of 'Growth through innovation' and 'International Connections'.</p>

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/ effectiveness/ efficiency	Comments
Delivery of high quality training	<p>TAFE SA was awarded South Australia's 2016 Large Training Provider of the Year, recognising TAFE SA's engagement with industry and quality training delivery available to the public of South Australia.</p> <p>TAFE SA undertakes student and employer satisfaction surveys¹ and NCVER publishes statistics on government funded student outcomes² which is a</p>	<p>For the 2017-18 Financial Year, TAFE SA will have its own budget paper within the Employment and Skills Formation portfolio. The performance indicators will be designed to foster delivery of high quality training and skills development targeted to South Australia's economic priorities, economic transformation and jobs. The performance indicators will also be designed to</p>

¹ Conducted on an annual basis

² Graduate outcomes of students who studied in 2016 will be published in early December 2017.

Program name	Indicators of performance/ effectiveness/ efficiency	Comments
	<p>good indication on the quality of training delivered by TAFE SA. <u>Student Satisfaction</u></p> <ul style="list-style-type: none"> ▪ 92.02% of students would recommend the training to others ▪ 91.17% of students would recommend the training organisation to others ▪ 90.90% of students identified that, overall, they were satisfied with the training. <p><u>Employer Satisfaction</u></p> <ul style="list-style-type: none"> ▪ 81.33% of employers would recommend TAFE SA training to others ▪ 82.00% of employers would recommend TAFE SA to others ▪ 83.33% of employers identified that overall, they are satisfied with the training <p><u>NCVER</u></p> <p>NCVER indicated³ excellent employment outcomes for South Australian TAFE students:</p> <ul style="list-style-type: none"> ▪ Graduates employed after training – 72.8% ▪ Graduates employed or in further training – 85.2%. 	<p>support the Department of State Development's WorkReady policy objectives.</p> <p>As an educational institution, TAFE SA is subject to regulation by the Australian Skills Quality Authority (ASQA), the national regulator for Australia's vocational education and training (VET) sector and the Tertiary Education Quality Standards Agency (TEQSA), the national regulator for the Higher Education sector.</p> <p>TAFE SA is also subject to various industry regulations.</p> <p>TAFE SA has strong industry connections that inform delivery and assessment practices to maximise outcomes for students. This industry focus combined with TAFE SA's robust quality assurance system and feedback mechanisms ensure TAFE SA provides high quality services to students, industry and the wider community</p>
Improving Access to Education Initiative	<p>This initiative was implemented to identify how TAFE SA could continue to improve its VET offering for maximum employment, industry and community benefits, with a focus on ensuring its courses and delivery mechanisms meet the needs of industry, businesses, local communities and students.</p> <p>In 2016-17 TAFE SA entered into arrangements with a variety of organisations to provide</p>	<p>TAFE SA's findings from the Improving Access to Education consultation and subsequent discussions with students and staff, as well as industry and community stakeholders have informed a 'Training Activity Review' initiative which will underpin the successful delivery of TAFE SA's Strategic Plan 2016-19.</p>

³ Australian vocational education and training statistics: Government-funded student outcomes 2016 (which reports on 2015 data)

Program name	Indicators of performance/ effectiveness/ efficiency	Comments
	<p>better community access to TAFE SA sites, resulting in overall savings for TAFE SA and the more active use of sites.</p> <p>TAFE SA delivered training in over 300 sites across the state in 2016-17 and has actively pursued engagement with community groups and local government partners, and innovative and flexible teaching methods continue to be developed and implemented.</p>	<p>The purpose of this review is to ensure that each individual TAFE SA qualification is contributing to the high quality training that today's students, communities and businesses need in the most effective and financially sustainable way.</p> <p>This review will be given the highest priority in 2017-18.</p>
Student Experience Redesign Project (SERP)	<p>SERP was commissioned to identify opportunities to improve customer management, with a particular focus on the service model required to support customer enquiry and engagement.</p> <p>In the lead up to Semester 1, 2017, SERP transformed TAFE SA's processes, enabled by systems for customer enquiry, engagement, and enrolment, with an aim to increase the organisation's conversion rate.</p>	<p>Customer expectations will continue to be met by delivering targeted, efficient, customer-centric solutions, and provide program areas with increased tracking, case management.</p>

Legislation administered by the agency

TAFE SA was proclaimed a statutory corporation on 1 November 2012 under Section 4 of the *TAFE SA Act 2012*. TAFE SA is also subject to control and direction by the Minister as provided for in the *Public Corporations Act 1993*.

Pursuant to section 12 of the *Public Corporations Act 1993*, a Charter was prepared by the Minister and the Treasurer after consultation with the Board. The Charter articulates the key requirements for TAFE SA as the government's public provider of VET and its role in assisting the government in meeting its strategic objectives for technical and further education and sets out the nature and scope of its commercial and non-commercial services. It clarifies the relationship between TAFE SA, the Minister and the Treasurer by defining and limiting the functions, powers and operations of TAFE SA, all of which are outlined broadly in the legislation.

Organisation of the agency

TAFE SA Board

Under the *TAFE SA Act 2012*, the independent Board of Directors governs TAFE SA on behalf of the state government and reports on its performance to the Minister for Higher Education and Skills. The Board of Directors is charged with building the TAFE SA brand, growing the reputation for quality, and achieving specific targets and outcomes.

As stipulated in the *TAFE SA Act 2012*, the Board includes people who together have the abilities and experience required for the effective performance of TAFE SA's functions and the proper discharge of its business and management obligations.

The following TAFE SA Board members were appointed by the Governor of South Australia:

- Mr Peter Vaughan (Chair)
- Mr John Branson AM
- Ms Noelene Buddle
- Ms Joanne Denley
- Ms Annette Hurley
- Dr Susan Mitchell
- Ms Miriam Silva
- Ms Virginia Simmons AO
- Mr Trevor Smith

The TAFE SA Board has established an active committee structure that capitalises on the skills and experiences of individual members. The committees assist the Board in meeting its corporate governance responsibilities. The committees of the Board are:

- Audit and Risk Management
- Finance
- Human Resources
- Strategy.

The Higher Education Academic Board also reports through to the TAFE SA Board.

TAFE SA Executive Team

Operational management of TAFE SA is delegated by the TAFE SA Board through Mr Robin Murt as Chief Executive, to the executive team. The Executive team consists of:

- Chief Executive
- Chief Financial Officer
- Executive Director, Education
- Executive Director, Business Development
- Executive Director, Facilities, ICT and Procurement Services
- Director, Human Resources and Organisational Development
- Director, Governance and Research

Other agencies related to this agency (within the Minister's area/s of responsibility)

Department of State Development

Employment opportunity programs

Program name	Result of the program
Jobs4Youths Traineeship Program	TAFE SA had a total of four (4) participants - 3 females and 1 male. 75% obtained employment with TAFE SA after completing their traineeship (3 trainees).

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Performance Management and Development Strategy (PMD) – this strategy is currently being implemented across the organisation. PMD data is captured via an on-line workforce development platform.	<p>57% employees had a PMD review within 2016/17.</p> <p>Over 50% of TAFE SA line managers received training on the new PMD model in 2016-17 with the remainder being trained by the end of the 2017 calendar year.</p> <p>TAFE SA's Human Resources and Organisational Development directorate is managing the PMD process to ensure a higher take-up of PMD in the 2017-18 financial year.</p>

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
AS4801 Auditing Program In line with the 'Public Sector' drive to create and align Workplace Health and Safety (WHS) management systems to the Australian Standard for Safety Management Systems AS4801, TAFE SA undertook an extensive range of AS4801 audits. This included audits at the Barossa Valley and Adelaide City Arts campuses, with detailed compliance reports being shared with the Educational Directorate and the new WHS Management Review Committee.	The Audit program has been highly effective in providing a compliance gap analysis to the business and highlighting priority response areas.

Occupational health, safety and rehabilitation programs	Effectiveness
Plant and Equipment Safety Review TAFE SA undertook a review of a new plant safety risk assessment process to AS4024 the Australian Standard on Safeguarding of Machinery to build upon and further improve plant and equipment safeguarding.	The revised risk assessment methodology has been independently verified as conforming to the Australian Standards. The review will now commence with assessing plant and equipment at TAFE SA on all campuses.
Emergency Response The Emergency Planning Committee at TAFE SA has the role of strategic planning and policy formulation for emergency and critical incident management activities. A project was initiated to improve emergency management and response mechanisms at TAFE SA. The project is considering various risk scenarios relating to emergency management, training of emergency response officers and effective management systems.	The TAFE SA Emergency Planning Committee has commenced monitoring the effectiveness of the emergency management and response project to build on the existing emergency management framework.
WHS Plan TAFE SA has been subject to a number of internal WHS audits and a whole of government Audit Verification System (AVS) WHS audit. A WHS plan was devised to raise remediation actions and provide oversight over the effectiveness of control strategies.	The plan provides both strategic and tactical oversight, including the allocation of objectives, targets and timelines in alignment to the AS4801 Safety Management systems standard. The initiative is on that basis, considered an effective planning tool.

Fraud detected in the agency

Category/ nature of fraud	Number of instances
Payment for services not received	1
Misuse of purchase card	1

Strategies implemented to control and prevent fraud

TAFE SA has implemented the following strategies to control and prevent fraud:

- Fraud and Corruption Policy and Procedure
- Fraud control plan
- Fraud awareness training
- Fraud risk assessments
- Internal control framework
- Internal and external audit.

Data for the past four years is available at: <https://data.sa.gov.au/data/dataset/tafe-sa-fraud-historical-trend-1213-1516>

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the <i>Whistle-blowers' Protection Act 1993</i> .	3
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Data for the past four years is available at: <https://data.sa.gov.au/data/dataset/tafe-sa-whistleblowers-historical-trend-1213-1516>

Executive employment in the agency

Executive classification	Number of executives
EM-C	2
EXEC ULE	1
SAES-1	10
SAES-2	3
Total	16

Data for the past four years is available at: <https://data.sa.gov.au/data/dataset/tafe-sa-executive-employment-historical-trend-1213-1516>

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value ⁴
All consultancies below \$10,000		
	Support in developing a business case for new Budget and Reporting System; search and review of organisation structures in VET providers and Universities across Australia	\$9,790.63
Consultancies above \$10,000 each		
Sagacity Consulting	Consultancy services provided on the Student Experience Redesign Project	\$462,652.50
Sage Automation Pty Ltd	TAFE SA engaged the services of SAGE Automation for two projects: <ul style="list-style-type: none"> Plant Safety Scoping Project - analysis of the TAFE SA Plant 	\$245,439.00

⁴ GST Exclusive

Consultants	Purpose	Value ⁴
	Risk Assessment form, formulation of a draft new form to bring about conformity to Australian Standard AS4024, consultation and reporting - Materials Handling Project at Tonsley - to improve efficiency and effectiveness of the materials handling and ordering process.	
PricewaterhouseCoopers	Provision of services to assist TAFE SA move through the Training Activity Review	\$138,390.58
Bold IT Pty Ltd	External classification and reclassification assessment of Role Descriptors	\$16,085.75
Art of Staff Pty Ltd	Classification and remuneration advice relating to various positions in TAFE SA	\$10,185.00
Total all consultancies		\$882,543.46

Data for the past four years is available at: <https://data.sa.gov.au/data/dataset/tafe-sa-consultants-historical-trend-1213-1516>

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au>; for total value of constancy contracts across the SA Public Sector.

Financial performance of the agency

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audit financial statements for 2016-17 are attached to this report.

The TAFE SA annual Financial Statements for 2016-17 presented to the Auditor General reflects a total comprehensive result for the year ended 30 June 2017 of \$6.1 million. This represents a favourable variance of \$4.1 million to the 2016-17 TAFE SA Budget net operating result of \$2.0 million.

The improved operating result for 2017 has strengthened the TAFE SA Net Asset position totalling \$29.9 million as at 30 June 2017, and the equity position to the SA Government as owner.

The following table provides details of the 2017 operating result compared to 2016.

TAFE SA

Statement of Comprehensive Income
 for the year ended 30 June 2017

	2017	2016
	\$'000	\$'000
Expenses		
Employee benefits	213 641	223 617
Supplies and services	101 954	101 878
Grants and subsidies	75	190
Depreciation and amortisation	4 835	4 423
Net loss from disposal of non-current assets	95	27
Other expenses	988	1 065
Total expenses	321 588	331 200
Income		
Grants and Subsidies from Department of State Development	230 572	234 287
Commonwealth grants	879	2 191
Student and other fees and charges	91 906	94 156
Other grants and contributions	2 738	3 062
Investment income	2	3
Other income	1 563	1 681
Total income	327 660	335 380
Net cost of providing service	6 072	4 180
Total comprehensive result	6 072	4 180

The net result and total comprehensive result are attributable to the SA Government as owner

Other financial information

Nil to report

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Nil to report

Section B: Reporting required under any other act or regulation

<p>Name and date of act or regulation <i>Public Corporations Act 1993</i></p>
<p>Section/ regulation number and reporting requirement specified (extracts straight from act or regulation)</p> <p>Pursuant to Section 13 (extract from Act):</p> <p>“13—Performance statements</p> <ol style="list-style-type: none"> 1) <i>The corporation's Minister and the Treasurer must, when preparing the charter for a public corporation, also prepare, after consultation with the corporation, a performance statement setting the various performance targets that the corporation is to pursue in the coming financial year or other period specified in the statement and dealing with such other matters as the Minister and the Treasurer consider appropriate.</i> 2) <i>The corporation's Minister and the Treasurer must, after consultation with the corporation, review the performance statement when reviewing the corporation's charter.</i> 3) <i>The corporation's Minister and the Treasurer may, after consultation with the corporation, amend the performance statement at any time.”</i>
<p>Report as per requirement</p> <p>TAFE SA has a Charter in place which outlines the Government's strategic objectives, priorities and requirements for TAFE SA and sets out the nature and scope of TAFE SA's commercial and non-commercial activities.</p> <p>A Performance Statement has been prepared which sets out the various performance targets the corporation is to pursue in the coming financial year. Performance targets include:</p> <ul style="list-style-type: none"> ▪ WorkReady training activity ▪ load pass rate ▪ qualification completion ratio ▪ employment outcomes ▪ student satisfaction. <p>The Performance Statement also recognises that TAFE SA is in a transition period and is preparing to compete in areas of commercial activity from 2017-18. The statement sets out a requirement for performance improvement initiatives and for TAFE SA's strategic and business planning.</p>

Reporting required under the *Carers' Recognition Act 2005*

TAFE SA supports and encourages staff with carer responsibilities to discuss their circumstances and working arrangements needs with their manager. As well, TAFE SA promotes the Carer Charter and the *Carers Recognition Act 2005* on its website to help raise awareness of carers' needs across the organisation - <http://www.tafesa.edu.au/services/disability-support>

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by the Office of the Chief Executive, TAFE SA	
Category of complaints by subject	Number of instances
Service Quality/ Delivery	20
Behaviour of Staff	3
Fees	17
Policies/ Processes	8
Facilities	5
Other	9
Total	62

Data for the past four years is available at: <https://data.sa.gov.au/data/dataset/tafe-sa-complaints-historical-trend-1213-1516>

Complaint outcomes

In early 2017, TAFE SA Executive proactively initiated a review of the organisation's complaints management process.

A new system is being implemented to further improve on a centralised approach for dealing with complaints, one which welcomes feedback from all stakeholders and will also align with the Ombudsman SA's Complaints Management Framework. TAFE SA is committed to identifying opportunities for continuous improvement.

An effective complaints management system aligns with the following TAFE SA strategic goals: build a high performance culture; meet our customers' expectations; and grow flexible external income through customer retention and return rates.

Appendix: Audited financial statements 2016-17

TAFE SA

Financial Statements

For the Year Ended 30 June 2017

TAFE SA
Certification of the financial statements
for the year ended 30 June 2017

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

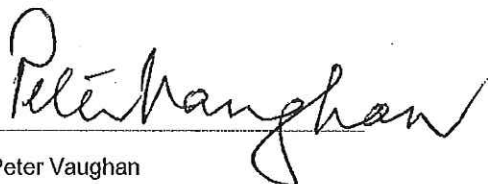
- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the Corporation
- present a true and fair view of the financial position of TAFE SA as at 30 June 2017 and the results of its operation and cash flows for the financial year.

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



Robin Murt
Chief Executive

15 September 2017



Peter Vaughan
Chair, TAFE SA Board

15 September 2017



John O'Dea
Chief Financial Officer

15 September 2017



TAFE SA
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note No	2017 \$'000	2016 \$'000
Expenses			
Employee benefits	5	213 641	223 617
Supplies and services	6	101 954	101 878
Grants and subsidies	7	75	190
Depreciation and amortisation	8	4 835	4 423
Net loss from disposal of non-current assets	14	95	27
Other expenses	9	988	1 065
Total expenses		321 588	331 200
Income			
Grants and Subsidies from Department of State Development	10	230 572	234 287
Commonwealth grants	11	879	2 191
Student and other fees and charges	12	91 906	94 156
Other grants and contributions	13	2 738	3 062
Investment income		2	3
Other income	15	1 563	1 681
Total income		327 660	335 380
Net cost of providing service		6 072	4 180
Total comprehensive result		6 072	4 180

The net result and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

TAFE SA
Statement of Financial Position
as at 30 June 2017

	Note No	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	16	69 958	72 499
Receivables	17	19 373	13 700
Inventories	21	1 000	1 166
Total current assets		90 331	87 365
Non-current assets			
Receivables	17	55	75
Property, plant and equipment	18	15 685	16 866
Intangibles	19	10 588	12 205
Total non-current assets		26 328	29 146
Total assets		116 659	116 511
Current liabilities			
Payables	22	16 404	13 207
Employee benefits	23	16 131	15 463
Provisions	24	1 528	2 096
Unearned revenue	25	2 249	2 825
Other current liabilities		222	6
Total current liabilities		36 534	33 597
Non-current liabilities			
Payables	22	4 984	7 241
Employee benefits	23	42 444	47 243
Provisions	24	2 816	4 621
Total non-current liabilities		50 244	59 105
Total liabilities		86 778	92 702
Net Assets		29 881	23 809
Equity			
Retained earnings		8 077	2 005
Revaluation surplus		1 352	1 352
Contributed capital		20 452	20 452
Total equity		29 881	23 809

Total equity is attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes

TAFE SA
Statement of Changes in Equity
for the year ended 30 June 2017

	Revaluation Surplus \$'000	Retained Earnings \$'000	Contributed Capital \$'000	Total \$'000
Balance at 30 June 2015	1 352	(2 175)	20 452	19 629
Net result for 2015-16	-	4 180	-	4 180
Total comprehensive result for 2015-16	-	4 180	-	4 180
Balance at 30 June 2016	1 352	2 005	20 452	23 809
Net result for 2016-17	-	6 072	-	6 072
Total comprehensive result for 2016-17	-	6 072	-	6 072
Balance at 30 June 2017	1 352	8 077	20 452	29 881

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

TAFE SA
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017	2016
		\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(220 359)	(225 247)
Payments for supplies and services		(109 777)	(124 920)
Payments of grants and subsidies		(75)	(190)
Other payments		(209)	(490)
Cash used in operations		(330 420)	(350 847)
Cash inflows			
Commonwealth grants		879	2 191
Grants and Subsidies from Department of State Development		231 163	291 463
Student and other fees and charges		87 680	111 682
Other grants and contributions		3 202	2 766
Interest received		2	3
GST recovered from the Australian Taxation Office		4 782	3 472
Other receipts		2 315	1 074
Cash generated from operations		330 023	412 651
Net cash provided by (used in) operating activities	30	(397)	61 804
Cash flows from investing activities			
Cash Outflows			
Purchase of property, plant and equipment		(1 843)	(1 717)
Purchase of intangibles		(344)	(1 464)
Cash used in investing activities		(2 187)	(3 181)
Cash Inflows			
Proceeds from sale of property, plant and equipment		43	30
Cash generated from investing activities		43	30
Net cash used in investing activities		(2 144)	(3 151)
Net increase/(decrease) in cash and cash equivalents		(2 541)	58,653
Cash and cash equivalents at 1 July		72 499	13 846
Cash and cash equivalents at 30 June	16	69 958	72 499

TAFE SA

Notes to and forming part of the financial statements

for the year ended 30 June 2017

1 Corporation objectives and funding

(a) Objectives

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

The primary objectives of TAFE SA are to:

- provide technical and further education in a manner that is efficient, effective and responsive to the needs of industry, students and the general community
- undertake or facilitate research that relates to technical and further education
- provide consultancy or other services, for a fee or otherwise, in any area in which staff of TAFE SA have particular expertise developed (whether wholly or partly) in the course of, or incidentally to, the provision of technical and further education
- undertake or provide for the development or use, for commercial, community or other purposes, of any intellectual property, product or process created or developed (whether wholly or partly) in the course of, or incidentally to, the provision of technical and further education
- perform any other function assigned to it by the Minister.

The *Public Corporations Act 1993* applies to TAFE SA and requires a Charter and Performance Statement to be prepared for TAFE SA by the Minister and Treasurer after consultation with TAFE SA.

(b) Funding

The Corporation is predominantly funded by the Department of State Development (DSD) through the *WorkReady* Program.

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

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

The financial activities of the Corporation are primarily conducted through a Special Deposit Account with the Department of Treasury and Finance pursuant to Section 8 of the *Public Finance and Audit Act 1987*. The Special Deposit Account is used for funds provided by the *WorkReady* program from Department of State Development, Commonwealth grants and revenues from fees and charges.

(c) Principles of consolidation

Entities in which TAFE SA have a significant influence

South Australian Tertiary Admissions Centre (SATAC)

The South Australian Tertiary Admissions Centre (SATAC) is an arrangement between the three South Australian universities, the Minister for Higher Education and Skills, and Charles Darwin University in the Northern Territory. SATAC receives and processes undergraduate and postgraduate applications for admission to TAFE SA, Charles Darwin University and the three universities in South Australia.

TAFE SA has a 20% interest in SATAC. The interests in this associate are not considered material to the Corporation's core activities. Consequently as per AASB 128 *Investments in Associates and Joint Ventures*, they have not been taken up in the accounts on an equity basis.

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies

(a) Statement of compliance

TAFE SA (the Corporation) has prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA).

The financial statements are general purpose financial statements. The accounts for these statements have been prepared in accordance with relevant Australian Accounting Standards (AAS) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the Act.

The Corporation has applied Australian Accounting Standards that are applicable to not-for-profit entities as the Corporation is a not-for-profit entity.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- Compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following Note disclosures, that have been included in these financial reports:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies
 - b) expenses incurred as a result of engaging consultants
 - c) employee targeted voluntary separation package information
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Corporation's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that have been valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on the period 1 July 2016 to 30 June 2017 and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017 and the comparative information presented.

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2. Significant accounting policies (continued)

(c) Reporting entity

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

The financial statements and accompanying notes reflect the use of assets, liabilities, revenues and expenses controlled or incurred by the Corporation in its own right.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(e) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

(f) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

(g) Events after the reporting period

There have been no events after the reporting period.

(h) Non-current assets

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

Where assets are acquired for no consideration, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value, i.e. the amount recorded by the transferor public authority immediately prior to the restructure.

Items under \$10 000 are expensed in the Statement of Comprehensive Income in the accounting period in which they are acquired.

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2. Significant accounting policies (continued)

Revaluation of non-current assets

All non-current assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

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

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrement of the same asset class previously recognised as an expense, in which case the increase is recognised as income in the Statement of Comprehensive Income.

Any revaluation decrement is recognised in the Statement of Comprehensive Income as an expense, except to the extent that it offsets a previous revaluation increment for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

The valuation methodology applied to specific classes of non-current assets under revaluations is as follows:

- Library collection

The library collection is recorded at replacement value. The most recent valuation was carried out as at 30 June 2014 by AON Risk Solutions, an independent valuer, on the basis of depreciated replacement cost (a proxy for fair value).

- Plant and equipment

Items of plant and equipment are recorded at fair value less accumulated depreciation.

- Leasehold Improvements

Following initial recognition, leasehold improvements are carried at cost less any accumulated amortisation and any accumulated impairment losses.

- Intangibles

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Corporation only has intangible assets with finite lives. The amortisation period for the intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured)

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed.

Impairment

All non-current assets are tested for indications of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2. Significant accounting policies (continued)

value less costs of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets an impairment loss is offset against the revaluation surplus.

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as library collections and plant and equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of Asset	Useful Life (Years)
Plant and Equipment	1–45
Library Collection	3–15
Leasehold Improvements	10
Intangibles	10

(i) Liabilities

Liabilities have been established for various employee benefits arising from services rendered by employees to balance date. Employee benefits include entitlements to wages and salaries, long service leave, annual leave and non-attendance days. Long-term benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Employment related expenses include on-costs such as employer superannuation and payroll tax on employee entitlements together with the workers' compensation insurance premium. These are reported under Payables as on-costs on employee benefits (refer Note 22).

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

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

The annual leave liability and the SERL liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and SERL liability are payable later than twelve months, the liability will be measured at present value.

Non-attendance days are accrued annually for employees engaged under the TAFE SA Act 2012 but are non - cumulative.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2. Significant accounting policies (continued)

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the education sector across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

(j) Leases

The Corporation has entered into a number of operating lease agreements, as lessee, for buildings and other facilities where the lessor effectively retains all risks and benefits incidental to ownership of the items held under the operating leases.

Operating Leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Details of commitments of current non-cancellable operating leases are disclosed at Note 27.

(k) Taxation

The Corporation is not subject to income tax and has been exempted from Income Tax Equivalent (ITE) requirements by the Treasurer under the current financial arrangement. The Corporation is liable for Payroll Tax, Fringe Benefits Tax and Goods and Services Tax (GST).

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

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

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

(l) Unrecognised contractual commitments and contingent assets and liabilities

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

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

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

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

3 New and revised accounting standards and policies

The corporation did not voluntarily change any of its accounting policies during 2016-17.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Corporation for the period ending 30 June 2017. The corporation has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the corporation, except as outlined below.

AASB 16 Leases

This new standard introduces a single accounting model for lessees.

The standard 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.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligations to make lease payments.

In effect, the majority of leases currently classified as operating leases will be reported on the Statement of Financial Position.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.

This new standard is a significant change from the past 30 years of accounting for leases. It will require the corporation to record almost all operating lease arrangements in the financial statements.

There will be significant work for the corporation to report these assets and liabilities due to the large scale of its leasing activities.

The Corporation has not yet quantified the impact of applying AASB 16 to its current operating lease arrangements on the financial statements. There will be significant work for the Corporation to bring all leases currently treated as operating to the balance sheet. The Corporation will commence its analysis of current lease arrangements in response to AASB 16.

The standard will apply from 1 July 2019.

AASB 15 Revenue from Contracts with Customers

AASB 15 will replace AASB 118 and AASB 111.

The revenue recognition principle in the new standard is 'when control of a good or service transfers to a customer', rather than 'where the risk and rewards of ownership reside'.

This standard will have an impact on the Corporation – in relation to the potential timing of revenue recognition.

All commercial contracts with customers will need to be assessed for specific performance obligations in order to allocate consideration to obligations. The Corporation will commence its analysis of all commercial contract arrangements in response to AASB 15 in the first half of 2017-18.

The standard will apply from 1 July 2019.

AASB 1058 Income of Not for Profit Entities

AASB 1058 applies when a NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset. As for AASB 15 the Corporation will commence analysing the new revenue recognition requirements under AASB 1058 in the first half of 2017-18.

The standard will apply from 1 July 2019.

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

4 Activities of the Corporation

As a public provider, TAFE SA aims to operate effectively and efficiently in a competitive market for vocational education and training to:

- deliver technical and further education efficiently and cost effectively at high standards of quality, while at all times ensuring the financial viability of TAFE SA
- build alliances and cooperation with other service providers to ensure quality and relevant course availability and delivery in the most efficient manner
- strengthen TAFE SA's position in technical and further education through the provision of fee for service activities, including quality training for overseas students
- targeted international activity
- ensure a safe work and learning environment for staff, students and the community.

Activities – Employment and Skills Formation

To deliver high quality training and skills development targeted to South Australia's economic priorities, economic transformation and jobs.

Sub-activities – Vocational Education and Training

- TAFE SA provides secondary & post-secondary vocational education and training (VET) through
 - providing innovative training to individuals and employers to develop workforce skills that are linked to employment opportunities
 - building foundation skills through vocational and community education, providing career advice, skills recognition and employment services that prepare people for training and/or job opportunities
 - supporting the economic priority to be recognised as the knowledge state by exporting services to overseas markets through the global engagement and export strategy.
 - 99.13% (2016: 99.19%) of expenditure and 99.97% (2016: 99.29%) of revenue relates to Vocational Education and Training.

Sub-activities – International and Higher Education

- TAFE SA:
 - Supports the development of Adelaide as a centre for education, international education and South Australian education exports including providing marketing services, analysis and student and community support.
 - Provides high level strategic policy advice to the Minister on higher education policy and planning.

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

5 Employee benefits

	2017	2016
	\$'000	\$'000
Salaries and wages (including annual leave)	180 634	179 460
Superannuation	17 635	18 079
Payroll tax	9 972	10 242
Long service leave	910	6 896
Skills and experience retention leave	665	904
Board and committee fees	511	508
Workers' compensation	(1 089)	2 699
Targeted voluntary separation payments	3 860	4 401
Other employee related costs	543	428
	213 641	223 617

Salaries and wages on termination are included in salaries and wages.

Targeted Voluntary Separation Packages (TVSPs)

	2017	2016
	\$'000	\$'000
Amounts paid to these employees:		
TVSPs	3 860	4 401
Leave paid to those employees	1 639	2 040
	5,499	6,441
Funding from the Department of Treasury and Finance (through the Department of State Development)	3 775	3 411
Net cost to TAFE SA	1 724	3 030

The number of employees who were paid TVSPs during the reporting period	51	70
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TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Remuneration of employees

The number of employees whose remuneration received or receivable is \$147,000 or more falls within the following bands

	2017	2016
	Number	Number
\$145,001 to \$147,000*	n/a	3
\$147,001 to \$157,000	10	6
\$157,001 to \$167,000	5	2
\$167,001 to \$177,000	-	1
\$177,001 to \$187,000	4	3
\$187,001 to \$197,000	2	3
\$197,001 to \$207,000	1	-
\$207,001 to \$217,000	2	1
\$217,001 to \$227,000 ^O	1	2
\$227,001 to \$237,000	1	1
\$237,001 to \$247,000	-	2
\$247,001 to \$257,000 ^O	-	1
\$257,001 to \$267,000 ^O	-	1
\$267,001 to \$277,000 ^{ΔO}	1	1
\$277,001 to \$287,000 ^Δ	1	-
\$287,001 to \$297,000	1	-
\$297,001 to \$307,000 ^Δ	3	2
\$347,001 to \$357,000	1	1
\$367,001 to \$377,000	1	-
\$397,001 to \$407,000 ^Δ	1	-
\$427,001 to \$437,000 ^O	-	1
Total number of employees	35	31

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2015-16

Δ This bandwidth includes employees that have received TVSP termination payments in 2016-17.

O This bandwidth includes employees that have received TVSP termination payments in 2015-16.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all costs of employment including salaries and wages (including termination payments), superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$7.3 million (\$6.5 million).

The increase in the total number of employees from 31 in 2015-16 to 35 in 2016-17 is due to non-executive employees who were just below the first bandwidth in 2016 but moved into the first bandwidth in 2017.

The total remuneration received by non-executive employees in 2016-17 was \$3.4 million (\$2.7 million).

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

6 Supplies and services

	2017	2016
	\$'000	\$'000
Corporate services recharges paid to Department of State Development	-	136
Infrastructure recharges paid to Department of State Development	31 896	20 727
Funding to external vocational education and training providers	233	370
Printing and consumables	6 890	7 635
Minor works, maintenance and equipment	9 940	11 838
Information technology infrastructure and communication	10 284	11 828
Fees - contracted services (including consultants)	12 982	15 425
Utilities	7 077	7 624
Cleaning	6 869	7 786
Vehicle and travelling expenses	4 027	4 368
Rentals and leases	539	1 610
Books, materials and copyright	10 898	12 221
Other	319	310
Total supplies and services	101 954	101 878

Consultancy

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

	No.	2017	No.	2016
		\$'000		\$'000
Below \$10 000	2	10	5	18
Above \$10 000	5	873	3	397
Total paid/payable to the consultants engaged (GST exclusive)	7	883	8	415

7 Grants and subsidies

	2017	2016
	\$'000	\$'000
Employment Programs	75	75
VET Programs	-	115
Total grants and subsidies	75	190

TAFE SA**Notes to and forming part of the financial statements**
for the year ended 30 June 2017

8 Depreciation and amortisation

	2017	2016
	\$'000	\$'000
Depreciation		
Plant and equipment	1 829	1 630
Library collection	910	876
Leasehold improvements	135	76
Total depreciation	2 874	2 582
Amortisation		
Intangibles	1 961	1 841
Total amortisation	1 961	1 841
Total depreciation and amortisation	4 835	4 423

9 Other expenses

	2017	2016
	\$'000	\$'000
Allowance for doubtful debts and debt write-offs (refer note 17)	532	607
Other*	456	458
Total other expenses	988	1 065

*Audit fees paid / payable to the Auditor-General's Department relating to work performed under the PFAA were \$298 300 (\$286 600). No other services were provided by the Auditor-General's Department.

10 Grants and Subsidies from Department of State Development

	2017	2016
	\$'000	\$'000
VET Subsidies	137 908	144 473
Community Services	11 806	18 083
VET Capital	4 575	6 315
TVSP Reimbursement	3 775	3 411
Other Funding	72 508	62 005
Total Grants and Subsidies from Department of State Development	230 572	234 287

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

11 Commonwealth grants

	2017	2016
	\$'000	\$'000
Aged Care Workforce	-	1 034
Aboriginal Projects	607	709
Other specific Commonwealth revenue	272	448
Total Commonwealth grants	879	2 191

2016–17 Commitments

Aboriginal projects including the Aboriginal Torres Strait Islander Rural and Remote Aged Care Training Project contributed \$0.6 million in grants revenue during 2016-17 (2016: \$0.7 million).

\$0.3 million in Other Specific Commonwealth Grants were received in 2016-17 (2016: \$0.4 million).

12 Student and other fees and charges

	2017	2016
	\$'000	\$'000
Sales/fee for service revenue	46 897	48 854
Student enrolment fees and charges	39 817	40 260
Other user fees and charges	5 192	5 042
Total student and other fees and charges received/receivable	91 906	94 156

13 Other grants and contributions

	2017	2016
	\$'000	\$'000
Grants and subsidies revenue	2 055	2 118
Grants from other entities within the SA Government	581	286
Contributed assets	-	585
Miscellaneous contributions	92	58
Donations	10	15
Total other grants and contributions	2 738	3 062

14 Net (gain)/loss from the disposal of non-current assets

	2017	2016
	\$'000	\$'000
Plant and equipment		
Proceeds from disposals	(43)	(30)
Less: net book value of assets disposed	138	57
Total net loss from the disposal of non-current assets	95	27

15 Other income

	2017	2016
	\$'000	\$'000
Recoup of salaries	107	138
Sundry income	1 456	1 543
Total other income	1 563	1 681

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

16 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Special deposit account with the Department of Treasury and Finance	69 944	72 483
Cash on hand	14	16
Total cash and cash equivalents	69 958	72 499

Special Deposit Account with the Department of Treasury and Finance

Includes funds received from Department of State Development for *WorkReady* and other program funding.

Interest rate risk

Cash on hand is non-interest bearing. The carrying amount of cash and cash equivalents represents fair value.

17 Receivables

	2017	2016
	\$'000	\$'000
Current		
Student and other fees and charges receivable	17 652	11 967
Less: allowance for doubtful debts	(2 231)	(1 874)
Prepayments	1 445	706
GST recoverable from Australian Taxation Office	2 480	2 814
Other receivables	27	87
Total current receivables	19 373	13 700
Non-current		
Workers compensation receivable	55	75
Total non-current receivables	55	75
Total receivables	19 428	13 775

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2017	2016
	\$'000	\$'000
Carrying amount at the beginning of the period	1 874	2 279
Increase/(decrease) in the allowance	531	594
Amounts written off	(174)	(999)
Carrying amount at the end of the period	2 231	1 874

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables and accrued revenues are non-interest bearing.

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

(a) Categorisation and maturity analysis of financial instruments - Refer Note 32

(b) Risk exposure information - Refer Note 32

18 Property, plant and equipment

	2017	2016
	\$'000	\$'000
Plant and equipment		
Plant and equipment at cost (deemed fair value)	29 301	29 060
Accumulated depreciation	<u>(17 161)</u>	<u>(15 720)</u>
	12 140	13 340
Library collection		
Library collection at valuation	16 231	16 017
Accumulated depreciation	<u>(14 653)</u>	<u>(13 744)</u>
	1 578	2 273
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	1 642	1 161
Accumulated amortisation	<u>(212)</u>	<u>(77)</u>
	1 430	1 084
Work in Progress		
Capital work in progress	<u>537</u>	<u>169</u>
	537	169
 Total property, plant and equipment	 47 711	 46 407
Total accumulated depreciation at the end of the period	<u>(32 026)</u>	<u>(29 541)</u>
Total property, plant and equipment	15 685	16 866

Valuation of property

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million, or had an estimated useful life that was less than three years, and have not been revalued in accordance with APFIII. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustment to their value, except for management assumptions about the asset's condition and remaining useful life.

The library collection was valued at depreciated replacement cost (a proxy for fair value) as at 30 June 2014 by AON Risk Solutions.

Leasehold improvements are valued at cost.

Impairment

There were no indications of impairment of property and plant and equipment assets at 30 June 2017.

TAFE SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Reconciliation of property, plant and equipment assets

The following table shows the movement of property, plant and equipment assets during 2016-17:

	Plant and equipment	Library collection	Leasehold improvements	Work in progress	Total
2017	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	13 340	2 273	1 084	169	16 866
Additions	609	215	-	1 019	1 843
Disposals	(138)	-	-	-	(138)
Write off	(12)	-	-	-	(12)
Capitalisation	170	-	481	(651)	-
Depreciation	(1 829)	(910)	(135)	-	(2 874)
Carrying amount at the end of period	12 140	1 578	1 430	537	15 685

The following table shows the movement of property, plant and equipment assets during 2015-16:

	Plant and equipment	Library collection	Leasehold improvements	Work in progress	Total
2016	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	13 141	2 854	148	1 129	17 272
Additions	172	295	-	1 180	1 647
Disposals	(57)	-	-	-	(57)
Contributed assets	586	-	-	-	586
Capitalisation	1 128	-	1 012	(2 140)	-
Depreciation	(1 630)	(876)	(76)	-	(2 582)
Carrying amount at the end of period	13 340	2 273	1 084	169	16 866

19 Intangible assets

	2017	2016
	\$'000	\$'000
Computer software		
Internally developed computer software	6 561	5 970
Accumulated amortisation	(1 663)	(1 025)
	<u>4 898</u>	<u>4 945</u>
Externally developed Computer software	13 233	13 233
Accumulated amortisation	(8 038)	(6 715)
	<u>5 195</u>	<u>6 518</u>
Intangible work in progress	495	742
Total intangibles	<u>10 588</u>	<u>12 205</u>

The externally developed computer software predominantly relates to TAFE SA's Student Information System (SIS).

TAFE SA has no contractual commitments for the acquisition of intangibles assets.

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Impairment

There were no indications of impairment of intangible assets at 30 June 2017.

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2016-17:

	Intangibles	Intangibles work in progress	Total
	\$'000	\$'000	\$'000
2017			
Carrying amount at the beginning of the period	11 463	742	12 205
Additions	-	344	344
Capitalisations	590	(590)	-
Amortisation	(1 961)	-	(1 961)
Carrying amount at end of period	10 092	496	10 588

The following table shows the movement of intangible assets during 2015-16:

	Intangibles	Intangibles work in progress	Total
	\$'000	\$'000	\$'000
2016			
Carrying amount at the beginning of the period	12 422	143	12 565
Additions	882	599	1 481
Amortisation	(1 841)	-	(1 841)
Carrying amount at end of period	11 463	742	12 205

20 Fair value measurement

AASB 13 *Fair Value* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

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

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

The valuation processes and fair value changes are reviewed by the Chief Financial Officer and Audit and Risk Committee at each reporting date.

Non-financial assets

In determining fair value, the Corporation has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

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The Corporation's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Corporation did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a 'fair value' at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value. Refer to notes 18 and 20 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Corporation categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2017.

The Corporation had no valuations categorised into level 1 and level 2.

Fair value Measurements at 30 June 2017

	Note	Level 3	Total
		\$'000	\$'000
Recurring fair value measurements			
Plant and Equipment	18	12 140	12 140
Library Collection	18	1 578	1 578
Leasehold Improvements	18	1 430	1 430
Total recurring fair value measurements		15 148	15 148
Total		15 148	15 148

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2016-17. The Corporation's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Fair value Measurements at 30 June 2016

	Note	Level 3	Total
		\$'000	\$'000
Recurring fair value measurements			
Plant and Equipment	18	13 340	13 340
Library Collection	18	2 273	2 273
Leasehold Improvements	18	1 084	1 084
Total recurring fair value measurements		16 697	16 697
Total		16 697	16 697

Reconciliation of fair value measurements – Level 3

The reconciliation of movements for the level 3 assets is provided in note 18.

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21 Inventories

	2017	2016
	\$'000	\$'000
Current		
Inventories held for sale	166	122
Inventories held for distribution	834	1 044
Total inventories	1 000	1 166

22 Payables

	2017	2016
	\$'000	\$'000
Current		
Creditors	4 752	3 306
Accrued expenses	6 483	4 648
Employment on-costs	5 139	5 236
Other	30	17
Total current payables	16 404	13 207
Non-current		
Creditors	68	1 766
Employment on-costs	4 916	5 475
Total non-current payables	4 984	7 241
Total payables	21 388	20 448

An actuarial assessment performed by the Department of Treasury and Finance determined that the proportion of long service leave taken as leave is 61% (2016:62%). The average factor used in the calculation of employer superannuation on-cost is 10.1% (2016:10.2%). These rates are used in the employment oncost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$90 544.

Interest rate and credit risk

Creditors are raised for all amounts billed but unpaid and accruals are raised where goods and services are received but an invoice has not yet been received. Sundry Creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

(a) Categorisation and maturity analysis of financial instruments - refer note 32.

(b) Risk exposure information - Refer Note 32.

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23 Employee benefits

	2017	2016
	\$'000	\$'000
Current		
Annual leave	6 354	6 699
Long service leave	2 825	2 566
Skills and experience retention leave	1 635	1 515
Accrued salaries and wages	1 069	413
Non-attendance days	4 248	4 270
Total current employee benefits	16 131	15 463
Non-current employee benefits		
Long service leave	42 444	47 243
Total non-current employee benefits	42 444	47 243
Total employee benefits	58 575	62 706

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

AASB 119 *Employee Benefits* requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased from 2016 (1.75%) to 2017 (2.50%).

This increase in the bond yield, which is used to discount future long service leave cash flows, results in a decrease in the reported long service leave liability. The net financial effect of the changes in the current financial year is a decrease in the long service leave liability of \$2.95 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave, non-attendance days, and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate for long service leave liability.

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

Current long service leave reflects the portion of leave expected to be settled within the next 12 months based on the average long service leave taken annually over the previous 2 years.

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24 Provisions

	2017	2016
	\$'000	\$'000
Current		
Workers compensation	1 528	2 096
Total current provisions	1 528	2 096
Non-current		
Workers compensation	2 816	4 621
Total non-current provisions	2 816	4 621
Total provisions	4 344	6 717
Carrying amount as at 1 July	6 717	6 747
Increase/decrease in provisions recognised	(2 373)	(30)
Carrying amount at 30 June	4 344	6 717

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2017 provided by a consulting actuary engaged through the Office for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation

The Corporation is responsible for the payment of workers compensation claims

25 Unearned revenue

	2017	2016
	\$'000	\$'000
Unearned revenue SA Government entities	48	251
Unearned revenue Non-SA Government entities	2 201	2 574
Total unearned revenue	2 249	2 825

Unearned Revenue relates to International students including those currently pending visa approval and domestic students course fees paid in advance that have yet to commence.

26 Equity

	2017	2016
	\$'000	\$'000
Retained earnings	8 077	2 005
Revaluation surplus	1 352	1 352
Contributed capital	20 452	20 452
Total equity	29 881	23 809

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27 Unrecognised contractual commitments

Other commitments

	2017	2016
	\$'000	\$'000
Within one year	9 674	8 307
Later than one year and not later than five years	6 774	14 403
Total Other Commitments	16 448	22 710

TAFE SA's other commitments relate to National Disability Coordination Officer Program and Family Well Being Program contracts, cleaning contracts, and other procurement commitments.

Operating leases commitments

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

	2017	2016
	\$'000	\$'000
Within one year	57 651	25 991
Later than one year and not later than five years	238 621	26 517
Later than five years	622 653	-
Total Operating Lease Commitments	918 925	52 508

TAFE SA's operating leases are for office accommodation, campuses, equipment and motor vehicles. Office accommodation is leased from the Department for Planning, Transport and Infrastructure, but paid through an infrastructure recharge with Department of State Development under a Memorandum of Administrative Arrangement (MAA). The leases are non-cancellable with some leases having the right of renewal. TAFE SA campuses are leased from DSD under the MAA. Rent is payable in arrears. Motor Vehicles are leased from South Australian Government Financing Authority through their agent LeasePlan Australia.

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28 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2016-17 financial year were:

TAFE SA Board

Mr J Branson AM
Ms N Buddle
Ms J Denley
Ms A Hurley
Ms S Mitchell
Ms M Silva
Ms V Simmons AO
Mr T W Smith (appointed 7 July 2016)
Mr P Vaughan (Chair)

Audit and Risk Committee

Mr J Branson AM (Chair)
Ms N Buddle
Ms A Hurley
Ms S Mitchell
Ms M Silva

Finance Committee

Mr J Branson AM
Ms N Buddle (Chair)
Ms S Mitchell
Ms M Silva
Ms V Simmons AO

Human Resources Committee

Ms J Denley (Chair)
Ms A Hurley
Mr T W Smith (appointed 7 July 2016)
Mr P Vaughan

Strategy Committee

Ms J Denley
Ms V Simmons AO
Mr T W Smith (appointed 7 July 2016)
Mr P Vaughan (Chair)

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The number of members whose remuneration from the entity falls within the following bands is:

	2017	2016
	Number	Number
\$40 000 - \$49 999	-	1
\$50 000 - \$59 999	8	5
\$60 000 - \$69 999	-	2
\$100 000 - \$109 999	1	1
	<u>9</u>	<u>9</u>

Remuneration of board members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$0.6 million (2016: \$0.6 million).

Amounts paid to a superannuation plan for board/committee members was \$44 602 (2016: \$48 753).

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

29 Related party transactions

TAFE SA was established as a Public Corporation on 1 November 2012 by the TAFE SA Act 2012. TAFE SA is responsible to the Minister for Higher Education and Skills.

Related parties of TAFE SA include all key management personnel and their close family member; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

Significant transactions with government related entities have been disclosed under Note 31 Transactions with SA Government.

Collectively, but not individually significant transactions with government related entities.

Quantitative information about transactions and balances between TAFE SA and other SA Government controlled entities are disclosed at Note 31.

Key Management Personnel

Key management personnel of TAFE SA include the Minister for Higher Education and Skills, the Chief Executive Officer, eight members of the Executive Team and nine non-executive board members who have, or during the year have had, responsibility for the strategic direction and management of TAFE SA.

Compensation	2017
	\$'000
Salaries and other short term employee benefits	1 930
Post-employment benefits	215
Other long-term employment benefits	78
Termination benefits	95
Total compensation	<u>2 318</u>

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

TAFE SA**Notes to and forming part of the financial statements**
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30 Reconciliation of cash and cash Equivalents – cash at year end as per:

	2017	2016
	\$'000	\$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	69 958	72 499
Balance as per the Statement of Cash Flows	69 958	72 499

Reconciliation of net cash provided by operating activities to net cost of providing services

Net cash provided by (used in) operating activities	(397)	61 804
Depreciation and amortisation	(4 835)	(4 423)
Gain/loss on sale of assets	(95)	(27)
Assets written off	(12)	-
Donated Assets	-	586
(Increase)/Decrease in employee benefits	4 131	4 058
Increase/(Decrease) in receivables	5 653	(82 505)
Increase/(Decrease) in inventories	(166)	(238)
(Increase)/Decrease in payables	(940)	24 131
(Increase)/Decrease in unearned revenue	576	764
(Increase)/Decrease in other liabilities	(216)	-
(Increase)/Decrease in provisions	2 373	30
Net revenue (cost) of providing services	6 072	4 180

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31 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note		SA Government		Non-SA Government		Total	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	EXPENSES						
5	Employee benefits	10 110	10 469	203 531	213 148	213 641	223 617
6	Supplies and services						
	Corporate Services recharges to Department of State Development	-	136	-	-	-	136
	Infrastructure recharges to Department of State Development	31 896	20 727	-	-	31 896	20 727
	Funding to external vocational education and training providers	-	-	233	370	233	370
	Printing and consumables	-	-	6 890	7 635	6 890	7 635
	Minor works, maintenance and equipment	7 908	9 163	2 032	2 675	9 940	11 838
	Information technology infrastructure and communication	3 239	3 207	7 045	8 621	10 284	11 828
	Fees - contracted services	4 653	4 883	8 329	10 542	12 982	15 425
	Utilities	1 523	1 430	5 554	6 194	7 077	7 624
	Cleaning	879	1 308	5 990	6 478	6 869	7 786
	Vehicle and travelling expenses	1 628	1 791	2 399	2 577	4 027	4 368
	Rentals and leases	2	-	537	1 610	539	1 610
	Books, materials and copyright	-	-	10 898	12 221	10 898	12 221
	Other	-	-	319	310	319	310
7	Grants	75	75	-	115	75	190
8	Depreciation and amortisation expense	-	-	4 835	4 423	4 835	4 423
14	Net loss from disposal of non-current assets	-	-	95	27	95	27
9	Other expenses						
	Audit fees	298	287	145	162	443	449
	Allowance for doubtful debts and debt write-offs	-	-	532	607	532	607
	Other	-	-	13	9	13	9
	TOTAL EXPENSES	62 211	53 476	259 377	277 724	321 588	331 200

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		SA Government		Non-SA Government		Total	
		2017	2016	2017	2016	2017	2016
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	INCOME						
10	Grants and Subsidies from Department of State Development	230 572	234 287	-	-	230 572	234 287
11	Commonwealth grants	-	-	879	2 191	879	2 191
12	Student and other fees and charges						
	Sales/fee for service revenue	1 140	1 179	45 757	47 675	46 897	48 854
	Student enrolment fees and charges	982	858	38 835	39 402	39 817	40 260
	Other user fees and charges	215	154	4 977	4 888	5 192	5 042
13	Other grants and contributions	581	871	2 157	2 191	2 738	3 062
	Investment income	-	-	2	3	2	3
15	Other income						
	Recoup of salaries	107	138	-	-	107	138
	Sundry Income	-	-	1 456	1 543	1 456	1 543
	TOTAL INCOME	233 597	237 487	94 063	97 893	327 660	335 380

	FINANCIAL ASSETS						
17	Receivables						
	Student and other fees and charges receivable	756	3 527	16 896	8 440	17 652	11 967
	less: allowance for doubtful debts	-	-	(2 231)	(1 874)	(2 231)	(1 874)
	Prepayments	-	-	1 445	706	1 445	706
	GST recoverable from Australian Taxation Office	-	-	2 480	2 814	2 480	2 814
	Workers compensation receivable	-	-	55	75	55	75
	Other receivables	-	-	27	87	27	87
	TOTAL FINANCIAL ASSETS	756	3 527	18 672	10 248	19 428	13 775

	FINANCIAL LIABILITIES						
22	Payables						
	Creditors	519	458	4 301	4 614	4 820	5 072
	Accrued expenses	1 871	1 513	4 612	3 135	6 483	4 648
	Employment on-costs	4 319	4 481	5 736	6 230	10 055	10 711
	Paid parental leave scheme payable	-	-	-	2	-	2
	Other	-	-	30	15	30	15
	TOTAL FINANCIAL LIABILITIES	6 709	6 452	14 679	13 996	21 388	20 448

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32 Financial risk management / Financial instruments

Financial risk management

Risk management is managed by the TAFE SA's corporate services section and TAFE SA risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*. TAFE SA is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

Categorisation and maturity analysis of financial assets and liabilities - Table 32.1

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 Summary of Significant Accounting Policies.

			2017 Contractual maturities
Category of financial asset and financial liability	Notes	2017 Carrying amount / Fair value	Current
		\$'000	\$'000
Financial assets			
Cash and cash equivalents	16	69 958	69 958
Receivables ^{(1) (2)}	17	15 448	15 448
Total financial assets		85 406	85 406
Financial Liabilities			
Financial Liabilities at cost ⁽¹⁾	22	11 035	11 035
Total financial liabilities		11 035	11 035

			2016 Contractual maturities
Category of financial asset and financial liability	Notes	2016 Carrying amount / Fair value	Current
		\$'000	\$'000
Financial assets			
Cash and cash equivalents	16	72 499	72 499
Receivables ^{(1) (2)}	17	10 180	10 180
Total financial assets		82 679	82 679
Financial Liabilities			
Financial Liabilities at cost ⁽¹⁾	22	9 448	9 448
Total financial liabilities		9 448	9 448

⁽¹⁾ Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights and obligations have their source legislation such as levy receivables/payables, tax equivalents, commonwealth tax etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

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⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 17 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

All amounts recorded are carried at cost (not materially different from amortised cost).

Liquidity risk

Liquidity risk arises from the possibility that TAFE SA is unable to meet its financial obligations as they fall due. TAFE SA is funded principally from *WorkReady* funding provided by the Department of State Development.

TAFE SA settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

TAFE SA's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in Table 37.1 represents TAFE SA's maximum exposure to financial liabilities.

Credit Risk

Credit risk arises when there is the possibility of TAFE SA's debtors defaulting on their contractual obligations resulting in financial loss to TAFE SA. TAFE SA measures credit risk on a fair value basis and monitors risk on a regular basis.

The carrying amount of financial assets as detailed in table 37.1 represents the Corporation's maximum exposure to credit risk.

TAFE SA has minimal concentration of credit risk. TAFE SA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. TAFE SA does not engage in high risk hedging for its financial assets. No collateral is held as security and credit enhancements relate to financial assets held by TAFE SA.

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently TAFE SA does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to Note 17 for information on the allowance for impairment in relation to receivables.

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

Table 32.2 Ageing analysis of financial assets

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
			Overdue for less than 30 days \$'000	Overdue for 30 – 60 days \$'000	Overdue for more than 60 days \$'000	
2017						
Not impaired						
Receivables ⁽¹⁾	15 448	5 038	4 160	1 532	2 487	2 231
2016						
Not impaired						
Receivables	10 180	1 482	3 570	633	2 621	1 874

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33 External funds held by TAFE SA

TAFE SA established the Onshore Petroleum Centre of Excellence (OPCE) with the Minister for Mineral Resources and Energy, SANTOS Limited, Beach Energy Limited and SENEX Energy Limited in May 2014.

Each of the external parties to this arrangement have provided cash and/or in-kind capital contributions for the establishment of the OPCE. These contributions will assist the OPCE in developing courses and delivering training that will increase the skills of people who are, or wish to be employed in the petroleum industry.

As the administering party, TAFE SA holds the funds in a separate interest bearing account on behalf of the Parties and will ensure that no deduction or expenditure is made from that account unless it is in accordance with a decision of the OPCE Board and terms of the Deed.

Decisions made by the Board must be a unanimous decision of all voting Members and cannot be inconsistent with the terms and conditions of this Deed. Note that the representative member from TAFE SA has an advisory role and is not entitled to vote.

As TAFE SA does not have control of these funds they are excluded from TAFE SA's financial statements.

The following is a summary of the transactions on these monies for the year:	2017	2016
	\$'000	\$'000
Opening balance of funds at 1 July	11	718
Interest revenue		6
Payments	(11)	(713)
Balance at 30 June	<u>-</u>	<u>11</u>

The Deed of agreement concluded in May 2016. Residual funds held by TAFE SA were expended for their intended purpose during 2016, and the interest bearing account was subsequently closed.