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**Government
of South Australia**

TAFE SA 2021-22 Annual Report

TAFE SA

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To:

The Hon Blair Boyer MP

Minister for Education, Training and Skills

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

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


Submitted on behalf of TAFE SA by:

David Coltman

Chief Executive

Date 29/09/2022

Signature

A handwritten signature in dark ink, appearing to be 'J-C', written over a horizontal line.

From the Chief Executive

Last year was a year of focus, fortitude and achievement for TAFE SA with the delivery of over 11 million hours of training to 47,000 students across 30 sites across the state.

TAFE SA was named South Australia's Training Provider of the Year in 2021 at the South Australian Training Awards. The quality of training at TAFE SA was further recognised in the National Centre for Vocational Education Research (NCVER) student outcomes data for 2021, which indicated that 93 per cent of TAFE SA graduates were satisfied with the overall quality of their training and 88 per cent of students would recommend TAFE SA. This data reflects a year-on-year increase and ranked above the national averages across the VET sector.

With more students having increased access to TAFE SA courses through digitally enabled delivery, innovation has become critical to the sustainable delivery of vocational education and training in South Australia.

The passion and dedication of TAFE SA educators has been no more evident than throughout the COVID-19 pandemic, and TAFE SA's innovation during this time has shaped the way we deliver courses into the future.

Responding to the COVID-19 pandemic has seen TAFE SA deliver skilled and highly sought-after graduates into critical healthcare roles, including nursing and pathology –supporting the workforce and the community at a time when it's needed most.

TAFE SA's education staff are closely connected to industry and employers, ensuring they deliver contemporary skills, providing best practice outcomes and producing job-ready graduates.

TAFE SA collaborates with industry to ensure training is closely aligned to current and future skills needs. Many strategic industry partnerships have resulted in new training initiatives focused on the state's future skills requirements including critical areas such as defence, nanotechnology and space. Understanding the skills required of the contemporary workforce provides TAFE SA graduates and industry assurance of vocational currency.

The development of a five-year training profile has been achieved that aligns the delivery of courses with the state's future workforce needs. The profile focuses on the growth of regional enrolments and traineeships and apprenticeships, while ensuring courses are aligned to priority industries in South Australia.

Ongoing engagement with industry stakeholders means sought-after courses and career pathways are offered, while also providing flexibility to meet the evolving expectations of where and when students want to learn. The use of interactive technologies, including simulators and virtual reality, and digital platforms to support course delivery has allowed for increased access to vocational education and training across the state.

TAFE SA is focused on engagement with students both past and present. A new graduate awards program was launched successfully last year, which enables former students to be recognised for their achievements in their field and for the positive impacts they are having across South Australia.

The TAFE SA Reconciliation Action Plan and our Disability Access and Inclusion Plan set out our ongoing commitment to support diversity, encourage inclusivity and further reconciliation.

In the past year, TAFE SA developed new Regional Plans for South Australia, signalling our commitment to meeting the education and training needs of regional communities and industries.

As part of ensuring the sustainability of our operations, TAFE SA has developed a VET costing model to measure the cost of delivering training, enabling a responsive approach to meeting the evolving needs of students and industry. This model will allow TAFE SA to more accurately detail the actual cost of service delivery. TAFE SA has also produced a suite of micro-credentials which are short, focused courses that are flexible and responsive to industry needs and meet the needs of

new and emerging industries including green energies, defence, post-COVID hospitality operations and new developments in health care provision.

In late 2021, the organisation's new direction, A Bolder Future for TAFE SA was launched to propel the organisation forward and enable students and staff to achieve, succeed and thrive. The Bolder Future plan ensures TAFE SA is the cornerstone for excellence in VET delivery nationally, with sector-leading teaching and learning, and increased investment in advanced technology and digital solutions.

Delivering accessible, quality education and training will always be our promise and our purpose. TAFE SA is a leader in the use of Universal Design for Learning (UDL) in the VET sector that enhances the learner experience. The UDL approach acknowledges the diversity in student cohorts and considers the broadest range of needs and preferences of learners.

TAFE SA's bold future will be delivered with tenacity. Our shared experiences, learnings and successes will continue to shape our way forward as the public provider of education and training for all South Australians.

Thank you to TAFE SA's staff, Executive and Board for their dedicated work to bring about the achievements listed in this report.



David Coltman

Chief Executive

TAFE SA

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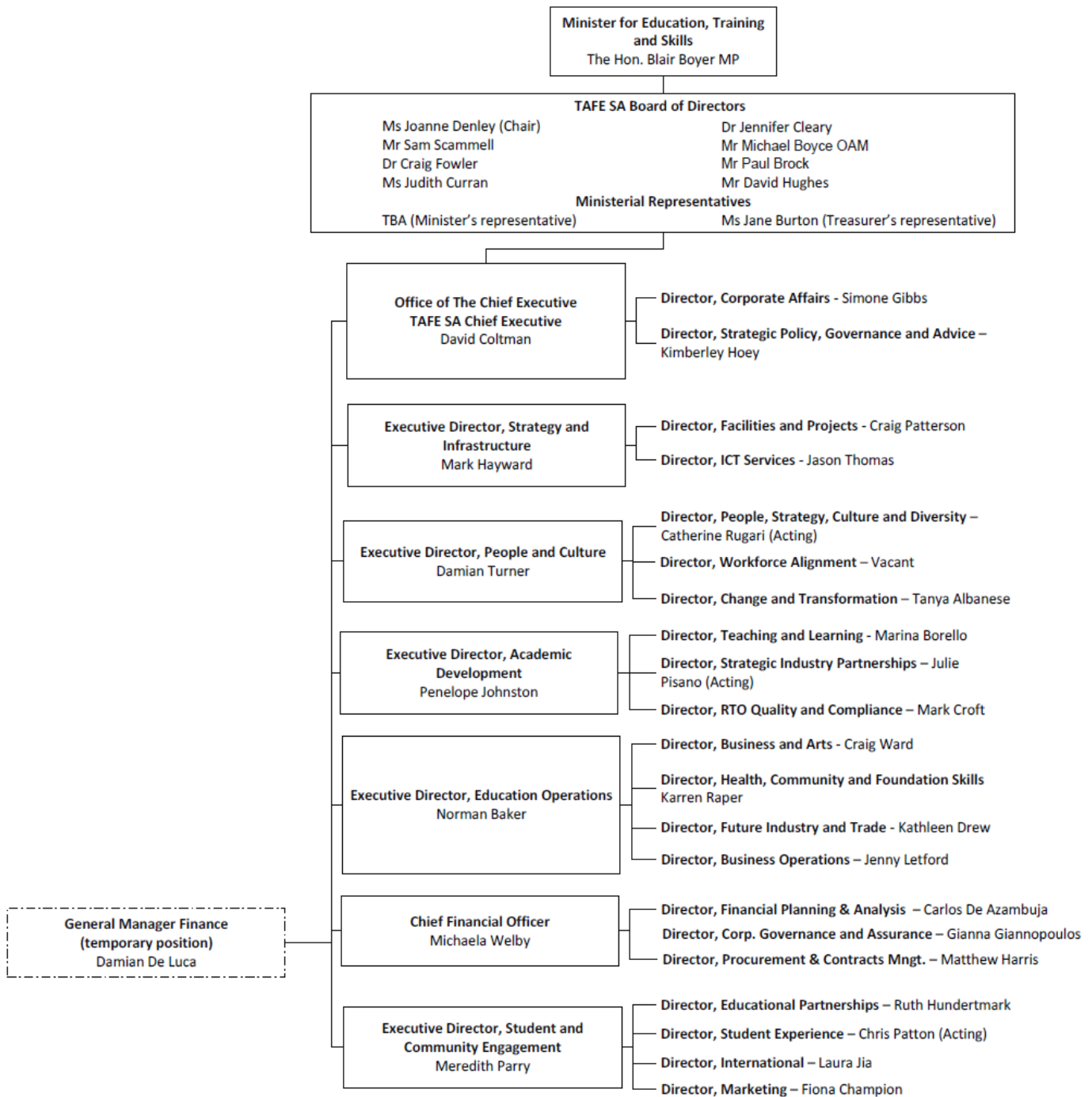
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Overview: about the agency

Our strategic focus

| | |
|---|--|
| Our Purpose | TAFE SA provides quality vocational education and training services aligned with industry needs to support the economic and social needs of South Australia. |
| Our Vision | TAFE SA provides access, flexibility and choice to high-quality public vocational education and training opportunities to equip the students of today with the skills for today and tomorrow. |
| Our Values | TAFE SA behaviours and practices are guided by the Public Sector Code of Ethics and the Public Sector Values shared across government, encompassing service, professionalism, trust, respect, collaboration and engagement, honesty and integrity, courage and tenacity and sustainability. |
| Our functions, objectives and deliverables | <p>In addition to TAFE SA's functions as set out in the <i>TAFE SA Act 2012</i>, TAFE SA delivers to four areas as outlined in its Strategic Plan 2019-2022:</p> <ul style="list-style-type: none"> • innovation in teaching and learning focused on the needs of our customers • taking a partnership approach to delivering our commitments • embedding a culture of leadership and accountability • ensuring sustainable performance. |

Our organisational structure



As at 30 June 2022, the TAFE SA Board of Directors comprised:

| Member Name | Positions | Current Term Dates |
|----------------------|---|----------------------------|
| Ms Joanne Denley | TAFE SA Board (Chair) Academic and Quality Committee Audit and Risk Committee People and Culture Committee (Chair) | 15/10/2021 - 14/10/2024 |
| Mr Michael Boyce OAM | TAFE SA Board Academic and Quality Committee | 15/10/2021 - 14/10/2024 |
| Mr Paul Brock | TAFE SA Board People and Culture Committee | 15/10/2021 - 14/10/2024 |
| Dr Jennifer Cleary | TAFE SA Board Academic and Quality Committee | 15/10/2021 - 14/10/2024 |
| Ms Judy Curran | TAFE SA Board Academic and Quality Committee People and Culture Committee | 15/10/2021 - 14/10/2023 |
| Dr Craig Fowler | TAFE SA Board Academic and Quality Committee (Chair) | 15/10/2021 - 14/10/2024 |
| Mr David Hughes | TAFE SA Board Audit and Risk Committee (Chair) | 15/10/2021 - 14/10/2024 |
| Mr Sam Scammell | TAFE SA Board Audit and Risk Committee People and Culture Committee | 15/10/2021 - 14/10/2023 |

Changes to the agency

During 2021-22 there were the following changes to the agency's structure and objectives as a result of internal reviews.

- Individual workgroup reviews in the areas of
 - Individual Client Support
 - Children's Education and Care
 - Business Services
 - Management Studies
 - Fitness, Sport and Recreation
 - Digital Media
 - Meat Studies
 - Applied Food Studies
 - Aquaculture
- Organisational reviews of corporate functions:
 - ICT Management

Our Minister

The Hon Blair Boyer MP is the Minister for Education, Training and Skills.

Minister Boyer is responsible for education in South Australia and ensuring industry skills needs are met.

Our Executive team

Mr David Coltman is TAFE SA's Chief Executive Officer.

Ms Michaela Welby is the Chief Financial Officer and Executive Director, Finance and Performance, responsible for leading TAFE SA's Finance, Corporate Governance & Assurance, Procurement & Contracts Management and Business Intelligence teams.

Mrs Meredith Parry is the Executive Director, Student and Community Engagement, responsible for leading TAFE SA's Education Partnerships, Student Experience, International, and Marketing Units.

Ms Penny Johnston is the Executive Director of Academic Development and is responsible for leading the support of educational and administrative teams across TAFE SA to meet the quality and compliance requirements of the full range of VET and Higher Education regulatory frameworks. She is also responsible for supporting the development of strategic industry partnerships and undertakes training needs analysis with the growth and emerging industries of South Australia.

Mr Mark Hayward is the Executive Director, Strategy and Infrastructure and is responsible for leading TAFE SA's ICT Services team, Facilities and Projects team and the Enterprise Portfolio Management Office.

Dr Norman Baker is the Executive Director, Education Operations responsible for leading Education Support as well as the Business and Arts; Future Industry and Trade; and the Health, Community and Foundation Skills business units.

Mr Damian Turner is the Executive Director, People and Culture and is responsible for ensuring TAFE SA has a holistic workforce strategy encompassing attracting, developing, retaining and redeploying talent to maximise the effectiveness of both the current and future workforce to align with strategic business priorities.

Legislation administered by the agency

TAFE SA Act 2012

TAFE SA Regulations 2012

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

Carclew Incorporated

Child Death and Serious Injury Review Committee

Child Development Council

Commissioner for Aboriginal Children and Young People

Commissioner for Children and Young People

Department for Education

Education Standards Board

History Trust of South Australia

SACE Board of South Australia

Teachers Registration Board of South Australia

The agency's performance

Performance at a glance

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

Highlights for 2021-22 include:

- TAFE SA demonstrated its commitment to quality and was named the large training provider of the year at the 2021 SA Training Awards. TAFE SA also received the 2021 Industry Collaboration Award for its work with Flinders University and BAE Systems Australia, partnering to deliver the Flinders University Diploma of Digital Technologies.
- TAFE SA embarked on a program of transformational change with the implementation of a range of improvement projects aligned to A BOLDER Future for TAFE SA. These projects are designed to establish TAFE SA as the cornerstone for excellence in VET delivery nationally, with sector-leading teaching and learning, and increased investment in advanced technology and digital solutions.
- The successful implementation of the TAFE SA Teaching and Learning Strategy to strengthen technology enhanced delivery and quality teaching and learning that supports accessible, responsive and student-centred learning experiences.
- The continued strengthening of the TAFE SA Quality Framework, which is comprised of Quality Assurance, Course Review, Education Product Development (including micro-credentials) and Self Assurance, including collaboration with the VET Regulator, Australian Skills Quality Authority (ASQA) on co-design of the new Self Assurance regulatory system.
- TAFE SA is registered as a Higher Education (HE) provider (under the Higher Education Regulator TEQSA). In 2021 TAFE SA offered five Associate Degree courses in Engineering that include Civil and Structural, Biomedical, Electrical and Electronic sub-disciplines. Students benefited from effective work placements and gained strong employment opportunities. TAFE SA also continued delivery of its Bachelor of Tourism, Hospitality and Events Management at the Regency Campus. The qualification was also delivered at the Barossa Campus with the support of Destination Australia scholarship funding to support students to live, work and study in regional Australia.
- TAFE SA participated in the HE 2021 Quality Indicator of Learning and Teaching (QILT) Student Experience Survey (SES). Comparative data across two years shows an increase in student satisfaction across all aspects of the survey including Skills Development, Teaching Quality, Student Support and Learning Resources. TAFE SA also showed improvements in student satisfaction relative to peer inter-State institutions, reflecting TAFE SA's determined efforts to support students during the pandemic.

- In 2021, TAFE SA operationally implemented its Academic Integrity Policy and Procedure in accordance with TEQSA's regulatory expectations. This implementation was designed to cover not only TAFE SA's small number of HE programs but also span across all of TAFE SA's Vocational Education programs. Academic Integrity Officers now work institution-wide to inform and support both students and staff in respect of academic honesty, critical judgment and independent scholarly learning.
- Joint publications/ research collaborations on Careers in Space with the Australian Space Agency, Skills for Nanofabrication Technicians with the Australian National Fabrication Facility and the interactive careers product 'CareerSpark' with the University of Adelaide.
- TAFE SA's ongoing work in making technology enhanced learning more accessible and usable for students was recognised with a national award from the Australian Disability Clearinghouse on Education and Training for a person, team, or project that 'actively improves accessibility for staff and students'.
- Through the TAFE SA Aboriginal Access Centre pre-employment programs were delivered to Aboriginal participants that successfully assisted entrance to the workforce across the Port Augusta, Ceduna and Port Wakefield regions.
- The development and launch of five micro-credentials for the tourism, cybersecurity, agriculture, hydrogen technology and naval shipbuilding industries.
- The accreditation of 11077NAT Certificate I in Deaf Gain Education with ASQA. This Certificate provides opportunities to adult Deaf and hard-of-hearing learners who want to develop basic levels of proficiency in Auslan, written English, numeracy and digital literacy, along with bilingual and bicultural competence. This is an Australian training product first.
- Maintaining an increased focus on improving access and providing VET learning opportunities across the state, with a marketing campaign focus in regional South Australia.
- Successfully collaborating with SATAC to increase the visibility of TAFE SA courses by ensuring TAFE SA VET and undergraduate courses will be included in the SATAC Guide.
- Opening the Rosina Street Student Gallery at the Adelaide City Campus as a venue to exhibit TAFE SA student and graduate works.
- Staging TAFE SA's largest ever HomeStart Fashion and Costume Graduate Parade with 47 graduates involved and nearly 700 people in attendance.

In the 2021-22, financial year the TAFE SA Board and its Committees met a total of 33 times, comprising:

- 12 scheduled Board Meetings
- 17 Committee meetings
- 4 extraordinary Board meetings (unplanned in the forward schedule).

A breakdown of the number of meetings attended by each member is provided in the below table:

| Board member | No. of meetings attended |
|---|--------------------------|
| Ms Joanne Denley | 25 |
| Mr Michael Boyce OAM | 12 |
| Mr Paul Brock | 6 |
| Dr Jennifer Cleary | 12 |
| Ms Judy Curran | 20 |
| Dr Craig Fowler | 19 |
| Mr David Hughes | 19 |
| Mr Andrew Marshall AM (resigned 14/10/21) | 6 |
| Mr Sam Scammell | 23 |

Agency response to COVID-19

| | |
|---|--|
| <p>COVID-19 – Continuous Improvement for staff and students</p> | <p>TAFE SA invested in COVID-19 programs to ensure the TAFE SA community was safe. Dedicated resources were deployed to reduce COVID transmission at campuses. TAFE SA ensured mask wearing remained mandatory until early June 2022.</p> <p>These efforts, together with the work of the TAFE SA Contact Tracing and Management Team, resulted in very low cases of documented on-campus transmission.</p> <p>TAFE SA continues to keep staff and students up to date with regular communications supported by a dedicated TAFE SA COVID Intranet page.</p> |
|---|--|

Agency contribution to whole of Government objectives

TAFE SA contributed to the overall achievements of the South Australian Government through continued innovation in its teaching and learning services with the needs of students, employers and industry at the centre of decision-making. TAFE SA is committed to taking a partnership approach to get the best outcomes for its students and is encouraging a greater culture of accountability and leadership within TAFE SA so that it may continue to deliver its services sustainably and effectively for years to come.

Agency's contribution

- Aligned its future education training profile to current and future workforce needs.
- Provided industry aligned relevant and accessible high-quality training.
- Delivered approximately 7,870 apprenticeships and traineeships (calendar year 2021).
- Continued its transformation as a viable, sustainable and accountable public organisation by:
 - Attracting a range of non-government sources of revenue from fee-for-service, international students and leasing arrangements.
 - Continuing to undertake reviews and assessments of course offerings and course fee structures.
 - Offering flexible and accessible solutions to the training needs of industry partners.
 - Strengthening engagement with industry, employers and peak bodies.
- Delivering contemporary, strategically aligned courses to meet the needs of students, industry and employers.
- Providing increased flexibility and choice for students through collaboration and partnerships with other education providers.
- Undertaking rolling reviews of courses across its delivery profile to ensure the quality of programs and student outcomes.
- Continued course delivery throughout the COVID-19 pandemic by providing modern and contemporary learning options to students across the state.

Agency specific objectives and performance

Agency specific budget financial performance indicators as outlined in TAFE SA Performance Statement (1 July 2021 to 30 June 2022)

| Financial Performance Objective | Actual (\$m) | Target (\$m) |
|---|--------------|--------------|
| Net Operating Surplus from Services/ (Cost of Services) | 21.3 | (0.541) |
| External Fees and Charges target | 85.5 | 88.5 |
| Savings target | 9.3 | 1.4 |
| Employment | Actual | Target |
| FTE as at 30 June 2022 | 1,896 | 1,973 |

Agency specific non-financial objectives and performance as outlined in the TAFE SA Performance Statement (1 July 2021 to 30 June 2022).

| Indicators | Actual | Target |
|--|--------|--------|
| % of TAFE SA VET graduates who improved their employment circumstances after training* | 51.8% | 55.0% |
| % of TAFE SA VET graduates employed or in further study after training* | 78.4% | 85.0% |
| % of TAFE SA VET graduates satisfied with the overall quality of training* | 93.1% | 90.0% |
| TAFE SA load pass rate (a measurement of the number of students who pass their assessment) | 82.4% | 84.0% |

**The data reported for the actuals is derived from surveys conducted by the NCVER. These surveys are conducted in May of each year and relate to the graduates from the previous year. The results reported therefore, were published in December 2021 and resulted from surveys undertaken in May 2021 for graduates in the 2020 year. The targets have been set given this timing.*

Employment related indicators declined over the survey period due to lower job opportunities as a result of the adverse economic and employment conditions and business closures prevailing at the height of the COVID pandemic.

The level of graduate satisfaction with the overall quality of training by TAFE SA has improved compared to prior year.

TAFE SA must meet the below deliverables as outlined in the TAFE SA Performance Statement (1 July 2021 to 30 June 2022).

| Agency objectives | Indicators | Performance |
|--|--|---|
| Demonstrated improvement in regional delivery | TAFE SA must demonstrate activity increases in its regional delivery by providing a report to the Minister for Education, Training and Skills that includes verification by the Department for Innovation and Skills (DIS) for the DIS funded training activity. | Updates provided quarterly. |
| Demonstrated support for the Government's VET for School Students Policy | TAFE SA must demonstrate delivery to school students that aligns to government policy by providing a report to the Minister for Education, Training and Skills that has been verified by DIS. | Updates provided quarterly. |
| Improved systems and controls | TAFE SA must demonstrate that it has the necessary systems and controls in place to ensure it is not cross-subsidising fee for service activity by outlining the measures it takes in a briefing to the Minister to separate commercial and non-commercial activity. | Delivered December 2021. |
| Course changes are managed effectively | TAFE SA must develop and implement a process for managing course changes to ensure that approval is given by the TAFE SA Board and the relevant Minister(s) before any changes are communicated to staff or the community. The process is to be endorsed by the TAFE SA Board and approved by the relevant Minister(s) before being implemented. | Processed endorsed by TAFE SA Board and approved by former Minister. TAFE SA Board and Minister updated monthly. |
| TAFE SA Board Approved 5-year plan for all TAFE SA delivery | TAFE SA must prepare a 5-year plan that sets out its delivery on non-commercial and commercial training activity. This plan should respond to the Minister's 5-year plan. The TAFE SA 5-year plan must align to the TAFE SA Board strategic direction and reflect the functions in the TAFE SA Ministerial Charter for approval by the TAFE SA Board and the Minister. | Achieved May 2021. |

| | | |
|---|--|---|
| Demonstrated alignment to the Purchaser's Direction | TAFE SA must ensure that all reporting requirements under the Memorandum of Administrative Arrangements (MAA) are met, and that TAFE SA aligns its non-commercial training profile delivery and volume to the MAA. | Updates provided quarterly. |
| Complete the Costing Project | TAFE SA must provide an accurate costing model that covers all courses, modes of delivery and campuses. | <p>Achieved April 2022.</p> <p>The costing model has been presented to the TAFE SA Board. The Department for Innovation and Skills, Department for Education and Department of Treasury and Finance have been engaged throughout the process.</p> |
| Engage with DIS on a subsidy review | TAFE SA must provide all costing information and participate in the Subsidy Review with DIS to accurately set the subsidy rate for course delivery. | TAFE SA consulted with DIS on the costing model to assist with the subsidy review. |

Corporate performance summary

Employment opportunity programs

| Program name | Performance |
|---------------------|---|
| Traineeship Program | <p>The Skilling SA program builds workforce capability by providing education, career and employment opportunities to new trainees across the South Australian Public Sector.</p> <p>TAFE SA actively supports this program and has successfully signed up and hosted a total of nine (9) trainees, with a chosen qualification in areas such as leadership and management, business administration, information technology and financial services.</p> |

Agency performance management and development systems

| Performance management and development system | Performance |
|---|---|
| TAFE SA Performance and Development System | 94% of all TAFE SA staff had an approved performance management and development plan during this reporting cycle. |

Work health, safety and return to work programs

| Program name | Performance |
|--|--|
| Injury Prevention and Improvement – Work Health, Safety and Injury Management system | TAFE SA commenced implementation of the 2022 to 2024 injury prevention and injury management system. The new management system consisting of overarching policies, tactical procedures and operational instructions. The system allows timely changes in the system whenever legislative, best practice and improvements are identified achieving greater safety for our staff, students and visitors. |
| Injury Prevention – Plant Safety continuous improvement | The TAFE SA Plant Safety Program continues to provide TAFE SA with assurance regarding the suitability of our plant. During this year, TAFE SA has shared its Whole of Life plant safety management system with peers in New South Wales and Queensland. |
| Injury Prevention – Hearing Preservation | TAFE SA developed and implemented a comprehensive hearing preservation system that captures whole of life hearing preservation when working in noisy environments. |
| Well-being Continuous Improvement | TAFE SA continued to invest in Mental Health First Aid Training for staff including refresher training. Comprehensive resources for managers and staff in well-being have been developed and easily accessible through a dedicated TAFE SA intranet page. |
| Continuous Improvement – WHS Internal Audit | TAFE SA continued the implementation of its comprehensive WHS internal audit program. All TAFE SA Business Units are independently audited. A further quality audit occurs through an independent review of the internal audit program. |

| Workplace injury claims | 2021/22 | 2020/21 | % Change (+ / -) |
|--|----------------|----------------|-------------------------|
| Total new workplace injury claims* | 35 | 20 | +75% |
| Fatalities | 0 | 0 | 0% |
| Seriously injured workers** | 0 | 0 | 0% |
| Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)* | 6.9 | 2.0 | +245% |

*Note that in 2020/21 an increased proportion of the workforce worked from home, resulting in lower than average workplace injury claims in 2020/21

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

| Work health and safety regulations | 2021/22 | 2020/21 | % Change (+ / -) |
|--|---------|---------|---------------------|
| Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>) | 4 | 4 | 0% |
| Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>) | 0 | 0 | 0% |

| Return to work costs** | 2021/22 | 2020/21 | % Change (+ / -) |
|---|-----------|-----------|---------------------|
| Total gross workers compensation expenditure (\$) | 1,719,260 | 1,407,842 | +22% |
| Income support payments – gross (\$) | 350,190 | 232,937 | +50% |

**before third party recovery

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

Executive employment in the agency

| Executive Classification | Number of executives |
|--------------------------|-------------------------------|
| SAES1 | 21 (inc. 1 vacancy) |
| SAES2 | 7 (inc. 1 temporary position) |
| EXEC | 1 |

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

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

Financial performance

Financial performance at a glance

The following is a summary of the overall financial position of TAFE SA. Full audited financial statements for 2021-22 are attached to this report.

| Statement of Comprehensive Income | 2021-22 Budget \$000s | 2021-22 Actual \$000s | Variation \$000s | 2020-21 Actual \$000s |
|---|--------------------------------------|--------------------------------------|-----------------------------|--------------------------------------|
| Total Income | 323 525 | 326 763 | 3 238 | 330 715 |
| Total Expenses | 324 066 | 305 439 | 18 627 | 297 544 |
| Net (Cost of Services)/ Surplus Result | (541) | 21 324 | 21 865 | 33 171 |
| Total Comprehensive Result | (541) | 21 324 | 21 865 | 33 171 |

| Statement of Financial Position | 2021-22 Budget \$000s | 2021-22 Actual \$000s | Variation \$000s | 2020-21 Actual \$000s |
|--|--------------------------------------|--------------------------------------|-----------------------------|--------------------------------------|
| Current assets | 126 888 | 127 936 | 1 048 | 152 685 |
| Non-current assets | 620 689 | 603 018 | (17 671) | 619 274 |
| Total assets | 747 577 | 730 954 | (16 623) | 771 959 |
| Current liabilities | 45 377 | 39 366 | 6 011 | 47 022 |
| Non-current liabilities | 61 377 | 42 243 | 19 134 | 46 916 |
| Total liabilities | 106 754 | 81 609 | 25 145 | 93 938 |
| Net assets | 640 823 | 649 345 | 8 522 | 678 021 |
| Equity | 640 823 | 649 345 | 8 522 | 678 021 |

Consultancies disclosure

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

In 2021-22 TAFE SA embarked on a program of transformational change with the implementation of a range of improvement projects aligned to A BOLDER Future for TAFE SA. These projects are designed to establish TAFE SA as the cornerstone for excellence in VET delivery nationally, with sector-leading teaching and learning, and increased investment in advanced technology and digital solutions.

Several consultancies were engaged in 2021-22 to support this program of work, which is being implemented using a combination of external and internal resources.

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

| Consultancies | Purpose | \$Actual payment |
|--|----------------|-------------------------|
| All consultancies below \$10,000 each - combined | Various | 9,360 |

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

| Consultancies | Purpose | \$ Actual payment |
|--------------------------|--|--------------------------|
| ACIL ALLEN CONSULTING | Bolder Future Project - business case support services, development of 10 major business cases and associated financial modelling | 120,375 |
| CARTHEW ADVISORY | Management consulting services re higher education governance, scholarly activity etc. | 23,100 |
| COMUNET UNIT TRUST | Review TAFE SA's Identity Access Management strategy and practices, for onboarding and offboarding staff and students | 45,500 |
| DELOITTE TOUCHE TOHMATSU | Working with Children Check Process Review - fieldwork and draft report | 33,510 |
| DELOITTE TOUCHE TOHMATSU | Recruitment Process Review – delivery of draft report | 48,825 |
| IOCANE PTY LTD | Security System Review of TAFE SA's Digital Delivery Platform Infrastructure | 12,930 |
| JESSICA ANN MERRICK | Provide expert advice and support across a range of activities relating to the Academic Quality Self-Assessment Business Process SATELLITE and Higher Education Courses being delivered at TAFE SA | 46,930 |
| KLARITY | TAFE SA Strategic planning facilitation | 16,800 |
| KPMG | Bolder Future Project - Professional services for development of the TAFE SA Costing Model | 119,520 |

| Consultancies | Purpose | \$ Actual payment |
|-------------------------------|--|-------------------|
| MARK THOMPSON T/A MT AVIATION | Consultancy service for TAFE SA Aviation Programs, re the delivery of Cert IV and Diploma of Aeroskills training in mechanical and avionics streams by TAFE SA | 13,090 |
| MERCER CONSULTING (AUST) P/L | Work value assessments & role classification advice | 25,220 |
| PRICEWATERHOUSECOOPERS | Student experience - SATAC commercial analysis consultancy service - phase one | 44,960 |
| | Total | 550,760 |

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

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

Contractors disclosure

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

Contractors with a contract value below \$10,000

| Contractors | Purpose | \$ Actual payment |
|--|---------|-------------------|
| All contractors below \$10,000 each - combined | Various | 378,455 |

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

| Contractors | Purpose | \$ Actual payment |
|----------------------|---|-------------------|
| 2M LANGUAGE SERVICES | Design and delivery of the Interpreter Training Boost Program | 60,000 |

| Contractors | Purpose | \$ Actual payment |
|------------------------------|---|--------------------------|
| 6 DEGREES CONSULTING | Review of UAN (Upfront Assessment of Need) program, identifying alternative models | 48,745 |
| AKTIS PERFORMANCE MANAGEMENT | HR service for new roles | 35,668 |
| AKTO PTY LTD | Bolder Future Project - Data governance framework, operating model, & charter | 146,668 |
| ALEXANDER & SYMONDS PTY LTD | Provision of surveying services - TAFE SA Noarlunga Campus | 14,280 |
| ALICEN MCNAUGHTON CONSULTING | TAFE SA student retention & academic progression review | 44,500 |
| ALISON CURRIE | Dance rehearsal & performance services | 10,000 |
| ARCBLUE CONSULTING (AUS) P/L | Procurement resource engagement to assist TAFE SA in execution of complex and strategic procurements | 393,132 |
| ARTIS GROUP PTY LTD | Bolder Future Project - Electronic Customer Relationship Management - implementation of Microsoft Dynamics 365 Cloud Solution | 193,288 |
| ATTAIN SERVICES PTY LTD | Engagement of contractors - ICT projects | 218,025 |
| AUSHEALTH CORPORATE PTY LTD | Fit testing - respirator and consumables | 14,004 |
| AUSLAN SERVICES PTY LIMITED | Interpreting and translation services | 93,722 |
| BENTLEYS (SA) PTY LTD | Fixed Assets financial process review | 27,808 |
| CHAMONIX IT MANAGEMENT | Splunk Implementation Services for ICT Servers monitoring | 75,109 |
| CLOCKWORKS DIGITAL | Wall graphics / light box replacements & maintenance / brand signage | 24,815 |
| COMUNET UNIT TRUST | Application Whitelisting | 18,000 |

| Contractors | Purpose | \$ Actual payment |
|---|---|--------------------------|
| DEMOCRATIC OUTCOMES PTY LTD | Creation and management of online voting system for staff | 11,990 |
| DI UBALDO & CO | Engagement of Procurement Business Analyst to work on the Procurement Project for a period of six months to support the implementation of the new South Australian Procurement Framework across TAFE SA | 139,593 |
| ENABLE PROFESSIONAL SERVICES | Bolder Future Project - Parchment Form Automation for My Service | 123,375 |
| E-OZ ENERGY SKILLS AUSTRALIA | eProfiling for electrical apprentices | 60,661 |
| EXPOSE DATA PTY LTD | Enterprise Data Warehouse maintenance and support | 37,700 |
| FINESSE MODEL AGENCY | Modelling service | 24,108 |
| FRAME CREATIVE PTY LTD | Concept development, copy writing, project management | 23,405 |
| FRANKIE FILMS PTY LTD | Live streaming of a careers event including production of a video resource promoting student career planning | 26,922 |
| G J ARTHUR & ORS TRADING AS MELLOR OLSSON | Drafting of flexitime and TOIL advice | 10,349 |
| GALPINS ACCOUNTANTS AUDITORS | Assist with implementing and embedding the TAFE SA Risk Management Plan | 20,625 |
| GLEN J FILMS | Film editing and equipment charges | 52,120 |
| ILDANCE | Choreographic services | 20,000 |
| JMSS CONSULTING SOLUTIONS | Bolder Future Project - Transforming the Trades senior project resource | 17,500 |
| JMSS CONSULTING SOLUTIONS | Bolder Future Project - Student Data & Process project management resource | 21,900 |
| JOHN PRICE & ASSOCIATES P/L | Professional development sessions for delegation requirements and the development of a Quality Manual for | 20,171 |

| Contractors | Purpose | \$ Actual payment |
|------------------------------|---|--------------------------|
| | TAFE SA policies and procedures in accordance with the 'ISO RTO Self Assurance Solution' | |
| JUAN PHOTOGRAPHY | Photography for TAFE SA photoshoots at various events | 10,827 |
| KPMG | Bolder Future Project Profitability Analytics – Phase 2: Integration and configuration of a Financial Planning and Analysis capability using the Board software product suite | 22,596 |
| LEARNING INFORMATION SYSTEMS | Management of the International Admission Application Services | 78,529 |
| LOUISE PEARCE | Service for negotiation with TAFE NSW, TAS TAFE, RMIT & CIT to source, share and collaborate resources for various qualifications | 26,880 |
| M3PROPERTY AUSTRALIA PTY LTD | Property valuation charges for Rosina carpark/ Hopgood Theatre | 23,400 |
| MARGARET BARRON | Reaccreditation process work/ writing assessments | 10,591 |
| MINT RESEARCH PTY LTD | International Students Campaign Research | 10,943 |
| MOTIV BRAND DESIGN | Design services for various marketing campaigns | 19,825 |
| MOVERS & SHAKERS | Draft copy and templates for the 2022-2025 Aboriginal Access Centre Strategic Plan | 10,260 |
| NEXON ASIA PACIFIC PTY LTD | Bolder Future Project - Electronic Customer Relationship Management - implementation of Microsoft Dynamics 365 Cloud Solution | 394,918 |
| NON-DISCLOSURE AGREEMENT | Strategic partnership related | 45,000 |
| PERKS & ASSOCIATES PTY LTD | Adaptive Insights - forecasting system improvements | 25,499 |
| PERKS & ASSOCIATES PTY LTD | Assistance with the Development of 2022-23 Training Profile electronic reporting solution | 14,740 |

| Contractors | Purpose | \$ Actual payment |
|----------------------------------|--|--------------------------|
| PHILIP REEDMAN MASTER OF WINE | Course teaching fee - Wine and Spirits | 12,500 |
| QS ENROLMENT SOLUTIONS (AUST) | Student Enquiry and Offer management fees | 174,545 |
| REDBIKINI PTY LTD | Various promotional video campaigns | 37,930 |
| RIVERGRAPHICS | Supply and install of new campus signage | 10,110 |
| SA POWER NETWORKS | Electrical training program charges | 16,800 |
| SHOWPONY ADVERTISING | Development of a creative concept for a student recruitment campaign for TAFE SA's major award course for television, radio and other media. | 180,985 |
| SQUARE HOLES | Brand campaign concept testing | 17,235 |
| STUDIOSITY PTY LTD | Tertiary learning and support program - support & maintenance | 59,939 |
| THE COO ADVANTAGE | Assistance with organisational change and staff recruitment activities for Finance and Performance | 93,363 |
| THINK HUMAN PTY LTD | Bolder Future Project - Preparation for TAFE SA apprentice and trainee journey map project | 121,965 |
| TIMEEDIT APAC PTY LTD | Bolder Future Project - Implementation of Resource Scheduling and Education Room Booking Tool | 149,698 |
| HAYS SPECIALIST RECRUITMENT | Assist with implementing and embedding the TAFE SA Risk Management Plan | 84,796 |
| HAYS SPECIALIST RECRUITMENT | Employee Experience Administrator as an additional resource for project support | 65,550 |
| HAYS SPECIALIST RECRUITMENT | Human Resource Business Partner appointed as additional support | 23,358 |
| HAYS SPECIALIST RECRUITMENT | Instructional designer - designing the digital framework | 75,286 |
| HAYS SPECIALIST RECRUITMENT | Bolder Future Project - Digital First Delivery -To support Education | 19,494 |

| Contractors | Purpose | \$ Actual payment |
|--------------------------------|--|--------------------------|
| | Operations with the transition of existing digital content into Technology Enhanced Learning Shells | |
| HAYS SPECIALIST RECRUITMENT | Bolder Future Project - Electronic Customer Relationship Management - implementation of Microsoft Dynamics 365 Cloud Solution | 274,845 |
| HAYS SPECIALIST RECRUITMENT | Bolder Future Project - Polysynchronous Delivery Initiative - Project Management | 131,292 |
| HAYS SPECIALIST RECRUITMENT | Bolder Future Project - Strategic Workforce Planning | 97,503 |
| HAYS SPECIALIST RECRUITMENT | Bolder Future Project - Student experience process review and mapping | 107,638 |
| HAYS SPECIALIST RECRUITMENT | Bolder Future Project - VET for Schools process review and mapping | 40,777 |
| HAYS SPECIALIST RECRUITMENT | Revitalising TAFE SA Program delivery - Infrastructure Project Management | 46,505 |
| HAYS SPECIALIST RECRUITMENT | Bolder Future Project - Develop Technology Enhanced Learning (TEL) Materials | 146,384 |
| HAYS SPECIALIST RECRUITMENT | TAFE SA IT Capital Project - Information Security Year 3 program | 69,426 |
| HAYS SPECIALIST RECRUITMENT | Additional resource for Workforce Alignment internal audit | 28,569 |
| HAYS SPECIALIST RECRUITMENT | Revitalising TAFE SA Program - Quality Teaching and Learning through Technology Program (QTLTP) Stakeholder Engagement Officer | 97,988 |
| HUDSON GLOBAL RESOURCES (AUST) | Bolder Future Project - Electronic Customer Relationship Management - implementation of Microsoft Dynamics 365 Cloud Solution | 177,377 |

| Contractors | Purpose | \$ Actual payment |
|--------------------------------|--|--------------------------|
| HUDSON GLOBAL RESOURCES (AUST) | Bolder Future Project - Enterprise Scheduling Solution - Business Analyst and Project Management | 10,705 |
| MANPOWER SERVICES AUST P/L | Bolder Future Project - Project Manager to support various projects | 22,603 |
| MANPOWER SERVICES AUST P/L | Bolder Future Project - Electronic Customer Relationship Management - implementation of Microsoft Dynamics 365 Cloud Solution | 119,936 |
| MANPOWER SERVICES AUST P/L | Bolder Future Project Profitability Analytics Phase 2: Project Management | 67,173 |
| MANPOWER SERVICES AUST P/L | Bolder Future Project - Student experience process review and mapping | 30,336 |
| MAXIMA TRAINING GROUP (AUST) | Assist with implementing and embedding the TAFE SA Risk Management Plan | 68,555 |
| MODIS STAFFING PTY LTD | Business Analyst for business case development, technical requirements specification for digital badging and IT technical requirements definition for learner record storage | 125,191 |
| MODIS STAFFING PTY LTD | Bolder Future Project - Digital First Delivery - To support Education Operations with the transition of existing digital content into Technology Enhanced Learning Shells | 13,036 |
| MODIS STAFFING PTY LTD | Bolder Future Project - Electronic Customer Relationship Management - implementation of Microsoft Dynamics 365 Cloud Solution | 286,985 |
| MODIS STAFFING PTY LTD | Bolder Future Project - Project Manager for Enterprise Scheduling Solution and Education Operations Training Package transition | 39,946 |

| Contractors | Purpose | \$ Actual payment |
|-------------------------|---|--------------------------|
| MODIS STAFFING PTY LTD | Bolder Future Project - Develop Technology Enhanced Learning (TEL) Materials | 80,909 |
| MODIS STAFFING PTY LTD | ASQA Training Package Transition Project | 78,303 |
| PAXUS AUSTRALIA PTY LTD | Bolder Future Project - Electronic Customer Relationship Management - implementation of Microsoft Dynamics 365 Cloud Solution | 49,435 |
| PAXUS AUSTRALIA PTY LTD | Bolder Future Project - Program Management - dashboard reporting and program tracking | 201,106 |
| PAXUS AUSTRALIA PTY LTD | Bolder Future Project - Schools VET Readiness Orientation process mapping | 22,260 |
| PAXUS AUSTRALIA PTY LTD | Bolder Future Project - Transforming the Trades Change Manager | 22,306 |
| PAXUS AUSTRALIA PTY LTD | Bolder Future Project - Develop Technology Enhanced Learning (TEL) Materials | 37,686 |
| PAXUS AUSTRALIA PTY LTD | Technology Skills Resourcing for Finance and Performance Digital Modernisation Project | 77,272 |
| RANDSTAD P/L | Reporting Analyst resource to build reports and trackers for key budget and Bolder Future measures | 26,754 |
| RANDSTAD P/L | Instructional designer for project 'Designer Traineeship' | 24,226 |
| RANDSTAD P/L | Bolder Future Project - Digital First Delivery - To support Education Operations with the transition of existing digital content into Technology Enhanced Learning Shells | 20,515 |
| RANDSTAD P/L | Bolder Future Project - Profitability Analytics - General Ledger Restructure | 17,118 |

| Contractors | Purpose | \$ Actual payment |
|-------------------------------|---|-------------------|
| | | |
| RANDSTAD P/L | Bolder Future Project - Develop Technology Enhanced Learning (TEL) Materials | 250,076 |
| RANDSTAD P/L | Additional resource for Workforce Alignment internal audit | 24,002 |
| TALENT INTERNATIONAL (SA) P/L | Bolder Future Project - Electronic Customer Relationship Management - implementation of Microsoft Dynamics 365 Cloud Solution | 181,863 |
| | Total | 6,982,346 |

Data for previous years is available at: <https://www.tafesa.edu.au/about-tafesa/publications>

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

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

Risk management

Risk and audit at a glance

The Audit and Risk Committee (ARC) assists the TAFE SA Board in fulfilling its corporate governance responsibilities in relation to financial reporting and control, risk management, the internal control framework and audit processes. The ARC comprises three members of the TAFE SA Board, with regular attendees including the Chief Executive, Chief Financial Officer, Internal Audit and representatives from the Auditor-General's Department. The Committee met on five (5) occasions during 2021-22.

During 2021-22, the ARC has focused on the following matters:

- Corporate governance, including the embedding of risk practices across the organisation
- Legislative compliance and oversight of internal policy and procedures
- TAFE SA's performance, including review of the annual Financial Statements
- Internal audit coverage including approving the annual internal audit plan, consideration of internal control weaknesses identified within internal audit reports, and the management actions to be taken to address the findings
- External audit including consideration of internal control weaknesses identified by the Auditor-General and the management actions to be taken to address the findings.

Fraud detected in the agency

| Category/nature of fraud | Number of instances |
|--|---------------------|
| Unauthorised/inappropriate use of government resources | 1 |

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

Strategies implemented to control and prevent fraud

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

Fraud control risks are reviewed as part of operational risk profiles to ensure that processes are in place to adequately manage potential fraud risks.

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

TAFE SA has implemented a number of internal controls to mitigate the risk of fraud including:

- Fraud awareness training
- Conflict of interest training
- Delegations
- Segregation of duties
- Monthly general ledger reconciliations
- Stocktakes of fixed assets and key inventories

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

Public interest disclosure

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

Zero.

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

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

Reporting required under any other act or regulation

Reporting required under the *Carers' Recognition Act 2005*

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

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

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

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

Reporting required under the *Public Corporations Act 1993 (SA)*

| Act or Regulation | Requirement |
|--|--|
| <i>Public Corporations Act 1993 (SA)</i> | Section 33(2)(c): set out any approval or exemption given or determination made by its Minister or the Treasurer under this Act or the corporation's incorporating Act in respect of the corporation or any of its subsidiaries during that financial year or that has effect in respect of that financial year; |

TAFE SA received an exemption under Section 4 of the *Land Tax Act 1936* as it is a State Government entity. TAFE SA was also exempt from the Dividend and Income Tax Equivalents (ITE) payments.

| Act or Regulation | Requirement |
|--|---|
| <i>Public Corporations Act 1993 (SA)</i> | Section 33(2)(d): set out any disclosure made during that financial year by a director of the corporation or a subsidiary of the corporation of an interest in a matter decided or under consideration by the board of the corporation or subsidiary; |

As at June 30, 2022, 44 disclosures were made by Board Directors and retained on the standing register of Board Directors' declaration of interests during the reporting period.

On two occasions, Board Directors made or reiterated declarations of an interest in a matter which was the subject of Board consideration and/or a decision.

Public complaints

Number of public complaints reported

| Complaint categories | Sub-categories | Example | Number of Complaints 2021-22 |
|------------------------|-----------------------|--|---------------------------------|
| Professional behaviour | Staff attitude | Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency | 31 |
| Professional behaviour | Staff competency | Failure to action service request; poorly informed decisions; incorrect or incomplete service provided | 13 |
| Professional behaviour | Staff knowledge | Lack of service specific knowledge; incomplete or out-of-date knowledge | 3 |
| Communication | Communication quality | Inadequate, delayed or absent communication with customer | 34 |
| Communication | Confidentiality | Customer's confidentiality or privacy not respected; information shared incorrectly | 1 |
| Service delivery | Systems/technology | System offline; inaccessible to customer; incorrect result/information provided; poor system design | 20 |
| Service delivery | Access to services | Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities | 52 |
| Service delivery | Process | Processing error; incorrect process used; delay in processing application; process not customer responsive | 13 |
| Policy | Policy application | Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given | 9 |
| Policy | Policy content | Policy content difficult to understand; policy | 0 |

| Complaint categories | Sub-categories | Example | Number of Complaints 2021-22 |
|----------------------|------------------------|---|---------------------------------|
| | | unreasonable or disadvantages customer | |
| Service quality | Information | Incorrect, incomplete, out dated or inadequate information; not fit for purpose | 16 |
| Service quality | Access to information | Information difficult to understand, hard to find or difficult to use; not plain English | 19 |
| Service quality | Timeliness | Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met | 18 |
| Service quality | Safety | Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness | 12 |
| Service quality | Service responsiveness | Service design doesn't meet customer needs; poor service fit with customer expectations | 18 |
| No case to answer | No case to answer | Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate | 0 |
| | | Total | 259 |

| Additional Metrics | Total |
|---|------------------------------------|
| Number of positive feedback comments | 19 |
| Number of negative feedback comments | 632 |
| Total number of feedback comments | 651 |
| % complaints resolved within policy timeframes* | 66.67% (Level 1 less than 14 days) |

*Note that new strategies were implemented in Q4 21-22 to mitigate delays.

Data for previous years is available at: [TAFE SA – Complaints – Historical Trend - Dataset - data.sa.gov.au](https://data.sa.gov.au/dataset/tafe-sa-complaints-historical-trend)

Service Improvements

A review has been undertaken of TAFE SA's Fee Policy.

Service delivery and quality continues to represent a significant proportion of complaints. This category covers a breadth of issues from responsiveness, timeliness, processes and technology. Customer Service principles have been introduced to staff in Student Experience and there are plans to expand this across educational and other business units to upskill staff in providing excellent customer service.

A review of the data captured in TAFE SA's Complaint Management System (CMS) was undertaken in early 2022. It was determined that separation was required of TAFE SA specific 'Issues' from the root causes (complaint categories) supplied in this report. This will allow better identification of the TAFE SA specific issues our complainants raise and provide accurate data about the root cause of the issues raised.

Other categories have been added, and amended, to improve the recording of data to better identify and inform TAFE SA's service delivery for targeted improvements.

A pilot will commence in Week 1 of Term 3 2022 to trial the capturing of 'First Contact' complaint data. This will capture any expressions of dissatisfaction with a TAFE SA service or delivery by a customer at the first point of contact, which may not necessarily be escalated to a formal complaint. It is expected this will provide valuable intelligence at various touch points across TAFE SA. Once analysed, it is expected this pilot will be delivered into business as usual.

The Complaints/Feedback Team have been provided licences to TAFE SA's Customer Relationship Management System (MyCustomer) allowing basic recording of complaint information. This will be continually reviewed and expanded with a view of TAFE SA's CMS being integrated into MyCustomer.

Presentations about TAFE SA's CMS and requirements to capture and report on complaints have begun across various business/ educational units and expanded throughout the second half of 2022.

Compliance Statement

| | |
|--|---|
| TAFE SA is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector | Y |
| TAFE SA has communicated the content of PC 039 and the agency's related complaints policies and procedures to employees. | Y |

**Appendix 1: Audited financial statements
2021-22**

OFFICIAL



Government of South Australia
Auditor-General's Department

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Our ref: A22/465

Ms J Denley
Chair
TAFE SA Board
TAFE SA
120 Currie Street
ADELAIDE SA 5000
email: denleymanagement@bigpond.com
TAFESABoard@tafesa.edu.au
david.coltman@tafesa.edu.au

Dear Ms Denley

Audit of TAFE SA for the year to 30 June 2022

We have completed the audit of your accounts for the year ended 30 June 2022. Two key outcomes from the audit are the:

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

1 Independent Auditor's Report

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

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

2 Audit management letters

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

Significant matters related to:

- controls over the use of the CommBiz banking system could be improved
- some hourly paid instructors continue to commence work before signing a letter of offer
- contract management and procurement practices could be improved.

OFFICIAL

We have received responses to our letters and will follow these up in the 2022-23 audit.

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

What the audit covered

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

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- expenditure and accounts payable
- payroll processing
- revenue, including funding from the Department for Innovation and Skills (DIS), student revenue and accounts receivable
- cash
- property, plant and equipment
- general ledger processing
- TAFE SA's implementation of the new government procurement framework and contract management requirements in Treasurer's Instruction 18 *Procurement*
- TAFE SA's implementation of the SA Public Sector Workforce Rejuvenation Scheme.

Particular attention was given to funding arrangements with DIS. We concluded that the financial report was prepared in accordance with the financial reporting framework in this respect.

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

Yours sincerely



Andrew Richardson
Auditor-General

20 September 2022

enc

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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200 Victoria Square
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**To the Chair, TAFE SA Board
TAFE SA**

Opinion

I have audited the financial report of TAFE SA for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of TAFE SA as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chair, TAFE SA Board, the Acting Chief Executive and the Chief Finance Officer

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of TAFE SA. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive and the TAFE SA Board for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 32 of the *Public Corporations Act 1993*, I have audited the financial report of TAFE SA for the financial year ended 30 June 2022.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TAFE SA's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and the Chair of the TAFE SA Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson
Auditor-General

20 September 2022

TAFE SA

Financial Statements For the year ended 30 June 2022

TAFE SA
Certification of Financial Statements
for the year ended 30 June 2022

We certify that:

- the financial statements of TAFE SA:
 - are in accordance with the accounts and records of TAFE SA;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position for TAFE SA at the end of the financial year and the result of its operation and cash flows for the financial year.

Internal controls employed by TAFE SA for the financial year over its financial reporting and its preparation of the financial statements have been effective.



Joanne Denley
Chair, TAFE SA Board
15 September 2022



Mark Hayward
A/Chief Executive
15 September 2022



Michaela Welby
Chief Finance Officer
15 September 2022

TAFE SA
Statement of Comprehensive Income
for the year ended 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|--|----------|----------------|----------------|
| <u>Income</u> | | | |
| Grants and subsidies from Department for Innovation and Skills | 2.1 | 236 495 | 231 332 |
| Student and other fees and charges | 2.2 | 77 278 | 82 634 |
| Commonwealth-sourced grants and funding | 2.3 | 3 756 | 5 541 |
| Other grants and contributions | 2.4 | 608 | 67 |
| SA Government grants, subsidies and transfers | 2.5 | 2 185 | 4 823 |
| Resources received free of charge | 2.6 | 2 805 | 2 938 |
| Net gain from disposal of non-current assets | 2.7 | - | 29 |
| Other income | | 3 636 | 3 351 |
| Total income | | 326 763 | 330 715 |
| <u>Expenses</u> | | | |
| Employee benefits expenses | 3.3 | 208 701 | 205 960 |
| Supplies and services | 4.1 | 66 733 | 61 552 |
| Depreciation and amortisation | 5.1, 5.3 | 26 116 | 26 156 |
| Grants and subsidies | | 75 | 76 |
| Net loss from disposal of non-current assets | 2.7 | 163 | - |
| Borrowing costs | 7.2 | 6 | 13 |
| Other expenses | 4.2 | 3 645 | 3 787 |
| Total expenses | | 305 439 | 297 544 |
| Net result | | 21 324 | 33 171 |
| Total comprehensive result | | 21 324 | 33 171 |

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

TAFE SA
Statement of Financial Position
as at 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|---------------------------------------|------|----------------|----------------|
| <u>Current assets</u> | | | |
| Cash and cash equivalents | 6 | 110 773 | 136 839 |
| Receivables | 6.1 | 9 209 | 12 657 |
| Inventories | 5.4 | 1 443 | 708 |
| Contract assets | 2.2 | 6 511 | 2 481 |
| Total current assets | | 127 936 | 152 685 |
| <u>Non-current assets</u> | | | |
| Receivables | 6.1 | 89 | 43 |
| Property, plant and equipment | 5.1 | 595 798 | 611 958 |
| Intangible assets | 5.3 | 7 131 | 7 273 |
| Total non-current assets | | 603 018 | 619 274 |
| Total assets | | 730 954 | 771 959 |
| <u>Current liabilities</u> | | | |
| Payables | 7.1 | 18 093 | 19 809 |
| Employee benefits | 3.4 | 16 407 | 21 757 |
| Financial liabilities | 7.2 | 241 | 491 |
| Provisions | 7.3 | 1 399 | 954 |
| Contract liabilities | 2.2 | 2 896 | 3 674 |
| Other liabilities | | 330 | 337 |
| Total current liabilities | | 39 366 | 47 022 |
| <u>Non-current liabilities</u> | | | |
| Payables | 7.1 | 4 176 | 4 728 |
| Employee benefits | 3.4 | 33 325 | 39 261 |
| Financial liabilities | 7.2 | 104 | 120 |
| Provisions | 7.3 | 4 638 | 2 807 |
| Total non-current liabilities | | 42 243 | 46 916 |
| Total liabilities | | 81 609 | 93 938 |
| Net assets | | 649 345 | 678 021 |
| <u>Equity</u> | | | |
| Contributed capital | | 591 074 | 641 074 |
| Retained earnings | | 56 919 | 35 595 |
| Asset revaluation surplus | | 1 352 | 1 352 |
| Total equity | | 649 345 | 678 021 |

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

TAFE SA
Statement of Changes in Equity
for the year ended 30 June 2022

| | Asset revaluation surplus | Retained Earnings | Contributed capital | Total equity |
|---|---------------------------------|----------------------|------------------------|-----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July 2020 | 1 352 | 2 424 | 641 074 | 644 850 |
| Net result for 2020-21 | - | 33 171 | - | 33 171 |
| Total comprehensive result for 2020-21 | - | 33 171 | - | 33 171 |
| Balance at 30 June 2021 | 1 352 | 35 595 | 641 074 | 678 021 |
| Net result for 2021-22 | - | 21 324 | (50 000)* | (28 676) |
| Total comprehensive result for 2021-2022 | - | 21 324 | (50 000) | (28 676) |
| Balance at 30 June 2022 | 1 352 | 56 919 | 591 074 | 649 345 |

*Payment made to the Department of Treasury and Finance (DTF) as part of DTF's Cash Alignment Policy, paid as a return of capital.

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

TAFE SA
Statement of Cash Flows
for the year ended 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|---|------|------------------|------------------|
| <u>Cash flows from operating activities</u> | | | |
| <u>Cash inflows</u> | | | |
| Grants and subsidies from Department for Innovation and Skills | | 236 495 | 234 060 |
| Student and other fees and charges | | 77 551 | 84 400 |
| Commonwealth sourced grants and funding | | 3 756 | 2 580 |
| Other grants and contributions | | 608 | 3 058 |
| SA Government grants, subsidies and transfers | | 2 185 | 4 823 |
| GST recovered from the ATO | | 5 844 | 3 994 |
| Other income | | 3 232 | 3 351 |
| Cash generated from operations | | 329 671 | 336 266 |
| <u>Cash outflows</u> | | | |
| Employee benefits | | (218 203) | (206 022) |
| Supplies and services | | (76 771) | (66 161) |
| Grants and subsidies | | (75) | (76) |
| Other payments | | (449) | (746) |
| Cash used in operations | | (295 498) | (273 005) |
| Net cash provided by operating activities | 8.1 | 34 173 | 63 261 |
| <u>Cash flows from investing activities</u> | | | |
| <u>Cash inflows</u> | | | |
| Proceeds from the sale of property, plant and equipment | 2.7 | 41 | 47 |
| Cash generated from investing activities | | 41 | 47 |
| <u>Cash outflows</u> | | | |
| Purchase of property, plant and equipment | | (7 975) | (4 436) |
| Purchase of intangibles | | (1 857) | (2 176) |
| Cash used in investing activities | | (9 832) | (6 612) |
| Net cash used in investing activities | | (9 791) | (6 565) |
| <u>Cash flows from financing activities</u> | | | |
| <u>Cash outflows</u> | | | |
| Return of capital | | (50 000) | - |
| Repayment of principal portion of leases | | (448) | (609) |
| Cash used by financing activities | | (50 448) | (609) |
| Net cash provided by financing activities | | (50 448) | (609) |
| Net (decrease) / increase in cash and cash equivalents | | (26 066) | 56 087 |
| Cash and cash equivalents at the beginning of the reporting period | | 136 839 | 80 752 |
| Cash and cash equivalents at the end of the reporting period | | 110 773 | 136 839 |

The accompanying notes form part of these financial statements.

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1. About TAFE SA

TAFE SA is a not-for-profit statutory corporation of the state of South Australia, established pursuant to the *TAFE SA Act 2012*.

TAFE SA has a 20% interest in the South Australian Tertiary Admissions Centre (SATAC).

TAFE SA is a member of SATAC who provides admission services to TAFE SA under a service agreement. SATAC became established as an incorporated association on 1 July 2017.

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

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

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in accordance with:

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

The financial statements are prepared based on a 12-month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars \$'000. Any transactions in foreign currency are translated into Australian dollars at the exchange rate at the date the transaction occurs.

The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

Significant accounting policies are set out throughout the notes.

TAFE SA is liable for fringe benefits tax (FBT) and goods and services tax (GST). Income, expenses and assets are recognised net of the amount of GST except:

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

The net amount of GST recoverable from, or payable to the ATO is included as part of receivables or payables in the Statement of Financial Position.

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

TAFE SA is not required to pay a dividend or make an Income Tax Equivalent payment for the 2020-21 and 2021-22 financial years.

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.2. New and amended standards

TAFE SA has early adopted AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*, which clarifies the requirements for disclosure of material accounting policy information and clarifies the distinction between accounting policies and accounting estimates. There has been no impact on TAFE SA's financial statements.

1.3. Objectives and functions

TAFE SA was established as a Public Corporation on 1 November 2012 by the *TAFE SA Act 2012* (the Act). TAFE SA is responsible to the Minister for Education, Training 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 incidental to, the provision of technical and further education
- undertake or provide for the development or use, for commercial, community or other purposes, of any intellectual property, product or process created or developed (whether wholly or partly) in the course of, or incidentally to, the provision of technical and further education
- perform any other function assigned to it by the Minister.

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

Functions of TAFE SA

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

- delivering government-funded VET services that meet the economic and social needs of South Australia
- supporting the Government's policy objectives of growing the depth and diversity of the training market and supporting value for money
- strengthening VET in Schools activity in support of the Government's policy objectives
- growing training delivery activity in the regions
- pursuing VET commercial activities that are outlined in the approved business plan by the Minister.

Funding

TAFE SA was predominantly funded by the Department for Innovation and Skills (DIS). From 1 July 2022 the ministerial responsibility for Skills has transferred to the Minister for Education, Training and Skills and TAFE SA is funded by the Department for Education.

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

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

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.4. Impact of COVID-19 pandemic on TAFE SA

In 2021-22 TAFE SA continued to be impacted by COVID-19 and response plans are activated as and when required.

At the announcement of the pandemic TAFE SA transitioned approximately 95% of its programs to enable digital or online delivery to ensure students were able to continue to access vocational training when they could not travel. The transition continued during 21-22 extending to regional and remote locations.

Student counselling and support services were transitioned to a blended model of service, including in person, online and by phone. This model has remained in place with online or phone support being the most utilised channel for most students.

TAFE SA has continued its implementation of student hubs which provides a place for students to access technology to assist with continuing their studies throughout all but the strictest lockdowns periods.

International enrolments at TAFE SA have decreased by 12% from 1021 in 2020-21 to 895 in 2021-22. International borders opened from January 2022 and TAFE SA is closely monitoring activity and alternative strategies to boost international student enrolments.

In 2020-21, TAFE SA reduced debt recovery activities in support of students that were experiencing financial difficulties due to COVID-19.

From July 2021 TAFE SA has resumed the regular processes for the collection of debts. Debt write-offs and impairment losses on receivables for the year ended June 2022 were \$439 000 (2021: \$334 000).

In 2021-22 there were continued additional expenses relating to hygiene and cleaning activities across campuses as a result of COVID-19. The additional expenses associated with these activities in 2021-22 is assessed as \$365 000.

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.5. Budget performance

The budget performance table compares TAFE SA's outcomes against budget information presented to Parliament (2021-22 Budget Paper 4). The budget amounts have not been adjusted to reflect subsequent budget revisions or administrative restructures. The budget process is not subject to audit.

| | Original budget 2022 \$'000 | Actual 2022 \$'000 | Variance \$'000 |
|--|--------------------------------------|--------------------------|--------------------|
| Statement of Comprehensive Income | | | |
| <u>Income</u> | | | |
| Grants and subsidies from Department for Innovation and Skills | 234 996 | 236 495 | 1 499 |
| Student and other fees and charges | 79 228 | 77 278 | (1 950) |
| Commonwealth sourced grants and funding | 5 480 | 3 756 | (1 724) |
| Other grants and contributions | - | 608 | 608 |
| SA Government grants, subsidies and transfers | 1 103 | 2 185 | 1 082 |
| Resources received free of charge | - | 2 805 | 2 805 |
| Other income | 2 718 | 3 636 | 918 |
| Total income | 323 525 | 326 763 | 3 238 |
| <u>Expenses</u> | | | |
| Employee benefits expenses | 225 125 | 208 701 | 16 424 |
| Supplies and services | 66 105 | 66 733 | (628) |
| Depreciation and amortisation expense | 25 686 | 26 116 | (430) |
| Grants and subsidies | - | 75 | (75) |
| Net loss from disposal of non-current assets | - | 163 | (163) |
| Borrowing Costs | 13 | 6 | 7 |
| Other Expenses | 7 137 | 3 645 | 3 492 |
| Total expenses | 324 066 | 305 439 | 18 627 |
| Net result | (541) | 21 324 | 21 865 |
| Total comprehensive result | (541) | 21 324 | 21 865 |

| | Original budget 2022 \$'000 | Actual 2022 \$'000 | Variance \$'000 |
|---|--------------------------------------|--------------------------|--------------------|
| <u>Investing expenditure summary</u> | | | |
| Total new and existing projects | 9 622 | 2 412 | 7 210 |
| Total annual programs | 10 977 | 7 423 | 3 554 |
| Total Right of Use leases | 704 | 187 | 517 |
| Total investing expenditure | 21 303 | 10 022 | 11 281 |

Explanations are provided for variances where the variance exceeds both the greater of 10% of the original budgeted amount and 5% of original budgeted amount for total expenses. No items meet these criteria.

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.6. Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report. Noteworthy are transactions with Department for Innovation and Skills - refer Note 2.1.

2. Income

2.1. Grants and subsidies from Department for Innovation and Skills (DIS)

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Funding for delivery of VET training | 212 415 | 212 156 |
| Funding for VET capital projects | 24 080 | 19 176 |
| Total grants and subsidies from DIS | 236 495 | 231 332 |

Grants and subsidies from DIS are recognised on receipt as the Memorandum of Administrative Arrangement provides for the allocation of funding without any withholding of funds associated with non-achievement of performance criteria.

2.2. Student and other fees and charges

| | 2022 | 2021 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Sales/fee for service revenue | 44 587 | 44 985 |
| Student enrolment fees and charges | 26 657 | 33 083 |
| Other user fees and charges | 6 034 | 4 566 |
| Total student and other fees and charges | 77 278 | 82 634 |

Student and other fees and charges are recognised when performance obligations have been satisfied.

Performance obligations for student enrolment and charges for domestic and international students as well as short courses, are provided over time and inputs are expended evenly over the performance period.

Contract assets primarily relate to TAFE SA's rights to consideration for work completed but not billed at the reporting date in relation to Adult Migrant English Program and Skills for Education and Employment. Amounts are billed in accordance with agreed upon contractual terms (i.e. periodic intervals). Contract assets are transferred to receivables when the rights become unconditional.

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

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

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2.2 Student and other fees and charges (continued)

Contract balances

| | 2022 | 2021 |
|------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Contract assets | 6 511 | 2 481 |
| Total Contract Assets | 6 511 | 2 481 |

| | 2022 | 2021 |
|-----------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Contract liabilities | 2 896 | 3 674 |
| Total Contract Liabilities | 2 896 | 3 674 |

2.3. Commonwealth-sourced grants and funding

| | 2022 | 2021 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Aboriginal and Torres Strait Islanders projects | 232 | 100 |
| Revitalising TAFE campuses across Australia project | 650 | 2 000 |
| Other specific commonwealth revenue | 2 874 | 3 441 |
| Total Commonwealth-sourced grants and funding | 3 756 | 5 541 |

Commonwealth sourced grants and funding are recognised on completion of agreed deliverables and in compliance with all obligations under the agreement.

2.4. Other grants and contributions

| | 2022 | 2021 |
|---|------------|-----------|
| | \$'000 | \$'000 |
| Grants and subsidies revenue | 601 | 44 |
| Miscellaneous contributions | 7 | 23 |
| Total other grants and contributions | 608 | 67 |

Revenue is recognised upon receipt.

2.5. SA Government grants, subsidies and transfers

| | 2022 | 2021 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| TVSP reimbursement from Department of Treasury and Finance | 1 995 | 3 507 |
| Rent relief | - | 898 |
| Grants from other entities within SA government | 190 | 418 |
| Total SA Government grants, subsidies and transfers | 2 185 | 4 823 |

Revenue is recognised upon receipt.

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2.6. Resources received free of charge

| | 2022 | 2021 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Services received free of charge - Shared Services SA | 2 174 | 2 293 |
| Services received free of charge - Department of the Premier and Cabinet (DPC) | 631 | 615 |
| Contributed assets | - | 30 |
| Total resources received free of charge | 2 805 | 2 938 |

Contributions of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated.

TAFE SA receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge and ICT services from DPC following Cabinet's approval to cease intra-government charging.

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

| | 2022 | 2021 |
|---|--------------|-----------|
| | \$'000 | \$'000 |
| Plant and equipment | | |
| Proceeds from disposal | 41 | 47 |
| Less carrying amount of assets disposed | (204) | (18) |
| Net (Loss) / gain from disposal of plant and equipment | (163) | 29 |

Gains or losses on disposal are recognised at the date control of the assets is passed from TAFE SA and determined after deducting the carrying amount of the asset from the proceeds at that time. When revalued assets are disposed, the revaluation surplus is transferred to retained earnings.

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of TAFE SA include the Minister for Education, Training and Skills, the non-executive board members, the Chief Executive Officer and the members of the Executive Team who have responsibility for the strategic direction and management of TAFE SA.

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

| | 2022 | 2021 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Compensation | | |
| Salaries and other short term employee benefits | 2 225 | 2 199 |
| Post-employment benefits | 223 | 207 |
| Termination benefits | - | 255 |
| Total compensation | 2 448 | 2 661 |

Transactions with key management personnel and other related parties

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

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.2. Board and committee members

Members during the 2022 financial year were:

TAFE SA Board

Joanne Denley (Chair)
Jennifer Cleary
Judith Curran
David Hughes
Craig Fowler
Andrew Marshall AM – Ceased 14 October 2021
Sam Scammell
Paul Brock – Appointed 15 October 2021
Michael Boyce OAM – Appointed 15 October 2021

Human Resources Committee

Joanne Denley (Chair)
Judith Curran
Sam Scammell
Paul Brock – Appointed 15 October 2021

Academic & Quality Committee

Craig Fowler (Chair)
Jennifer Cleary
Judith Curran
Joanne Denley
Michael Boyce OAM – Appointed 15 October 2021

Audit & Risk Committee

David Hughes (Chair)
Joanne Denley
Andrew Marshall AM – Ceased 14 October 2021
Sam Scammell

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.2 Board and committee members (continued)

Board and committee remuneration

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

| | 2022 | 2021 |
|--------------------------------|----------|----------|
| \$0 - \$19 999 | 1 | - |
| \$20 000 - \$39 999 | 2 | 1 |
| \$40 000 - \$59 999 | 5 | 6 |
| \$60 000 - \$79 999 | - | 1 |
| \$80 000 - \$99 999 | 1 | - |
| Total number of members | 9 | 8 |

The total remuneration received or receivable by members was \$398 000 (2021: \$386 000). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

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.

3.3. Employee benefits expenses

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Salaries and wages (including annual leave) | 172 918 | 170 175 |
| Employment on-costs - superannuation | 17 218 | 16 772 |
| Employment on-costs - other | 9 424 | 9 364 |
| Long service leave | (1 142) | 2 269 |
| Targeted voluntary separation payments | 4 048 | 3 841 |
| Workers' compensation | 4 134 | 1 837 |
| Skills and experience retention leave | 1 085 | 982 |
| Board and committee fees | 365 | 352 |
| Other employee related costs | 651 | 368 |
| Total employee benefits expenses | 208 701 | 205 960 |

Employment on-costs – superannuation

The superannuation employment on-cost charge represents TAFE SA's contributions to superannuation plans in respect of current services of current employees. DTF centrally recognises the super liability in the whole of government financial statements.

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.3 Employee benefits expenses (continued)

Employee remuneration

| | 2022 | 2021 |
|---|---------------|---------------|
| | Number | Number |
| The number of employees whose remuneration received or receivable falls within the following bands: | | |
| \$154 001 to \$157 000* | n/a | 1 |
| \$157 001 to \$177 000 | 7 | 9 |
| \$177 001 to \$197 000 | 7 | 5 |
| \$197 001 to \$217 000 | 2 | 5 |
| \$217 001 to \$237 000 | 6 | 1 |
| \$237 001 to \$257 000 | - | 2 |
| \$257 001 to \$277 000 | 2 | 2 |
| \$277 001 to \$297 000 | 2 | 1 |
| \$357 001 to \$377 000 | - | 1 |
| \$397 001 to \$417 000 | - | 2 |
| \$437 001 to \$457 000 | - | 1 |
| \$477 001 to \$497 000 | 1 | - |
| Total | 27 | 30** |

The total remuneration received by these employees for the year was \$5.8 million (2021: \$6.8 million).

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2020-21.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, termination payments, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

**The table includes 3 non-executive employees who received / accepted Targeted Voluntary Separation Package termination payments in 2021.

Targeted voluntary separation packages

The number of employees who accepted a Targeted Voluntary Separation Package during the reporting period was 22 (2021: 47).

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Amount paid to separated employees: | | |
| Targeted Voluntary Separation Packages | 1 985 | 3 841 |
| Public Sector Workforce Rejuvenation Packages | 2 063 | - |
| Leave paid to separated employees | 1 700 | 952 |
| Recovery from the Department of Treasury and Finance | (1 995) | (3 507) |
| Net cost to TAFE SA | 3 753 | 1 286 |

During the year, the Government offered employees the opportunity to participate in the South Australian Public Sector Workforce Rejuvenation Scheme. The above table includes 48 employees who accepted the offer under the scheme (\$2.1 million).

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.4. Employee benefits liability

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Annual leave | 7 353 | 6 839 |
| Accrued salaries and wages | 555 | 6 512 |
| Non-attendance days | 4 368 | 4 338 |
| Long service leave | 2 222 | 2 132 |
| Skills and experience retention leave | 1 909 | 1 936 |
| Total current employee benefits | 16 407 | 21 757 |
| <u>Non-current</u> | | |
| Long service leave | 33 325 | 39 261 |
| Total non-current employee benefits | 33 325 | 39 261 |
| Total employee benefits | 49 732 | 61 018 |

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

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

Salary inflation rate for annual leave, non-attendance days, and skills, experience and retention leave liability changed to 1.5% (2.0%: 2021).

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

Long service leave

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

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

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

AASB 119 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. This represents the estimated duration over which the liability is expected to be settled. The yield on long term Commonwealth Government bonds changed to 3.5% from 1.0% in 2021.

The actuarial assessment performed by DTF did not change the salary inflation rate (2021: 2.5%) for long service leave liability. This represents the estimated future salary increases that affect the long service leave benefits payable.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$5.8 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using several demographic and financial assumptions – including the long-term discount rate.

TAFE SA
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For the year ended 30 June 2022

3.4 Employee benefits liability (continued)

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 CHRIS21 payroll system.

Long service leave entitlement data for HPIs is only updated in CHRIS21 once actual leave requests have been manually verified against Human Resource records on a case-by-case basis. The empirical evidence of HPI employees taking long service leave entitlements indicates that the HPI long service leave balance is immaterial.

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

4. Expenses

4.1. Supplies and services

| | 2022 | 2021 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| General administration and consumables | 19 928 | 21 543 |
| Fees - contracted services | 11 455 | 6 469 |
| Books materials and copyright | 8 229 | 7 994 |
| Minor works, maintenance and equipment | 10 398 | 10 705 |
| Information technology and communication | 9 177 | 7 781 |
| Accommodation | 847 | 1 271 |
| Temp agency costs | 3 141 | 3 068 |
| Short term leases | 463 | 562 |
| Funding to external vocational education and training providers | 195 | 182 |
| Consultants | 560 | 488 |
| Legal costs | 394 | 269 |
| Other | 1 946 | 1 220 |
| Total supplies and services | 66 733 | 61 552 |

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4.2. Other expenses

| | 2022 | 2021 |
|-----------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Resources provided free of charge | 2 805 | 2 908 |
| Other* | 401 | 545 |
| Bad debts written off | 437 | (1) |
| Impairment loss on receivables | 2 | 335 |
| Total other expenses | 3 645 | 3 787 |

*Includes audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$253 900 (2021: \$253 900). No other services were provided by the Auditor-General's Department.

5. Non-financial assets

5.1. Property, plant and equipment owned or leased by TAFE SA

Property, plant and equipment owned by TAFE SA with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Property plant and equipment owned by TAFE SA is recorded at fair value. Detail about TAFE SA's approach to fair value is set out in note 11.1.

Plant and equipment includes \$11.8 million of fully depreciated plant and equipment still in use.

Depreciation and Amortisation

All non-current assets, not held for sale, with a limited useful life, are systematically depreciated / amortised over their useful lives in a manner that reflects the consumption of their service potential.

Useful life

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life of the following classes of assets as follows:

| Class of asset | Useful life (years) |
|---------------------|---------------------|
| Buildings | 11 - 43 |
| Plant and equipment | 1 - 40 |
| Library collections | 3 - 15 |
| Right-of-use assets | Lease term |
| Intangibles | 5 - 10 |

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

Review of accounting estimates

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

TAFE SA
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5.1. Property, plant and equipment owned and leased by TAFE SA (continued)

Reconciliation of property, plant and equipment – 2021-22

| | Land | Buildings | Plant and equipment | Library Collection | Work in progress | ROU Buildings | ROU Vehicles | Total |
|--|----------------|----------------|---------------------|--------------------|------------------|---------------|--------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at 1 July 2021 | 136 060 | 461 020 | 10 124 | 711 | 3 441 | - | 602 | 611 958 |
| Additions | - | 11 | 1 515 | 2 | 6 447 | - | 187 | 8 162 |
| Disposals | - | - | (204) | - | - | - | (1) | (205) |
| Capitalisation | - | 3 403 | 2 | - | (3 405) | - | - | - |
| Depreciation | - | (21 329) | (2 259) | (78) | - | - | (451) | (24 117) |
| Transfers between asset classes | - | 267 | (267) | - | - | - | - | - |
| Carrying amount at 30 June 2022 | 136 060 | 443 372 | 8 911 | 635 | 6 483 | - | 337 | 595 798 |
| Gross carrying amount | | | | | | | | |
| Gross carrying amount | 136 060 | 500 538 | 31 211 | 16 549 | 6 483 | - | 1 271 | 692 112 |
| Accumulated depreciation | - | (57 166) | (22 300) | (15 914) | - | - | (934) | (96 314) |
| Carrying amount at 30 June 2022 | 136 060 | 443 372 | 8 911 | 635 | 6 483 | - | 337 | 595 798 |

Reconciliation of property, plant and equipment – 2020-21

| | Land | Buildings | Plant and equipment | Library Collection | Work in progress | ROU Buildings | ROU Vehicles | Total |
|--|----------------|----------------|---------------------|--------------------|------------------|---------------|--------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at 1 July 2020 | 136 060 | 480 397 | 10 358 | 738 | 253 | 55 | 997 | 628 858 |
| Additions | - | 267 | 903 | 55 | 5 112 | - | 217 | 6 554 |
| Disposals | - | - | (18) | - | - | (50) | (4) | (72) |
| Contributed assets | - | - | 30 | - | - | - | - | 30 |
| Capitalisation | - | 1 429 | 495 | - | (1 924) | - | - | - |
| Depreciation | - | (21 073) | (1 644) | (82) | - | (5) | (608) | (23 412) |
| Carrying amount at 30 June 2021 | 136 060 | 461 020 | 10 124 | 711 | 3 441 | - | 602 | 611 958 |
| Gross carrying amount | | | | | | | | |
| Gross carrying amount | 136 060 | 496 856 | 30 744 | 16 548 | 3 441 | - | 1 473 | 685 122 |
| Accumulated depreciation | - | (35 836) | (20 620) | (15 837) | - | - | (871) | (73 164) |
| Carrying amount at 30 June 2021 | 136 060 | 461 020 | 10 124 | 711 | 3 441 | - | 602 | 611 958 |

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

5.2. Property, plant and equipment leased by TAFE SA

Property, plant and equipment leased by TAFE SA as lessee is measured at cost. There are no indicators of impairment. Additions to leased vehicles during 2021-22 were \$187 000 (2020-21: \$217 000).

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

TAFE SA has a limited number of leases, namely 81 (103: 2021) motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

The lease liabilities related to the right-of-use vehicles and the maturity analysis of its lease liabilities are disclosed in note 7.2. Depreciation expenses related to the leases is disclosed in note 5.1. Cash outflows related to leases are disclosed in note 8.1.

Depreciation on right-of-use vehicles is calculated on a straight-line basis over the life of the lease.

5.3. Intangible assets

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The acquisition of internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

The internally developed computer software predominantly relates to TAFE SA's Student Information System (SIS) with a remaining useful life of (5-10 years).

Intangible work in progress relates to the Enterprise Resource Scheduling Solution.

TAFE SA
Notes to and forming part of the financial statements
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5.3. Intangible assets (continued)

Reconciliation of intangible assets 2021-22

| | Intangibles \$'000 | Intangibles work in progress \$'000 | Total \$'000 |
|---------------------------------|-----------------------|--|-----------------|
| Carrying amount at 1 July 2021 | 6 617 | 656 | 7 273 |
| Additions | - | 1 857 | 1 857 |
| Capitalisations | 319 | (319) | - |
| Amortisation | (1 999) | - | (1 999) |
| Carrying amount at 30 June 2022 | 4 937 | 2 194 | 7 131 |
| Gross carrying amount | | | |
| Gross carrying amount | 26 290 | 2 194 | 28 484 |
| Accumulated amortisation | (21 353) | - | (21 353) |
| Carrying amount at 30 June 2022 | 4 937 | 2 194 | 7 131 |

Reconciliation of intangible assets 2020-21

| | | | |
|---------------------------------|----------|---------|----------|
| Carrying amount at 1 July 2020 | 6 346 | 1 044 | 7 390 |
| Additions | - | 2 627 | 2 627 |
| Capitalisations | 3 015 | (3 015) | - |
| Amortisation | (2 744) | - | (2 744) |
| Carrying amount at 30 June 2021 | 6 617 | 656 | 7 273 |
| Gross carrying amount | | | |
| Gross carrying amount | 25 969 | 656 | 26 625 |
| Accumulated amortisation | (19 352) | - | (19 352) |
| Carrying amount at 30 June 2021 | 6 617 | 656 | 7 273 |

5.4. Inventories

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Current: | | |
| Held for sale | 32 | 95 |
| Held for distribution at no or nominal amount | 1 411 | 613 |
| Total current inventories | 1 443 | 708 |

Inventories held for distribution at no or nominal consideration are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Cost is assigned to low volume inventory items on a specific identification of cost basis.

Cost of all other inventory is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

TAFE SA
Notes to and forming part of the financial statements
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6. Financial assets

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

All deposits are with the Treasurer.

6.1. Receivables

| | 2022 | 2021 |
|---|--------------|---------------|
| <u>Current</u> | \$'000 | \$'000 |
| Trade receivables | | |
| From government entities | 752 | 239 |
| From non-government entities | 5 877 | 9 437 |
| Less ECL impairment loss on receivables | (3 058) | (3 056) |
| Total trade receivables | 3 571 | 6 620 |
| GST input tax recoverable | 1 790 | 2 512 |
| Prepayments | 3 832 | 3 516 |
| Workers' compensation recoveries | 16 | 9 |
| Total current receivables | 9 209 | 12 657 |
| <u>Non-current</u> | | |
| Workers' compensation recoveries | 89 | 43 |
| Total non-current receivables | 89 | 43 |
| Total receivables | 9 298 | 12 700 |

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

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

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

Refer to note 11.2 for information on the expected credit loss model.

Provision for impairment loss on receivables

| | 2022 | 2021 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 3 056 | 2 721 |
| Increase / (decrease) in the allowance recognised in Profit or loss | 2 | 335 |
| Carrying amount at end of the period | 3 058 | 3 056 |

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

7. Liabilities

7.1. Payables

| | 2022 | 2021 |
|------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Accrued expenses | 13 596 | 14 865 |
| Employment on-costs | 3 638 | 3 956 |
| Trade payables | 843 | 966 |
| Paid parental leave scheme payable | 14 | 10 |
| Other | 2 | 12 |
| Total current payables | 18 093 | 19 809 |
| Non-current | | |
| Employment on-costs | 4 096 | 4 648 |
| Creditors | 80 | 80 |
| Total non-current payables | 4 176 | 4 728 |
| Total payables | 22 269 | 24 537 |

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

Employment on-costs

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

TAFE SA contributes to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and externally managed superannuation schemes.

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has changed from the 2021 rate (65%) to 66% and the average factor for the calculation of employer superannuation on-costs changed from the 2021 rate (10.1%) to 10.6%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in current financial year is immaterial.

Paid parental leave scheme

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

TAFE SA

Notes to and forming part of the financial statements

For the year ended 30 June 2022

7.2. Financial liabilities

All financial liabilities are lease liabilities, which have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTF's incremental borrowing rate. There were no defaults or breaches on the financial liabilities throughout the year.

The borrowing costs associated with these lease liabilities was \$6 000 (2021: \$13 000).

A maturity analysis of lease liabilities based on undiscounted gross cash flows is reported in the table below:

| | 2022 | 2021 |
|---|------------|------------|
| | \$'000 | \$'000 |
| Lease liabilities | | |
| Up to 1 year | 266 | 417 |
| 1 to 2 years | 87 | 169 |
| 2 to 3 years | 19 | 31 |
| Total lease liabilities - Undiscounted | 372 | 617 |

Refer to Note 11.2 for information on risk management.

7.3. Provisions

| | 2022 | 2021 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Current | | |
| Provision for workers compensation | 1 399 | 954 |
| Total current provisions | 1 399 | 954 |
| Non-current | | |
| Provision for workers compensation | 4 638 | 2 807 |
| Total non-current provisions | 4 638 | 2 807 |
| Total provisions | 6 037 | 3 761 |
| | | |
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 3 761 | 3 143 |
| Increase in provisions recognised | 2 276 | 618 |
| Carrying amount at the end of the period | 6 037 | 3 761 |

All provisions relate to outstanding workers' compensation claims.

TAFE SA is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, TAFE SA is responsible for the management, payment of workers rehabilitation and compensation and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventative programs.

Accordingly, a liability has been reported to reflect outstanding workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. There has been an increase in the number of claims over the last 12 months, this largely relates to historic incidents with respect to hearing loss.

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also the timing of future payments due to the variety of factors involved. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

TAFE SA
Notes to and forming part of the financial statements
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8. Other disclosures

8.1. Cash flow

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Reconciliation of cash and cash equivalents at the end of the reporting period | | |
| Cash and cash equivalents disclosed in the Statement of Financial Position | 110 773 | 136 839 |
| Balance as per the Statement of Cash Flows | <u>110 773</u> | <u>136 839</u> |
| Reconciliation of net cash provided by operating activities to net cost of providing services | | |
| Net cash provided by operating activities | 34 173 | 63 261 |
| Add / (less) non-cash items | | |
| Depreciation and amortisation | (26 116) | (26 156) |
| Net gain/(loss) from disposal of non-current and other assets | (163) | 29 |
| Resources received free of charge | 2 805 | 2 908 |
| Other expenses | (2 801) | (2 908) |
| Contributed assets | - | 30 |
| Movement in assets and liabilities | | |
| (Decrease) / increase in receivables | (3 402) | 2 673 |
| Increase / (decrease) in inventories | 735 | (36) |
| Increase / (decrease) in contract assets | 4 030 | (1 223) |
| Decrease / (increase) in payables | 2 268 | (6 539) |
| Decrease in employee benefits liabilities | 11 286 | 877 |
| Decrease / (increase) in other liabilities | 7 | (59) |
| (Increase) in provisions | (2 276) | (618) |
| Decrease in contract liabilities | 778 | 932 |
| Net result | <u>21 324</u> | <u>33 171</u> |

The cash outflows for leases are \$448 000 (2021: \$609 000).

9. Changes in accounting policy

There were no changes in accounting policies during the year. Refer to Note 1.1 (basis of preparation).

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10. Outlook

10.1. Unrecognised contractual commitments

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

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

Capital commitments

| | 2022 | 2021 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Within one year | 1 500 | 1 145 |
| Later than one year but not later than five years | 300 | - |
| Total capital commitments | 1 800 | 1 145 |

The increase in committed expenditure relates to upgrading infrastructure at campuses.

Other commitments

| | 2022 | 2021 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Within one year | 15 298 | 9 491 |
| Later than one year but not later than five years | 8 775 | 2 350 |
| Later than five years | 21 | - |
| Total other commitments | 24 094 | 11 841 |

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

10.2. Contingent assets and liabilities

The estimated cost of rectification / remediation training of Aviation Engineering Maintenance students who have been impacted by the Civil Aviation Safety Authority audit assessed in 2018-19 is \$1.0 million. The claims are being settled directly between TAFE SA, South Australian Government Financing Authority as the insurer and the respective claimants. It is anticipated that the current claims value is a lesser amount.

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10.3. Impact of standards and statements not yet effective

TAFE SA continues to assess the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer.

Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. TAFE SA continues to assess liabilities e.g. LSL and whether or not TAFE SA has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

10.4. COVID-19 pandemic outlook for TAFE SA

The COVID-19 pandemic will continue to impact the operations of TAFE SA in 2022-23 notwithstanding the progressive lifting of controls, including border controls. TAFE SA will continue to focus on alternative delivery methods to increase access and choice for students and industry.

Expenses

TAFE SA will continue to incur additional costs associated with maintenance of social distancing measures and appropriate levels of hygiene and sanitation. These costs are partially offset by the reduced travel and other related costs as a consequence of increased digitised delivery.

Doubtful debt provisioning, and bad debt write-offs may be higher over the following financial years due to the inability for students to quickly recover from the individual financial impacts of COVID-19. Bad debt write-offs will invariably flow from the resumption of regular debt collection processes.

Revenue

TAFE SA recognise a continued risk to revenue sources due to the delayed impact of international student enrolments into 2022-23 following the opening of the borders in January 2022.

10.5. Events after the reporting period

There are no identified events after the reporting period.

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11. Measurement and risk

11.1. Fair value

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

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (that is the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation

Property, plant and equipment, other than right of use assets, are subsequently measured at fair value after allowing for accumulated depreciation.

All non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

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

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

Fair value hierarchy

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

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

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

During 2021 and 2022, TAFE SA had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

TAFE SA held all assets as recurring and level 3.

Plant and equipment

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

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Notes to and forming part of the financial statements
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11.2. Financial instruments

Financial risk management

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

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

Liquidity risk

TAFE SA is funded principally from DIS. TAFE SA works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

The *Public Corporations Act 1993* applies to TAFE SA and in accordance with paragraph 28(1) of this Act, the liabilities of a public corporation are guaranteed by the Treasurer.

Credit risk

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

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

Impairment of financial assets

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

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

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, TAFE SA considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on TAFE SA's historical experience and informed credit assessment, including forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which TAFE SA is exposed to credit risk.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

Loss rates are calculated based on the probability of receivables progressing through stages to write off based on the common risk characteristics of the transactions and debtors.

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11.2. Financial instruments (continued)

TAFE SA has adopted the simplified impairment approach under AASB 9 *Financial Instruments* and measured lifetime expected credit losses on all trade receivables using an allowance matrix as a practical expedient to measure impairment allowance.

The following table provides information about the exposure to credit risk and expected credit loss for non-government debtors.

| | Debtor gross carrying amount* | Loss | Lifetime expected losses |
|----------------------------|----------------------------------|-------|--------------------------------|
| | \$'000 | % | \$'000 |
| Current (not past due) | 1 175 | 28.9% | 340 |
| 1 to 30 days past due | 1 848 | 27.2% | 502 |
| 31 to 60 days past due | 956 | 36.3% | 347 |
| 61 to 90 days past due | 575 | 43.8% | 252 |
| More than 90 days past due | 3 221 | 50.2% | 1 617 |
| Loss Allowance | 7 775 | | 3 058 |

Impairment losses relate to receivables arising from contracts with customers that are external to SA government.

**Five year average to 30 June 2022.*

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

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

Receivables are written off when there is no reasonable expectation of recovery. All non-corporate clients with outstanding debts receive three overdue reminders (corporate two overdue reminders) prior to being transferred to the debt collection agency. All debts returned by the debt collection agency as either 'uneconomical to collect' or where no activity has occurred after 180 days, are written off by TAFE SA. Debt recovery activities resumed from 1 July 2021 after a year hiatus due to COVID-19.

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

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

Market risk

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

There is no exposure to interest rate risk as TAFE SA does not have interest bearing liabilities.

TAFE SA
Notes to and forming part of the financial statements
For the year ended 30 June 2022

11.2. Financial instruments (continued)

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note. Financial assets and financial liabilities are measured at amortised cost. Amounts relating to statutory receivables and payables (e.g. Commonwealth taxes, Auditor-General's Department audit fees etc) and prepayments are excluded as they are not financial assets or liabilities.

TAFE SA measures Trade receivables and payables at amortised cost. Lease liability is measured at present value of future cash flows.