



Government of **Western Australia**
South Regional TAFE

ANNUAL REPORT 2017



Statement of Compliance

Hon. Sue Ellery MLC
Minister for Education and Training
13th Floor, Dumas House
2 Havelock Street
West Perth WA 6005

Dear Minister

Statement of Compliance for 2017

In accordance with Section 61 of the Financial Management Act 2006 and Section 54 of the Vocational Education and Training Act 1996, I hereby submit for your information and presentation to Parliament the annual report of South Regional TAFE for 2017.

The annual report has been prepared in accordance with the provisions of the Financial Management Act 2006.

Yours sincerely



Prof. Bryant Stokes
Chair
Governing Council

12 February 2018



Duncan Anderson
Managing Director
South Regional TAFE

12 February 2018

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Section 1 – Overview of South Regional TAFE

Executive Summary

Governing Council Chair's Report



It gives me great pleasure to present the 2017 Annual Report for South Regional TAFE.

Following the implementation of the State Government's Training Sector Reform Project in 2016, the college was challenged by a geographically widespread network of campuses and a wide variety of cultures, communities and industries to understand.

This was effectively achieved and 2017 was a year of establishment, in which processes and systems were integrated and staff collaboratively strived for academic excellence for our students while making the TAFE learning experience a highly rewarding one.

At a local level, the college maintained close relationships with industry and commercial enterprises. These valuable industry alliances allow the college to not only develop programs to answer skills demands, but also to maximise vocational training opportunities and promote prosperity for people in our regional communities.

Keeping abreast of the latest developments and best practice in industry is vital for the college to provide students with the highest standard of training, and this industry-led model of delivery continues to underpin training strategies being developed for 2018 and beyond.

Through considered governance and effective management, the college achieved very good financial management outcomes. The college was able to maintain high levels of support to students and staff while successfully balancing broader government financial requirements.

Highlights of the year were the annual award ceremonies at Bunbury and Albany, rewarding high-achieving students from all campuses. Several campuses also held open days to promote TAFE training in their communities and encourage enrolments for 2018.

I extend my appreciation to staff for their dedication to their duties. It is rewarding to see thousands of people coming through the college and gaining skills for the workforce or preparing for higher-level training or employment.

The degree to which the college helped students to reach their potential and vocational goals was evidenced by the high student satisfaction rate in a survey conducted by Patterson Research. A rating of 90 per cent was achieved, which is a very good performance, particularly when measured against the state average of 87.3 per cent of students 'satisfied' or 'very satisfied' overall.

With a new strategic plan providing direction for the college from 2018 to 2020, I look forward to seeing further high-quality training outcomes in 2018.

I congratulate Managing Director Duncan Anderson and all college staff for their commitment and continuous achievement of excellence throughout a busy year.

Governing council members represent a broad cross-section of industry and bring a wealth of experience and knowledge to the board room. Their keen interest in operations and dedication to making judicious decisions ensure they are a valuable influence on the direction of the college.

So finally, I thank the members for their continued support, which augurs well for another sound and productive year for South Regional TAFE.

A handwritten signature in black ink, reading "Bryant Stokes". The signature is written in a cursive style with a large, looping initial 'B'.

Prof. Bryant Stokes
Chair
Governing Council

Managing Director's report



The 2017 academic year was characterised by the strengthening of relationships within the college's network of 12 campuses, consolidation of partnerships with industry and business and upholding the community's expectations of high training standards.

It followed a year of significant change and positioned the college to continue with the provision of high-quality training to skill people in communities throughout the region.

The college's industry partners who support staff and students provide invaluable knowledge and experience to complement that of lecturers, and I thank them for their input and their enthusiasm for helping students achieve their best.

My appreciation also goes to those local organisations and individuals who have given their support through funding for scholarships and annual awards for our students, helping to remove the financial barriers to their success.

I am particularly proud of the college for achieving registration by the Training and Accreditation Council. The commitment shown by all staff in this undertaking was humbling and is a credit to South Regional TAFE.

Systems to facilitate workflow were initiated and established in 2017. Importantly, a new intranet was implemented across all campuses. This is an invaluable tool for connecting staff operating in a wide geographical area.

Preparation for the implementation of a Student Management System was undertaken. This is a significant body of work with the target of integrating several existing business systems and streamlining enrolment and student management processes once it is established.

The achievements giving me the greatest pleasure to report, are those of our staff and students. Two students were awarded Student of the Year in the college's annual Awards Ceremonies to recognise the high-achieving students from 2016. Nicholas Johnston took out the title for the South West campuses, and Sandra Hart won the award for the Great Southern campuses.

In the WA Training Awards, Bunbury students Nicholas Johnston and Maria Baker, and Narrogin student Chloe Blight reached the finals, an excellent achievement.

The WorldSkills competitions were well supported by South Regional TAFE students, many of whom performed well and brought home awards. In the finals of WorldSkills, held in Abu Dhabi in September, Bunbury carpentry and joinery apprentice Nicholas Johnston was in the team of Skillaroos representing Australia and competing against 29 countries. Nicholas was placed 11th.

Eight students won gold medals in the WorldSkills Regional competitions and may be selected to represent the State in Sydney in June.

Worthy of special note is Bunbury lecturer Johnese Mullen, who was inducted into the WorldSkills Hall of Fame. Johnese was recognised for her dedication and nurturing of students to achieve the high standards the competition demands.

My congratulations go to Johnese and all the WorldSkills participants and winners, as well as to the lecturers who nurtured and mentored these students to perform at this high level, often putting in significant extra efforts outside curriculum hours.

The college continued to advocate for training for all, encouraging enrolments from, and providing additional support for, people with disability and Aboriginal people.

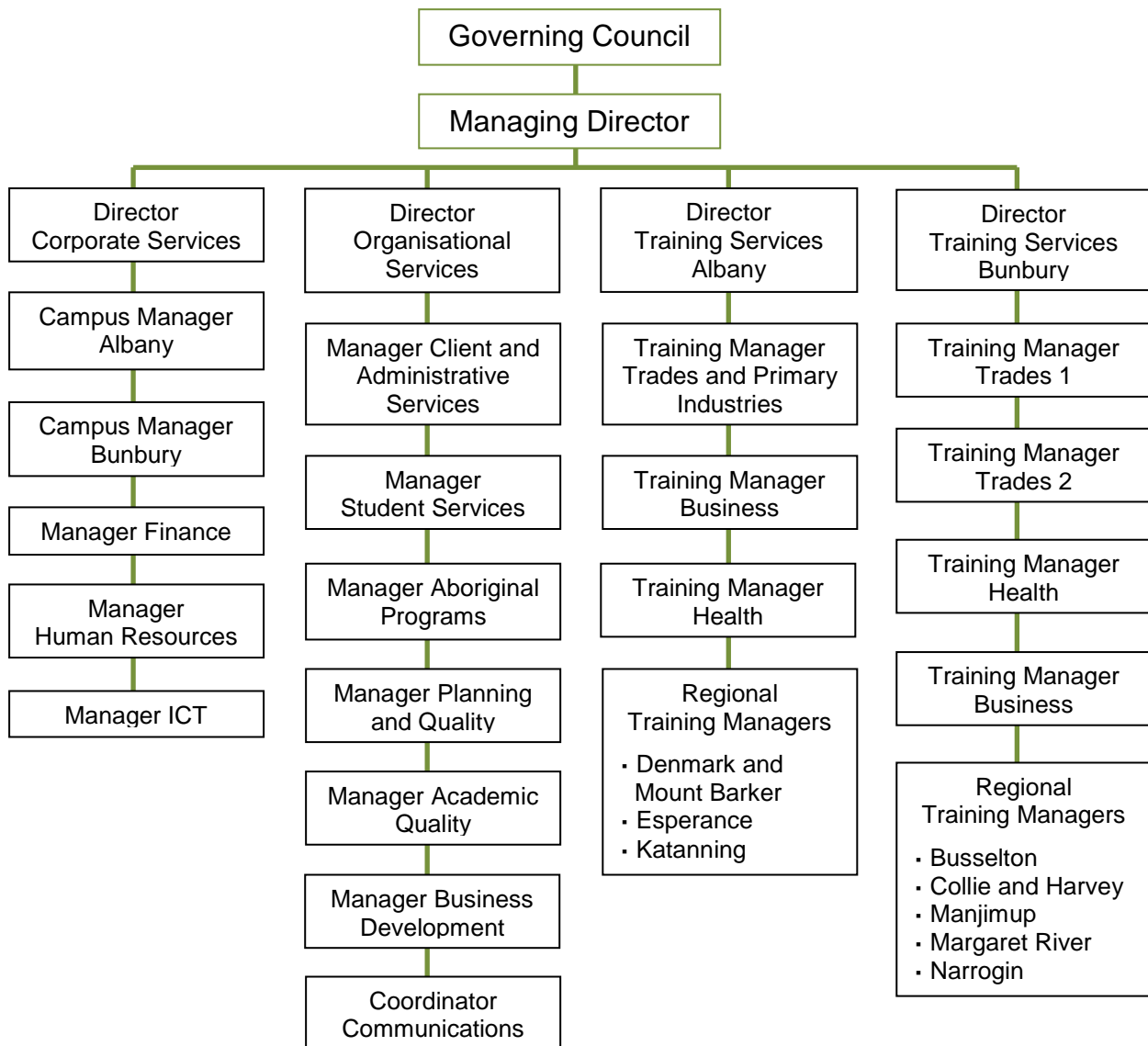
The coming year will be one for continuing the provision of high-quality training to skill people for jobs, and staff will work closely with Jobs and Skills Centres, two of which will be established at the Albany and Bunbury campuses in the coming months.

Finally, I would like to thank Governing Council Chair Prof. Bryant Stokes, Deputy Chair Scott Leary and the governing council members for their support during another successful year. Their sound advice and strategic direction have been invaluable.

A handwritten signature in black ink, appearing to read 'D Anderson', written in a cursive style.

Duncan Anderson
Managing Director
South Regional TAFE

Operational Structure 2017



Performance Management Framework

The performance management framework ensures that Government goals are supported at agency level by specific desired outcomes, and that the college can align and measure performance against these goals.

Skilling WA is the whole-of-government response to workforce development issues in Western Australia. Embedded within *Skilling WA* is the Government's 10-year plan for the training sector, *Training WA*.

The college's Strategic Plans 2017-2019 align to the State Government's *Training WA* goals.

College outcomes reflect the priorities of *Training WA* and are assessed by key performance indicators in both the Managing Director's Management Performance Agreement, and the annual Delivery and Performance Agreement negotiated with the VET (WA) Ministerial Corporation.

The college is committed to good governance, embracing the Governance Framework for State Training Providers, and risk management, which is integral through on-going business planning.

In May 2009, the State Government released the *Training WA: Planning for the Future 2009-2018* publication, which provided a clear blueprint for training providers in setting goals and identifying key deliverables for 2009 and beyond. This formed the basis of our reporting framework in 2017.



Judges at the WorldSkills 2017 Regional competition for cabinetmaking included former South Regional TAFE student Nicholas Johnston (centre), who represented Australia as part of the Skillaroos team in Abu Dhabi in September.

Section 2 – South Regional TAFE Performance

Operational overview

Established in 2016, South Regional TAFE services a network of 12 campuses covering an area of approximately 196,600 sq.km across the south of Western Australia.

The college services the training needs of people in communities across the South West and Great Southern regions, as well as in Narrogin and Esperance.

Campuses are located in:

- Albany
- Bunbury
- Busselton
- Collie
- Denmark
- Esperance
- Harvey
- Katanning
- Manjimup
- Margaret River
- Mount Barker
- Narrogin

Qualifications from Certificate I to Advanced Diploma are delivered on campus, online, in the workplace and at high schools.

Formed by the amalgamation of established TAFE colleges in 2016, South Regional TAFE has the expertise, resources and facilities to offer high-quality vocational education and training to individuals and businesses.

At the end of 2017, the college had 171 qualifications, 22 accredited courses and 27 units of competency on its scope of delivery with the Training Accreditation Council of Western Australia.

In addition to delivery under profile, the college offers articulated pathways to university, apprenticeships and traineeship training and workforce training and assessment.

South Regional TAFE is contracted by the Department of Training and Workforce Development to deliver state-funded training through a Delivery and Performance Agreement with the Minister for Education and Training.



Performance measures

South Regional TAFE provides services to a wide range of stakeholders across the South West and Great Southern regions and uses a range of demographic-based performance indicators to monitor service distribution, based upon the 2009 Australian Bureau of Statistics (ABS) population data. The college has provided services to its community relative to its target market; 15-64 year olds who are eligible for the workforce, with particular attention to the inclusion of youth and the Indigenous community.

1/1/2017 to 31/12/2017						
Priority Areas	Measure	2017 Initial Target	2017 May Target	2017 Sep Target	2017 Achieved	% Achieved
Employment Based Training	SCH	467,049	432,982	476,050	415,349	89%
Priority Industry Training	SCH	581,801	581,871	589,877	567,027	97%
General Industry Training	SCH	1,323,033	1,346,284	1,305,959	1,139,812	86%
Foundation Skills and General Education	SCH	231,630	242,376	231,627	210,986	91%
Certificate IV and Above	SCH	739,874	718,397	725,502	639,215	86%
15-24 Year-Olds	SCH	1,439,889	1,439,889	1,439,889	1,286,158	89%
Indigenous – Certificate II and Above	Qualification Completion HC	112	112	112	128	114%
Disability Certificate II and Above	Qualification Completion HC	260	260	260	246	95%

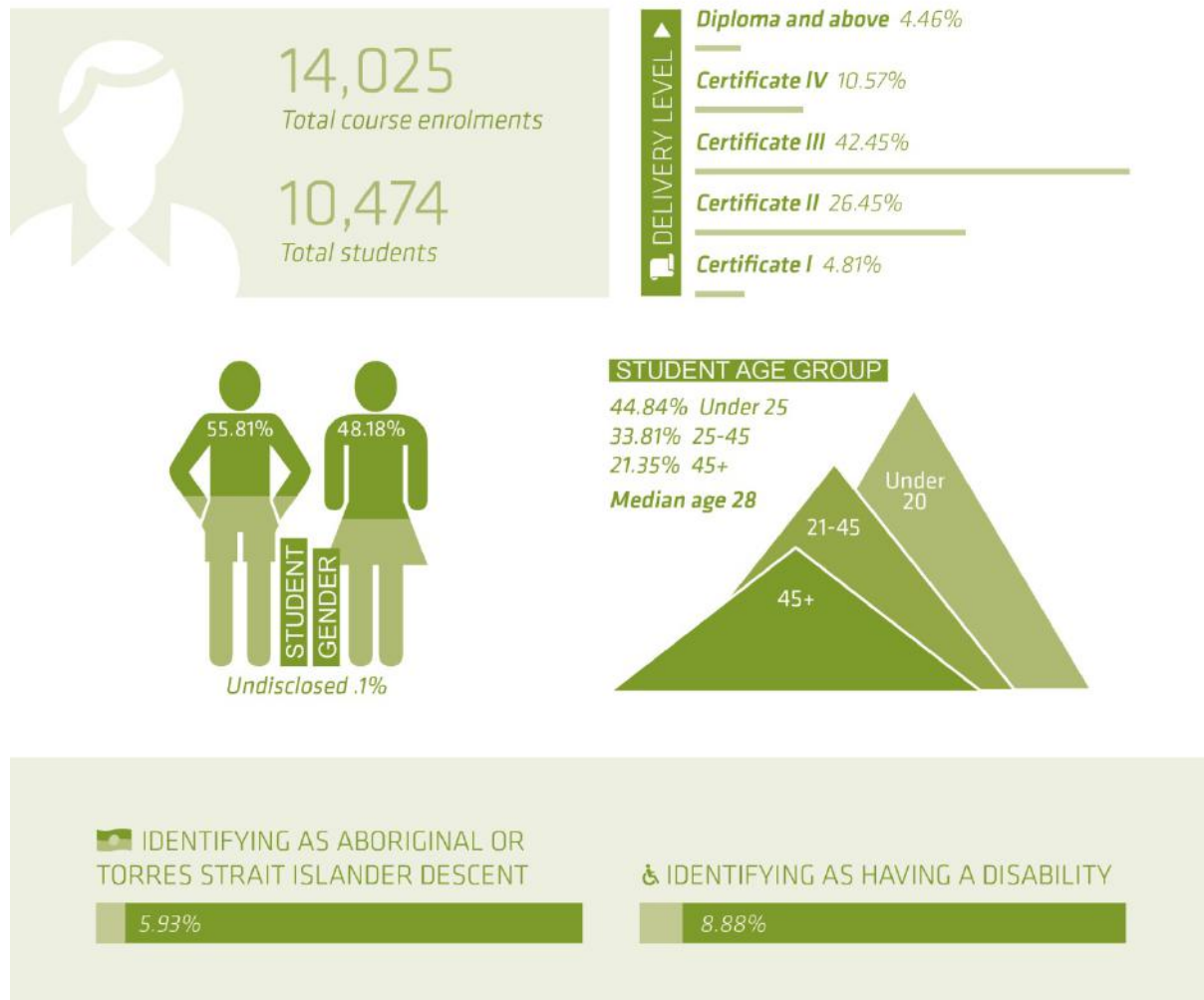
Performance management

In line with the State Government's Training Sector Reform Project, South Regional TAFE was established in April 2016. In combining campuses from the former South West Institute of Technology, Great Southern Institute of Technology, Goldfields Institute and CY O'Connor Institute. South Regional TAFE is the largest State Government provider of vocational education and training in the South West and Great Southern of the State, and is well positioned to explore opportunities presented by this significant increase in scale.

Delivery

The college began 2017 with a Delivery and Performance Agreement (DPA) figure of 2,603,513. This was renegotiated in May and September to align targets with local demands and while shifts were made in individual industry areas, the bottom line figure remained at 2,603,513 Student Curriculum Hours (SCH). As per the South Regional TAFE Business Plan, the performance indicators in this report reflect the original DPA figure of 2,603,513. The college delivered a total of 2,333,174 SCH.

Student profile 2017



Reports

Directorate reports

Corporate Services

The Corporate Services Directorate's function is to enable the college to achieve its annual goals and objectives. In particular, the directorate provides the financial, human resources, information technology, infrastructure and facilities management functions of the college.

All outcomes have been achieved for the directorate with the following representing the major achievements.

- Completed the structural change that was instigated by the Training Sector Reform Project.
- Implemented MyOSH, an electronic OSH management and reporting system, across the college. This allows all employees to report incidents that are managed by our OSH officers.
- Completed the development and rollout of the college intranet, which provides a one-stop shop for staff.
- Redesigned and rebuilt the student domain network.
- Started the remedial works programs funded and managed by the Department of Training and Workforce Development at both Bunbury and Albany campuses. These are major infrastructure works designed to upgrade ageing buildings and services with a view to reducing on-going repair and maintenance costs.
- Produced a college-wide budget that allowed for tight financial management and control across the college.
- Engaged PeopleSense to conduct an extensive review of workplace stressors across the college.

Organisational Services

Aboriginal Programs

South Regional TAFE's performance against the eight objectives laid out in the Aboriginal Training Plan for 2017 to 2019, proved to be another successful year, with over five hundred and fifty students been assisted with their studies and 125 students successfully gaining their qualifications.

Aboriginal Programs were successful in meeting their annual Delivery Performance Agreement target of 112, by 13 Certificate 11 and above qualifications issued.

Services were provided to Aboriginal and Torres Strait Islander students within the South Regional TAFE catchments with the additional support such as Tutoring, Mentoring and assistance along with engagement resources.

Assistance was either provided on a, "one-on-one" or group service to 79 students throughout the year. This was carried out to certificate levels from Diploma to Certificate one. Twenty-one tutors were employed to assist 60 students.

Ongoing partnerships with the Schools prove beneficial as we saw the first Aboriginal School Based Training program start in Katanning with nine students taking part.

In class support was given to the Aboriginal School Based Training courses throughout the year which saw a total of 30 students participate. This program and support will continue throughout 2018.

South Regional TAFE partnered up with a local Noongar organisation and several industries to take part in a Career Expo for Noongar youth aged between 15 and 25. A number of service providers and industry were represented on the day to showcase their products and services.

We also took part in taking a small roadshow that serviced the regional towns, to promote local Training, Job Services and Apprenticeship and Traineeship providers.

Keeping up to our commitment to our Reconciliation Action Plan, two new Aboriginal Programs staff were employed in the Aboriginal Programs section in permanent positions.

With regard to objective four of the Aboriginal Training Plan: Ensuring staff are culturally competent and aware; Aboriginal Programs and staff from the Community Services unit have been working on getting a Certificate III in Mentoring course accredited. The aim is then to have it available, and on scope by June 2018. To our knowledge, there is only one other mentoring-related course situated in WA (South Metro TAFE; any others are SA/QLD) and it would appear that this is not an Indigenous-specific mentoring course.

This would mean for instance, that someone might do a single Culture & Language unit as a stand-alone piece of training for PD, or do a whole Certificate III in Mentoring (previously this was not possible).

This will allow for all staff to undertake in-house training and gain competence toward a certificate.

Student Services

Student Services provide each student with the support and advice they need to complete their chosen course.

Student support is coordinated by dedicated staff at Albany and Bunbury campuses and their assistance includes general study advice and support, student advocacy, disability support and internal student support.

Disability services, which may include in-class assistants or specialised equipment, provides students with access, support and equal opportunity to training. In 2017, there were 239 students reporting a disability who completed a Certificate II qualification or higher.

Counselling

In the second semester, the college introduced a free counselling service available for all students, no matter where their location.

A single-contract approach for the college was adopted by the governing council and awarded to provider Black Swan Health, which has proven expertise in providing high-quality mental health services that achieve positive health outcomes for the communities they work in.

Their two counsellors based in Albany and Bunbury work with the college's Student Services teams to assist students in a range of academic or personal problems impacting on their individual studies or the classroom as a whole.

The counsellors provide a phone counselling service to regional campuses and visit regional campuses on occasion.

Course Information Services

Course Information Services (CIS) manages course and pathways enquiries from prospective students via the college's website, phone, email and in-person visits. CIS are based at the college's two largest regional campuses and support all campuses, including full-time study applications made through the State Training Admissions (Training Admissions System).

The team also maintain course information on the college website. The website is the focal point of promoting the college's courses, and during 2017, new internal processes were created and implemented for keeping website course information accurate and ensuring timely replies for enquiries by prospective students.

CIS also engages with school students and their parents, employment services and the local community to provide group presentations about courses, the application process and eligibility criteria.

The CIS team took part in two Open Days held in Albany and Bunbury in October to promote courses available for study in Semester 1, 2018.

International Students

The college enrolled 72 international students during 2017 at the Albany, Bunbury and Margaret River campuses.

Ten students studied the Certificates III and IV in Commercial Cookery at the Margaret River campus and three in the Certificate III in Wine Industry Operations.

Students originated from 24 countries and studied qualifications in accounting, commercial cookery, community services, early education and childcare, hospitality, horticulture, information technology, patisserie and spoken and written English.

International students received a comprehensive orientation at the beginning of each semester and were provided with on-going support throughout the year.

South Regional TAFE continued providing access to new immigrants of literacy support through the Adult Migrant English Program (AMEP).

Learning resource centres

South Regional TAFE learning resource centres cover all 12 campuses and operate from two branches based in Bunbury and Albany, which also coordinate satellite

collections at the regional campuses. All campuses access electronic resources, as well as hard copy resources by request.

2017 saw the implementation of the new library management system Alma, which provides access to digital and hard-copy resources.

A digital publication service across the college included ePublications; consisting of professional journals and industry magazines to aid in lecturers' professional development, and provide students with valuable background about the industry or field they are studying.

Training Services

Overview

This was a year of immense change for all delivery areas across all campuses. The Training Services Directors congratulate all staff for the level of professionalism, commitment and teamwork in implementing and embedding the new training management structure across the college.

This level of professionalism was reflected during the Training Accreditation Council (TAC) registration audit of a significant number of qualifications delivered across all campuses. The lecturers and principal lecturers from the selected industry areas worked extremely hard to prepare for this audit, resulting in overall compliance and areas of good practice identified by the external auditors.

Facilities

A fitness centre constructed at the Albany campus will be open for students in semester 1, 2018. This will give students access to a high-quality training facility, fully preparing them to enter their chosen industry. Demand for use of the facility has brought strong student numbers for semester 1.

Narrogin campus is upgrading its facilities for art and wool industry qualifications by moving delivery from external sites to the main campus at Fortune Street to consolidate infrastructure and facilities.

A purpose-built massage therapy centre is under construction at the Bunbury campus for the delivery of the Certificate IV in Massage Therapy starting in semester 1, 2018. This will allow students to offer massage services to clients as part of their practical course work.

Delivery of community services and youth work qualifications have been boosted with the construction of purpose-built interview suites and the addition of the Certificate IV in Youth Work to the Bunbury campus delivery.

South West

At the beginning of 2017, the academic management of the Bunbury campus was restructured into four training areas and new training managers appointed to each of the following areas:

- Trades 1
- Trades 2
- Health
- Business

The management of the campuses at Narrogin, Margaret River, Collie, Harvey, Busselton and Manjimup remained the same.

Major achievements

Three students made it through a rigorous interview and judging process to be named as finalists in the WA Training Awards.

- Maria Baker from the Bunbury campus and Chloe Blight from the Narrogin campus were finalists in the category of WA Vocational Student of the Year.
- Nicholas Johnston from the Bunbury Campus was a finalist for WA Apprentice of the Year.

Students were also high achievers in the WorldSkills competitions.

- In the WorldSkills global finals in Abu Dhabi in September, carpentry and joinery apprentice Nicholas Johnston represented Australia as a Skillaroo. Nicholas, who was placed 11th out of students representing 29 countries, was part of the Australian team placed 10th overall.
- Seven regional competitions held at the Bunbury campus comprised three VET in Schools and four open categories. Seven students won gold medals, and all were selected in the WA team to compete in the national competition to be held in Sydney in June 2018.
- The VET in Schools regional hairdressing competition was the first one in the State for this category.

For her commitment to the WorldSkills competition and encouragement and mentoring of student entrants for many years, Hospitality Lecturer Johnese Mullen was inducted into the WorldSkills Hall of Fame.

An industry partnership with the Master Builders Association (MBA) of Australia was strengthened by two initiatives.

- Two construction apprentices were nominated for the MBA Apprentice of the Year award for the South West region. Carpentry and joinery apprentice Nicholas Johnston won the South West category, then went on to win the state award. Nicholas will compete in the finals for the national title of Apprentice of the Year.
- A state initiative with the Master Builders Association was piloted at the Bunbury campus. The 10-week Introduction to Construction program, one of four national pilot programs, highlighted three construction trade areas and was delivered in term 4. Thirty high school students were involved in the hands-on training program to construct a mini amphitheatre at the campus. The pilot was well received by local industry representatives and stakeholders, and the student outcomes have been positive, with two signed as apprentices in early 2018.

Margaret River Digital Media Lecturer Fran Jackson and two students visited China as part of the 30th anniversary of the Sister State relationship between Western Australian and Zhejiang. The students, who were in a group welcoming a delegation of Chinese digital animation students to the Margaret River campus in February, attended classes at several institutions and leading animation companies.

The Bunbury campus provided the venue for Procure South West, an industry innovation conference and networking forum organised by the Bunbury Geographe

Chamber of Commerce and Industry, in November. The event was attended by Regional Development Minister Alannah MacTiernan and representatives of the college.

Great Southern

A restructure across the Albany campus has resulted in a reduction of training areas from four to three. This has seen a realignment of industry areas across all sections and the merge of trades and primary industries. Sections across the Albany campus are:

- Health
- Business
- Trades and Primary Industries

2017 saw the establishment of four regional campuses managed locally. This has enabled regional campus managers in each location to fully service the needs of their local industry. Regional campus managers have been appointed in:

- Esperance
- Mount Barker/Denmark
- Katanning

Major achievements

Albany beauty therapy student Emily Blechynden won a gold medal at the Regional WorldSkills competition in Perth. Emily, the only entrant into the competition from the Southern region, competed against her metropolitan counterparts.

Three apprentices were nominated for the Esperance Chamber of Commerce and Industry Apprentice of the Year Award. Rhys Bald, studying the Certificate III in Engineering – Mechanical Trade, won the award. Digby Hoey, taking the Certificate III in Carpentry and Joinery, won the Master Builders of WA Apprentice of the Year for the Goldfields Esperance region.

Music in Denmark is growing from strength to strength and student numbers across all qualification levels are high. The acquisition of a number of musical instruments from the Narrogin campus has enhanced the program's success. Diploma of Music students Mary Jane Negus and Todd Moore were invited to perform at the WAM festival in Perth.

Section 3 – Significant Issues Impacting South Regional TAFE

Significant issues and economic and social trends

Key Challenges in 2017

- The consolidation of the college following the Training Sector Reform Project and the amalgamation of campuses from multiple administrative bodies into one cohesive entity.
- Meeting the objectives of the Plan for Jobs in a changing economic climate.
- Maintaining college capacity and workforce capability to meet the requirements of industry and the community.
- Establishment of continuous improvement processes; a systematic approach to the college's quality proposition, business process and the achievement of outcomes.

Key influencers for 2017

- Government direction and priorities.
- Planning for the implementation of a new Student Management System which will transform business process and the student experience.
- Planning for the establishment of Jobs and Skills Centres at Albany and Bunbury.

Looking ahead to 2018

The South Regional TAFE strategic plan identifies 2018 as a year of consolidation following the establishment phase in 2017.

Industry consultation as part of the planning process has built stronger ties and identified areas of training requirements. These will be progressed in 2018.

Jobs and Skills Centres will be established to strengthen the ties between career services, Aboriginal workforce development and existing training opportunities for industry and the community.

Critical success factors

The following factors will influence the achievement of 2018 outcomes:

- Effective achievement of the college commitment to government for meeting training targets in identified priority areas.
- The development of a student-centred culture across the organisation in conjunction with the implementation of a student-focused management system.
- Compliance with the Standards for Registered Training Organisations 2015.

Section 4 – Disclosures and Legal Compliance

Auditor-General's Opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

SOUTH REGIONAL TAFE

Report on the Financial Statements

Opinion

I have audited the financial statements of South Regional TAFE which comprise the Statement of Financial Position as at 31 December 2017, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of South Regional TAFE for the year ended 31 December 2017 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

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

Responsibility of the Governing Council for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governing Council.
- Conclude on the appropriateness of the Governing Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Governing Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

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

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

In my opinion, in all material respects, the controls exercised by South Regional TAFE are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 31 December 2017.

The Governing Council's Responsibilities

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

Auditor General's Responsibilities

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

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

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

Limitations of Controls

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

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of South Regional TAFE for the year ended 31 December 2017. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of South Regional TAFE are relevant and appropriate to assist users to assess the TAFE's performance and fairly represent indicated performance for the year ended 31 December 2017.

The Governing Council's Responsibility for the Key Performance Indicators

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

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

Auditor General's Responsibility

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

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

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

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

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

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

This auditor's report relates to the financial statements and key performance indicators of South Regional TAFE for the year ended 31 December 2017 included on the TAFE's website. The TAFE's management is responsible for the integrity of the TAFE's website. This audit does not provide assurance on the integrity of the TAFE's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.


COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
6 March 2018

Certification of Financial Statements

For the year ended 31 December 2017.

The accompanying financial statements of the South Regional TAFE have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ended 31 December 2017 and the financial position as at 31 December 2017.

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



Bryant Stokes
Chairperson
Governing Council
South Regional TAFE

Date 6 March 2018



Duncan Anderson
Managing Director
South Regional TAFE

Date 6 March 2018



Ken McKinnon
Finance Manager
South Regional TAFE

Date 6 March 2018

Financial Statements

South Regional TAFE

Statement of Comprehensive Income for the Year Ended 31 December 2017

		2017	Period 11 April – 31 December 2016
<u>COST OF SERVICES</u>	Notes	\$'000	\$'000
<u>Expenses</u>			
Employee benefits expense	6	37,807	26,442
Supplies and services	7	13,111	9,672
Depreciation and amortisation expense	8	3,388	2,615
Grants and subsidies		4	-
Revaluation decrement		1,034	795
Cost of sales	13	68	25
Loss on disposal of non-current assets	17	10	-
Other expenses	9	4,142	2,277
Total cost of services		59,564	41,826
<u>Income</u>			
<u>Revenue</u>			
Fee for service	10	1,915	1,725
Student fees and charges	11	7,229	5,831
Ancillary trading	12	387	303
Sales	13	54	21
Commonwealth grants and contributions	14	209	303
Interest revenue	15	412	247
Other revenue	16	740	644
Total revenue		10,946	9,074
Gains			
Gain on disposal of non-current assets	17	-	13
Total gains		-	13
Total income other than income from State Government		10,946	9,087
NET COST OF SERVICES		48,618	32,739
INCOME FROM STATE GOVERNMENT			
Service appropriation	18	41,330	29,859
Resources received free of charge	18	1,581	1,242
Total income from State Government		42,911	31,101
SURPLUS / (DEFICIT) FOR PERIOD		(5,707)	(1,638)
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus	29	-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(5,707)	(1,638)

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

South Regional TAFE
Statement of Financial Position as at 31 December 2017

	Notes	2017 \$'000	Period 11 April – 31 December 2016 \$'000
ASSETS			
<u>Current Assets</u>			
Cash and cash equivalents	30	11,708	12,141
Restricted cash and cash equivalents	19, 30	2,922	1,508
Inventories	17, 20	30	44
Receivables	21	828	812
Other current assets	22	281	293
Total Current Assets		15,769	14,798
<u>Non-Current Assets</u>			
Restricted cash and cash equivalents	19, 30	390	257
Property, plant and equipment	23	90,578	94,167
Total Non-Current Assets		90,968	94,424
TOTAL ASSETS		106,737	109,222
LIABILITIES			
<u>Current Liabilities</u>			
Payables	26	818	502
Provisions	27	7,330	6,553
Other current liabilities	28	2,586	1,427
Total Current Liabilities		10,734	8,482
<u>Non-Current Liabilities</u>			
Provisions	27	635	873
Total Non-Current Liabilities		635	873
TOTAL LIABILITIES		11,369	9,355
NET ASSETS		95,368	99,867
Equity			
Contributed equity	29	102,713	101,505
Reserves	29	-	-
Accumulated surplus	29	(7,345)	(1,638)
TOTAL EQUITY		95,368	99,867

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

South Regional TAFE
Statement of Changes in Equity for the Year Ended 31 December 2017

	Note	Contributed Equity \$	Reserves \$	Accumulated surplus \$	Total Equity \$
Balance at 11 April 2016	29				
Changes in accounting policy or correction of prior period errors		-	-	-	-
Restated balance as at 11 April 2016					
Surplus / (deficit)		-	-	(2,235)	(2,235)
Other comprehensive income		-	-	-	-
Correction of understatement of student fees received in advance				597	597
Total comprehensive income for the period		-	-	(1,638)	(1,638)
Transactions with owners in their capacity as owners					
Other contributions by owners		97,451	-	-	97,451
Cash re-distribution under Training Sector Reform		4,054	-	-	4,054
Total		101,505	-	-	101,505
Balance at 31 December 2016		101,505	-	(1,638)	99,867
Balance at 1 January 2017					
Balance as at 1 January 2017		101,505	-	(1,638)	99,867
Surplus/ (deficit)		-	-	(5,707)	(5,707)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		101,505	-	(7,345)	94,160
Transactions with owners in their capacity as owners					
Capital appropriations					
Other contributions by Owners		1,208			1,208
Distribution to Owners		-	-	-	-
Total		1,208	-	-	1,208
Balance at 31 December 2017		102,713	-	(7,345)	95,368

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

South Regional TAFE
Statement of Cash Flows for the Year Ended 31 December 2017

	2017	Period 11 April – 31 December 2016
Notes	\$	\$
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation – Department of Training & Workforce Development	42,662	31,047
Net cash provided by State Government	42,662	31,047
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	(37,235)	(27,173)
Supplies and services	(11,492)	(9,198)
Purchase of inventory	-	(9)
Grants and subsidies	(4)	-
GST payments on purchases	(1,133)	(730)
GST payments to taxation authority	-	(61)
Other payments	(3,232)	(1,912)
Receipts		
Fee for service	1,915	2,039
Student fees and charges	6,979	5,224
Ancillary trading	387	303
Commonwealth grants and contributions	209	419
Interest received	412	325
GST receipts from on sales	153	128
GST receipts from taxation authority	989	756
Other receipts	741	644
Net cash used in operating activities	(41,311)	(29,245)
30		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments		
Purchase of non-current physical assets	(239)	(246)
Receipts		
Proceeds from sale of non-current physical assets	2	37
Proceeds from the sale of other current financial assets	-	5,456
Net cash used in investing activities	(237)	5,247
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments		
Contributions of capital by Owners	-	6,857
Net cash used in financing activities	-	6,857
Net (decrease) / increase in cash and cash equivalents	1,114	13,906
Cash and cash equivalents at the beginning of period	13,906	-
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	15,020	13,906
30		

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

South Regional TAFE

Notes to the Financial Statements for the Year Ended 31 December 2017

1. Australian Accounting Standards

(a) General

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

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

(b) Early adoption of standards

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

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

2. Summary of significant accounting policies

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

(a) General statement

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

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

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

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

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

The financial statements are presented in Australian dollars (\$) and all values are rounded to the nearest thousand dollars (\$'000).

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

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

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

South Regional TAFE Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2. Summary of significant accounting policies (continued)

(c) Reporting entity

The reporting entity comprises the college and bodies included at note 40 'Related bodies'.

(d) Contributed equity

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

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 29 'Equity'.

(e) Income

Revenue recognition

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

The majority of operating revenue of the college represents revenue earned from student fees and charges, fee for service, ancillary services, trading activities and Commonwealth grants and contributions. The following specific recognition criteria must also be met before revenue is recognised for the major business activities as follows:

Sale of goods

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

Provision of services

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

Interest

Revenue is recognised as the interest accrues.

Grants, donations, gifts and other non-reciprocal contributions

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

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value.

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

Service appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the college gains control of the appropriated funds. The college gains control of appropriated funds at the time those funds are deposited to the bank account.

State funds

The funds received from the Department of Training and Workforce Development in respect of the delivery of services forming part of the Delivery Performance Agreement are included in State funds, disclosed under 'Income from State Government'. They are the result of training successfully tendered for under competitive tendering arrangements. This revenue is recognised at nominal value in the period in which the college meets the terms of the Agreement. See note 18 'Income from State Government'.

Gains

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

South Regional TAFE Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2. Summary of significant accounting policies (continued)

(f) Property, plant and equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Where applicable in accordance with TI 1101, the capitalisation threshold has been applied to the aggregate value of a group or network of assets where the cost of individual item may be below the threshold but collectively the cost of the items in the group or network exceeds the threshold. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

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

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land and buildings and historical cost for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation (buildings only) and accumulated impairment losses.

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

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

In the absence of market-based evidence, fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

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

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated life.

Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets. Refer to note 23 'Property, plant and equipment' for further information on revaluations.

Derecognition

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

Asset revaluation surplus

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

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

South Regional TAFE Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2. Summary of significant accounting policies (continued)

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	40 Years
Motor vehicles, caravans and trailers	4 to 23 years
Plant, furniture and general equipment	4 to 28 years
Computing, communications and software ^(a)	1 to 15 years

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

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

Land is not depreciated.

(g) Intangible assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$5,000 or more, are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

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

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

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

Licences	up to 10 years
Software ^(a)	3 to 5 years
Website costs	3 to 5 years

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

Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

Computer software

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

Web site costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and on-going costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a web site that can be reliably measured, are capitalised, to the extent that they represent probable future economic benefits.

South Regional TAFE Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2. Summary of significant accounting policies (continued)

(h) Impairment of assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Authority is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

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

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

See note 25 'Impairment of assets' for the outcome of impairment reviews and testing. See note 2(n) 'Receivables' and note 21 'Receivables' for impairment of receivables.

(i) Leases

The college has entered into operating lease arrangements for motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased assets. See Note 32 'Commitments'.

(j) Financial instruments

In addition to cash and bank overdraft, the college has two categories of financial instruments:

- Receivables; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial assets

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

Financial liabilities

- Payables
- Other current liabilities (Delivery and Performance Agreement refund)

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

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2. Summary of significant accounting policies (continued)

(k) Impairment of assets (continued)

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

(l) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include restricted cash and cash equivalents. These are comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(m) Accrued salaries

Accrued salaries (see note 26 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The college considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see note 19 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of ten financial years to largely meet the additional cash outlay in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(n) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being measured on a first in first out basis.

Inventories not held for resale are measured at cost unless they are no longer required, in which case they are measured at net realisable value.

See note 20 'Inventories'.

(o) Receivables

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

See note 2(j) 'Financial instruments' and note 21 'Receivables'.

(p) Payables

Payables are recognised when the college becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days. See note 2(j) 'Financial instruments' and note 26 'Payables'.

(q) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period. See note 27 'Provisions'.

(i) Provisions - employee benefits

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

South Regional TAFE Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2. Summary of significant accounting policies (continued)

Annual leave

Annual leave that is expected to be settled wholly within 12 months after the end of the reporting period is considered to be a 'short term employee benefit'. The annual leave liability is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

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

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

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

Long service leave

Long service leave is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

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

Unconditional long service leave provisions are classified as current liabilities as the college does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the college has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Deferred Leave

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

Purchased leave

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

Superannuation

The Government Employees Superannuation Board (GESB) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

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

South Regional TAFE Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2. Summary of significant accounting policies (continued)

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

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

The college has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the college to the GESB.

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

(ii) Provisions - other

Employment on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the college's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. (See note 9 'Other expenses' and note 27 'Provisions'.)

(r) Superannuation expense

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

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

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

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

(t) Comparative figures

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

3. Judgements made by management in applying accounting policies

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

The college evaluates these judgements regularly.

South Regional TAFE Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3. Judgements made by management in applying accounting policies (continued)

Operating Lease Commitments

The college has entered into a commercial lease and has determined that the lessor retains substantially all the significant risks and rewards incidental to ownership of the property. Accordingly, the lease has been classified as an operating lease.

4. Key sources of estimation uncertainty

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

Long Service Leave

Several estimations and assumptions used in calculating the college's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The college has applied the following Australian Accounting Standards effective, or adopted, for annual reporting periods beginning on or after 1 July 2016 that impacted on the college.

AASB 1057	Application of Australian Accounting Standards This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.
AASB 2014-3	Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11] The college establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.
AASB 2014-4	Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138] The adoption of this Standard has no financial impact for the college as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.
AASB 2014-9	Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements [AASB 1, 127 & 128] This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. As the college has no joint ventures and associates, the application of the Standard has no financial impact.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

5. Disclosure of changes in accounting policy and estimates (continued)

AASB 2015-1	<p>Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</p> <p>These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The college has determined that the application of the Standard has no financial impact.</p>
AASB 2015-2	<p>Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</p> <p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.</p>
AASB 2015-6	<p>Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</p> <p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.</p>
AASB 2015-10	<p>Amendments to Australian Accounting Standards Effective Date of Amendments to AASB 10 & 128</p> <p>This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & AASB 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. There is no financial impact.</p>

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

5. Disclosure of changes in accounting policy and estimates (continued)

Future impact of Australian Accounting Standards not yet operative

The college cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. By virtue of a limited exemption, the college has early adopted AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities. Where applicable, the college plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<p>Financial Instruments</p> <p>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9, and AASB 2014-1 Amendments to Australian Accounting Standards. The college has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 15	<p>Revenue from Contracts with Customers</p> <p>This Standard establishes the principles that the college shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The college's income is principally derived from appropriations which will be measured under AASB 1058 Income of Not-for-Profit Entities and will be unaffected by this change. However, the college has not yet determined the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the college has discharged its performance obligations.</p>	1 Jan 2019
AASB 16	<p>Leases</p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p>	1 Jan 2019

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

5. Disclosure of changes in accounting policy and estimates (continued)

AASB 16	Leases (continued)	1 Jan 2019
	<p>Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating lease commitments for \$27,526,000. The worth of non-cancellable operating leases which the college anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short-term or low-value leases. Interest and amortisation expense will increase and rental expense will decrease.</p>	
AASB 1058	Income of Not-for-Profit Entities	1 Jan 2018
	<p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, or a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The college has not yet determined the application or the potential impact of the Standard.</p>	
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]	1 Jan 2018
	<p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The college has not yet determined the application or the potential impact of the Standard.</p>	
AASB 2014-1	Amendments to Australian Accounting Standards Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the college to determine the application or potential impact of the Standard.	1 Jan 2018

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

5. Disclosure of changes in accounting policy and estimates (continued)

AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15 This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The college has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014). This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The college has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128] This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The mandatory effective date (application date) for the Standard has been deferred to 1 January 2018 by AASB 2015-10. The college has determined that the Standard has no financial impact.	1 Jan 18
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15 This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. For Not-For-Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. The Authority has not yet determined the application or the potential impact of AASB 15.	1 Jan 2019
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.	1 Jan 2018

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

5. Disclosure of changes in accounting policy and estimates (continued)

AASB 2016-3	<p>Amendments to Australian Accounting Standards – Clarifications to AASB 15</p> <p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The college has not yet determined the application or the potential impact.</p>	1 Jan 2018
AASB 2016 - 4	<p>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</p> <p>This Standard clarifies that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement. The college has not yet determined the application or the potential impact.</p> <p>There is no financial impact.</p>	1 Jan 2017
AASB 2016-7	<p>Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities</p> <p>This Standard amends the mandatory effective date (application date) of AASB 15 and defers the consequential amendments that were originally set out in AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018.</p> <p>There is no financial impact.</p>	1 Jan 2017
AASB 2016-8	<p>Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities</p> <p>This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.</p>	1 Jan 2019

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

5. Disclosure of changes in accounting policy and estimates (continued)

AASB 2017-2	Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle	1 Jan 2017
	<p>This Standard clarifies the scope of AASB 12 by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5. There is no financial impact.</p>	

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

6. Employee Benefits Expense

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
Wages and salaries ^(a)	34,660	24,168
Superannuation - defined contribution plans ^(b)	3,147	2,274
	37,807	26,442

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

(b) Defined contribution plans include West State, and Gold State and GESBS (2017: total \$2,574) and other eligible external funds (2017:\$573).

Employment on-costs such as workers' compensation insurance are included at note 9 'Other expenses'. Employment on-costs liability is included at note 27 'Provisions'.

7. Supplies and Services

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
Consumables and minor equipment	1,983	1,439
Communication expenses	400	321
Utilities expenses	1,334	832
Consultancies and contracted services	5,390	4,069
Minor works	1,349	955
Repairs and maintenance	489	150
Operating lease and hire charges (a)	691	493
Travel and passenger transport	295	328
Advertising and public relations	260	283
Supplies and services – other	779	578
Supplies and Services – Professional Development (PD) staff activities	141	224
	13,111	9,672

Operating leases and hire charges includes payments to the Department of Finance (State Fleet) of \$229,514 (2016: \$215,520).

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

8. Depreciation and Amortisation Expense

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
<u>Depreciation</u>		
Buildings	3,001	2,151
Motor vehicles, caravans and trailers	45	29
Plant, furniture and general equipment	178	315
Computer equipment and communication network	164	120
Total depreciation and amortisation	3,388	2,615

9. Other Expenses

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
Audit fees	170	-
Building maintenance	1,436	817
Doubtful debts expense	68	95
Employment on-costs (a)	2,397	1,362
Student Prizes & Awards	37	3
Other	34	-
Total	4,142	2,277

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 27 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

10. Fee for Service

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
Fee for service – general	872	649
Fee for service – Department of Training and Workforce Development	17	57
Fee for service – Government (other than Department of Training and Workforce Development)	287	151
International division Fees	739	819
Fee for Service - other	-	49
	1,915	1,725

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

11. Student Fees and Charges

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
Tuition fees	5,499	4,235
Resource fees	1,453	1,220
Other college fees	107	37
Student fees – Recognition of prior learning (RPL) & RPL reversal	142	333
Student Fees – Incidental fees, over charges & reversals	28	6
	7,229	5,831

12. Ancillary Trading

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
Live works (not a trading activity)	245	220
Other ancillary revenue	142	83
Total	387	303

13. Trading Profit

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
Bookshop		
Sales	48	21
Cost of sales:		
Opening inventory	(44)	(39)
Purchases	(54)	(30)
Goods available for sale	(98)	(69)
Closing inventory	30	44
Cost of goods sold	68	25
Trading (Loss) / Profit - Bookshop	(20)	(4)
Other Sales	6	-
Total profit/(loss) – Other trading	(14)	(4)

See note 2(m) 'Inventories' and note 20 'Inventories'.

South Regional TAFE

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

14. Commonwealth Grants and Contributions

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
Commonwealth specific purpose grants and contributions	209	303
	209	303

15. Interest Revenue

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
Interest Revenue	412	247
Total	412	247

16. Other Revenue

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
Rental and facilities fees	446	436
Sponsorship and donations revenue	42	11
Insurance recoveries	219	149
Recovery of expensed items	22	1
Miscellaneous revenue	11	47
Total	740	644

17. Net gain / (loss) on disposal of non-current assets

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
<u>Net proceeds from Disposal of Non-Current Assets</u>		
Buildings	2	-
Plant, furniture and general equipment	-	8
Motor vehicles	-	29
Total proceeds from disposal of non-current assets	2	37
<u>Costs of disposal of non-current assets</u>		
Buildings	(12)	-
Plant, furniture and general equipment	-	(10)
Motor vehicles, caravans and trailers	-	(14)
Total cost of disposal of non-current assets	(12)	(24)
Net gain / (loss)	(10)	13

See note 23 'Property, plant and equipment'.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

18. Income from State Government

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
Appropriation received during the year (a)		
<i>Department of Training and Workforce Development</i>		
Delivery and Performance Agreement (DPA)	41,000	29,441
Other recurrent funds	330	418
Total funds from Dept. of Training and Workforce Development	41,330	29,859
<i>Resources received free of charge determined on the basis of the following estimates provided by agencies (b):</i>		
<i>Department of Training and Workforce Development</i>		
- Corporate systems support	1,501	1,163
- Human resources, industrial relations support	80	79
Total resources received free of charge	1,581	1,242
Total Income from State Government	42,911	31,101

(a) Service appropriations fund the net cost of services delivered.

(b) Discretionary transfers of assets (including grants) and liabilities between State Government agencies are reported under Income from State Government. Transfers of assets and liabilities in relation to a restructure of administrative arrangements are recognised as distribution to owners by the transferor and contribution by owners by the transferee under AASB 1004 in respect of net assets transferred. Other non-discretionary non-reciprocal transfers of assets and liabilities designated as contributions by owners under TI 955 are also recognised directly to equity.

19. Restricted Cash and Cash Equivalents

Current	2017	2016
	\$'000	\$'000
Allowance for deferred salaries (a)	372	316
Specific donations (b)	5	4
State grants refundable (c)	2,545	1,188
	2,922	1,508
Non-current	2017	2016
	\$'000	\$'000
Allowance for 27 th Pay (d)	390	257
	390	257

(a) Amount held to meet salaries due to staff, who have elected to defer payment to purchase additional leave at a later time.

(b) Funds for Denmark Music Foundation \$3,593 (2016: \$4,093), the Jack Family Trust \$227 (2016: \$227), an anonymous donor \$120 (2016: \$120) and the Harvey Trust \$1,091 (2016: nil).

(c) An amount is held as fees payable to the DTWD for a shortfall in student curriculum hours delivered and an excess of recognition of prior learning tuition.

Amount was held in 2017 to meet 27 pays in 2024 being one additional pay period more than the normal 26 pays per annum.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

20. Inventories

	2017	2016
	\$'000	\$'000
<u>Current</u>		
Inventories held for resale:		
Bookshop (at cost)	30	44
Total	30	44

See also note 2(m) 'Inventories' and note 13 'Trading profit/(loss)'

21. Receivables

	2017	2016
	\$'000	\$'000
<u>Current</u>		
Receivables – trade	362	315
Receivables – students	307	291
Accrued income	117	191
Allowance for impairment of receivables	(121)	(121)
GST receivable	163	136
Total Current	828	812

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of period	121	91
Doubtful debts expense	68	95
Amounts written off during the period	(68)	(65)
Balance at End of Period	121	121

22. Other current assets

	2017	2016
	\$'000	\$'000
<u>Current</u>		
Prepayments	281	293
	281	293

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

23. Property, Plant and Equipment

	2017	2016
	\$'000	\$'000
Land		
At fair value ^(a)	4,310	4,200
	4,310	4,200
Buildings		
At fair value ^(a)	84,809	88,370
Accumulated depreciation	-	(12)
	84,809	88,358
Motor Vehicles, Caravans and Trailers		
At cost	404	296
Accumulated depreciation	(75)	(29)
	329	267
Plant, Furniture and General Equipment		
At cost	1,374	1,252
Accumulated depreciation	(492)	(315)
	882	937
Computer Equipment and Communication Network		
At cost	532	525
Accumulated depreciation	(284)	(120)
	248	405
	90,578	94,167

Land and buildings were revalued as at 1 July 2017 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 31 December 2017 and recognised at 31 December 2017. In undertaking the revaluation, fair value was determined by reference to market values for land: \$240,000 (2016: nil) and buildings: \$794,000 (2016: \$795,000). For the remaining balance, fair value of buildings was determined on the basis of depreciated replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land). See note 2(f) 'Property, plant and equipment'.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

23. Property, Plant and Equipment (continued)

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

2017	Land	Buildings	Motor vehicles, caravans and trailers	Plant, furniture and general equipment	Computer equipment and communication network	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	4,200	88,358	267	937	405	94,167
Additions	350	258	107	123	7	845
Transfers	-	-	-	-	-	-
Disposals	-	(12)	-	-	-	(12)
Revaluation Increments/ (decrements)	(240)	(794)	-	-	-	(1,034)
Depreciation expense	-	(3,001)	(45)	(178)	(164)	(3,388)
Carrying amount at end of year	4,310	84,809	329	882	248	90,578

Period 11 April – 31 December 2016	Land	Buildings	Capital works in progress	Motor vehicles, caravans and trailers	Plant, furniture and general equipment	Computer equipment and communication network	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Transfers from abolished agencies	4,200	89,068	18	213	1,043	494	95,036
Additions	-	2,239	85	97	113	31	2,565
Transfers	-	-	(103)	-	103	-	-
Disposals	-	(3)	-	(14)	(7)	-	(24)
Revaluation Increments/ (decrements)	-	(795)	-	-	-	-	(795)
Depreciation expense	-	(2,151)	-	(29)	(315)	(120)	(2,615)
Carrying amount at end of year	4,200	88,358	-	267	937	405	94,167

Information on fair value measurements is provided in Note 24 Fair Value Measurements.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

24. Fair Value Measurements

	Level 1	Level 2	Level 3	Fair value at end of period
Assets measured at fair value:				
2017	\$'000	\$'000	\$'000	\$'000
Land (note 23)	-	-	4,310	4,310
Buildings (note 23)	-	-	84,809	84,809
Total	-	-	89,119	89,119

	Level 1	Level 2	Level 3	Fair value at end of period
Assets measured at fair value:				
2016	\$'000	\$'000	\$'000	\$'000
Land (note 23)	-	-	4,200	4,200
Buildings (note 23)	-	-	88,835	88,835
Total	-	-	92,558	92,558

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

Valuation techniques to derive level 2 fair values

Level 2 fair values of non-current assets held for sale, land and buildings (residential accommodation) are derived using the market approach. Market evidence of sales prices of comparable land and buildings (residential accommodation) in close proximity is used to determine price per square metre.

Fair value measurements using significant unobservable inputs (Level 3)

2017	Land	Buildings
	\$'000	\$'000
Fair Value at start of period	4,200	88,358
Additions	350	258
Revaluation increments/(decrements) recognised in Profit or Loss	(240)	(794)
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	-
Transfers (to)/from Level 2	-	-
Disposals	-	(12)
Depreciation Expense	-	(3,001)
Fair Value at end of period	4,310	84,809

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

24. Fair Value Measurements (continued)

2016	Land	Buildings
	\$'000	\$'000
Transfers from abolished agencies	4,200	89,068
Additions	-	2,239
Revaluation increments/(decrements) recognised in Profit or Loss	-	(795)
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	-
Transfers (to)/from Level 2	-	-
Disposals	-	(3)
Depreciation Expense	-	(2,151)
Fair Value at end of period	4,200	88,358

Valuation processes

There were no changes in valuation techniques during the period.

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

Buildings (Level 3 fair values)

Fair value for existing use specialised building is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed economic benefit, expired economic benefit or obsolescence of the asset.

Determination of the current replacement cost of such assets held by the college is calculated by reference to gross project size specifications.

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

Land (Level 3 fair values)

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land).

The relevant comparisons of land with low level utility is selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of significant level 3 inputs in this revaluation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

24. Fair Value Measurements (continued)

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

Description	Fair value 2017 \$'000	Fair value 2016 \$'000	Valuation technique(s)	Unobservable inputs
Land	4,310	4,200	Market Approach	Selection of land with similar approximate utility
Buildings	84,809	88,358	Depreciated Replacement Cost	Consumed economic benefit / obsolescence of asset

Reconciliations of the opening and closing balances are provided in Notes 24.

Basis of Valuation

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

25. Impairment of Assets

There were no indications of impairment of property plant and equipment as at 31 December 2017.

The college held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

26. Payables

	2017	2016
	\$'000	\$'000
Current		
Trade Payables	131	1
GST and FBT Payable	7	43
Accrued Expenses	531	341
Accrued Salaries and Wages	143	112
Paid Parental Leave	6	5
Total	818	502

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

27. Provisions

	2017	2016
	\$'000	\$'000
Current		
<i>Employee benefits provision</i>		
Annual leave (a)	2287	2,040
Long service leave (b)	4,253	3,824
Deferred Salary Scheme (c)	372	317
Purchased leave	4	-
	6,916	6181
<i>Other provisions</i>		
Employment on-costs (d)	414	372
Total current	7,330	6,553
Non-current		
<i>Employee benefits provision</i>		
Long service leave (b)	597	821
	597	821
<i>Other provisions</i>		
Employment on-costs(d)	38	52
Total non-current	635	873

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

27. Provisions (continued)

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2017	2016
	\$'000	\$'000
Within 12 months of the end of the reporting period	1,714	1,636
More than 12 months after the end of the reporting period	573	404
	2,287	2,040

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2017	2016
	\$'000	\$'000
Within 12 months of the end of the reporting period	1,628	1,023
More than 12 months after the end of the reporting period	3,222	3,622
	4,850	4,645

(c) Deferred salary scheme liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

	2017	2016
	\$'000	\$'000
Within 12 months of the end of the reporting period	372	107
More than 12 months after the end of the reporting period	-	210
	372	317

(d) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 9 'Other expenses'.

Movements in other provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

	2017	2016
	\$'000	\$'000
Employment on-cost provision		
Amounts transferred from abolished agencies	-	179
Carrying amount at beginning of period	424	
Additional provisions recognized	28	1,362
Payments/other scarifies of economic benefits	-	(1,117)
Carrying amount at end of period	452	424

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

28. Other Liabilities

	2017	2016
	\$'000	\$'000
<u>Current</u>		
Income received in advance (a)		
Student fees and charges	43	32
VET Fee Help	9	195
	52	227
Monies held on trust		
Unclaimed monies and sale cheques	9	8
Specific donations	5	4
	14	12
Other		
Provision for Delivery and Performance Agreement refund	2,520	1,188
Total current liabilities	2,586	1,427

(a) Income received in advance relates to student fees and other Government (Commonwealth) funding, that are expected to be completed in the next year and an amount payable to Commonwealth Government under the VET Fee HELP Scheme.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

29. Equity

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

	2017	2016
	\$'000	\$'000
<u>Contributed Equity</u>		
Balance at start of period	101,505	-
<i>Contributions by owners</i>		
Transfer of net assets from abolished agencies	-	94,674
Cash redistribution under Training Sector Reform	-	4,054
Transfer of land from Department of Training and Workplace Development	350	-
Transfer building improvements from Department of Training and Workplace Development	247	-
Transfer of buildings repairs carried out by Department of Training and Workplace Development	611	-
Transfer of net assets from Department of Training and Workplace Development	-	2,777
Balance at end of period	102,713	101,505
<u>Accumulated surplus</u>		
Balance at start of period	(1,638)	-
Result for the period	(5,707)	(2,235)
Correction of understatement of student fees received in advance (a)	-	597
Balance at end of period	(7,345)	(1,638)
Total Equity at the end of the period	95,368	99,867

- (a) Correction of understatement of student fees received in advance - in 2016 an adjustment was made to balance the liabilities taken over by South Regional TAFE from the abolished Great Southern Institute of Technology to reflect an understatement of student fees received in advance of \$597,625.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

30. Notes on the Statements of Cash Flows

Reconciliation of cash

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

	2017	Period 11 April – 31 December 2016
	\$'000	\$'000
Cash and cash equivalents	11,708	12,141
Restricted cash and cash equivalents (refer to note 19 'Restricted cash and cash equivalents')	3,312	1,765
	15,020	13,906
Reconciliation of net cost of services to net cash flows provided by/(used in) Operating activities		
Net cost of services	(48,618)	(32,739)
Non-cash items:		
Depreciation and amortisation expense (note 8 'Depreciation and Amortisation Expense')	3,388	2,615
Asset revaluation decrement	1,034	795
Doubtful debts expense (note 9 'Other Expenses')	68	29
Resources provided by Owner (note 29 'Equity')	611	417
Resources received free of charge (note 18 'Income from State Government')	1,582	1,242
Losses and write offs	-	65
Net (gain)/loss on sale of property, plant and equipment	10	(13)
(Increase)/decrease in assets:		
Current receivables (a)	(63)	1,709
Current inventories	15	(5)
Prepayments	11	(122)
Increase/(decrease) in liabilities		
Current payables (a)	356	(934)
Current provisions	778	284
Other current liabilities	(182)	(1,672)
Non-current provisions	(238)	(916)
Net GST receipts / (payments) (b)	(63)	-
Net cash provided by/(used in) operating activities	(41,311)	(29,245)

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

This is the net GST paid / received being the cash transactions.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

31. Resources Provided Free of Charge

During the year no resources were provided to other agencies free of charge.

32. Commitments

The commitments below are all inclusive of GST.

Non-cancellable operating lease commitments (Property)

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements, are payable as follows:

	2017	2016
	\$'000	\$'000
Within 1 year	76	160
Later than 1 year and not later than 5 years	50	126
Total	126	286

The college has entered into 3 commercial leases and has determined that the lessor retains all the significant risks and rewards of the ownership of the property. Accordingly, each lease has been classified as an operating lease.

Non-cancellable operating lease commitments (Vehicles)

Commitments for minimum lease payments are payable to the Department of Finance (State Fleet) as follows:

	2017	2016
	\$'000	\$'000
Within 1 year	214	226
Later than 1 year and not later than 5 years	402	234
Total	616	460

Other expenditure commitments

Other expenditure commitments for the acquisition of goods and services contracted for at the end of the reporting period date but not recognised as liabilities are payable as follows:

	2017	2016
	\$'000	\$'000
Within 1 year	695	23
Later than 1 year and not later than 5 years	-	-
Total	695	23

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

32. Commitments (continued)

Capital expenditure commitments

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

	2017	2016
	\$'000	\$'000
Within 1 year	39	22
Later than 1 year and not later than 5 years	-	-
Total	39	22

33. Contingent liabilities and contingent assets

No contingent liabilities or assets exist as at 31 December 2017.

Contaminated sites

Under the Contaminated Sites Act 2003, the college is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as *contaminated – remediation required* or *possibly contaminated – investigation required*, the college may have a liability in respect of investigation or remediation expenses.

The governing council is not aware of any contaminated sites on any of the properties under its control as at balance date.

34. Events occurring after the reporting period

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the college, the results of those operations, or the state of affairs of the college, in future financial years.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

35. Explanatory Statement

Statement of Comprehensive Income

Major variances between estimates and actual results for 2017 are shown below. Major variances are considered to be those greater than 5% and 2% of the Total Cost of Services (\$837,000)

Statement of Financial Position

Major variances between estimates and actual results for 2017 are shown below. Major variances are considered to be those greater than 5% and 2% of the Total Assets (\$2,170,000).

Statement of Cash Flows

Major variances between estimates and actual results for 2017 are shown below. Major variances are considered to be those greater than 5% and 2% of the Total Cost of Services (\$837,000).

Statement of Comprehensive Income

	Variance note	Estimate 2017 \$'000	Actual 2017 \$'000	Actual 2016 \$'000	Variance between estimated and actual \$'000	Variance between actual results for 2016 and 2017 \$'000
<u>Expenses</u>						
Employee benefits expense	A, B, 1	38,959	37,807	26,442	(1,152)	11,365
Supplies and services	A, C, 2	11,191	13,111	9,672	1,920	3,439
Depreciation and amortisation expense		2,643	3,388	2,615	745	773
Cost of sales		28	68	25	40	43
Grants and subsidies		-	4	-	4	4
Loss on disposal of non-current assets		-	10	-	10	10
Revaluation decrement	3		1,034	795	1,034	239
Other expenses	A, D	3,332	4,142	2,277	810	1,865
Total cost of services		56,153	59,564	41,826	3,411	17,738

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

35. Explanatory Statement (continued)

Statement of Comprehensive Income

	Variance note	Estimate 2017 \$'000	Actual 2017 \$'000	Actual 2016 \$'000	Variance between estimated and actual \$'000	Variance between actual results for 2016 and 2017 \$'000
<u>Income</u>						
<i>Revenue</i>						
Fee for service		1,649	1,915	1,725	266	190
Student fees and charges	A, E, 4	8,956	7,229	5,831	(1,727)	1,398
Ancillary trading		285	387	303	102	84
Sales		69	54	21	(15)	33
Commonwealth grants and contributions		165	209	303	44	(94)
Interest revenue		1,066	412	247	(654)	165
Other revenue			740	644	740	96
Total revenue		12,190	10,946	9,074	(1,244)	1,872
Gains						
Gain on disposal of non-current assets		-	-	13	-	(13)
Total gains		-	-	13	-	(13)
Total income other than income from State Government		12,190	10,946	9,087	(1,244)	1,859
NET COST OF SERVICES		43,962	48,618	32,739	4,655	15,879

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

35. Explanatory Statement (continued)

Statement of Comprehensive Income (continued)

INCOME FROM STATE GOVERNMENT						
Service appropriation	A, F, 5	42,455	41,330	29,859	(1,125)	11,471
Resources received free of charge		1,441	1,581	1,242	140	339
Total income from State Government		43,896	42,911	31,101	(985)	11,810
(DEFICIT) / SURPLUS FOR PERIOD		(66)	(5,707)	(1,638)	(5,640)	(4,069)
OTHER COMPREHENSIVE INCOME						
Changes in asset revaluation surplus		2,194	-	-	(2,194)	-
Total other comprehensive income		2,194	-	-	(2,194)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,128	(5,707)	(1,638)	7,835	(4,069)

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

35. Explanatory Statement (continued)

Statement of Financial Position

	Variance note	Estimate 2017 \$	Actual 2017 \$	Actual 2016 \$	Variance between estimated and actual \$	Variance between actual results for 2016 and 2017 \$
<u>Current Assets</u>						
Cash and cash equivalents		10,854	11,708	12,141	854	(433)
Restricted cash and cash equivalents		454	2,922	1,508	2,468	1,414
Inventories		20	30	44	10	(14)
Receivables		550	828	812	278	16
Other current assets		320	281	293	(39)	(12)
Non-current assets held for sale		-	-	-	-	-
Total Current Assets		12,198	15,769	14,798	3,571	971
<u>Non-Current Assets</u>						
Property, plant and equipment	G, 6	96,293	90,578	94,167	(5,715)	(3,589)
Restricted cash and cash equivalents			390	257	390	133
Intangible assets		-	-	-	-	-
Total Non-Current Assets		96,293	90,968	94,424	(5,325)	(3,456)
TOTAL ASSETS		108,491	106,737	109,222	(1,753)	(2,484)

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

35. Explanatory Statement (continued)

LIABILITIES

Current Liabilities

Payables		769	818	502	49	316
Provisions	7	6,020	7330	6,553	1,310	777
Other current liabilities	H, 8	62	2,586	1,427	2,524	1,159
Total Current Liabilities		6,851	10,734	8,482	3,883	2,252

Non-Current Liabilities

Provisions	9	1,476	635	873	(841)	(238)
Other non-current liabilities		10	-		(10)	-
Total Non-Current Liabilities		1,486	635	873	(851)	-(238)

TOTAL LIABILITIES

		8,337	11,369	9,355	3,032	2,014
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NET ASSETS

		100,154	95,368	99,867	(4,786)	(4,499)
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Equity

Contributed equity		98,880	102,713	101,505	65,857	1,208
Reserves		4,417	-	-	(43,466)	-
Accumulated surplus		(143)	(7,345)	(1,638)	(27,176)	(5,706)
TOTAL EQUITY		100,154	95,368	99,867	(4,785)	(4,498)

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

35. Explanatory Statement (continued)

	Variance note	Estimate 2017 \$'000	Actual 2017 \$'000	Actual 2016 \$'000	Variance between estimated and actual \$'000	Variance between actual results for 2016 and 2017 \$'000
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation – Department of Training & Workforce Development	A, I	42,455	42,662	31,047	207	11,615
Capital appropriation – Department of Training & Workforce Development		-	-	-	-	-
Net cash provided by State Government		42,455	42,662	31,047	207	11,615
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	A, J, 10	(38,959)	(37,235)	(27,173)	1,724	(10,062)
Supplies and services	A, K, 11	(9,750)	(11,492)	(9,198)	(1,742)	(2,294)
Grants and subsidies		-	(4)	-	(4)	(4)
Purchase of inventory		(28)	-	(9)	28	9
GST payments on purchases		(700)	(1,133)	(730)	(433)	(403)
GST payments to taxation authority		-	-	(61)	-	61
Other payments		(3,304)	(3,232)	(1,912)	72	(1,320)
Receipts						
Fee for service		1,649	1,915	2,039	(266)	(124)
Student fees and charges	A, L, 12	8,956	6,979	5,224	(1,977)	1,755
Ancillary trading		285	387	303	102	84
Commonwealth grants and contributions		-	209	419	209	(210)

South Regional TAFE

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

35. Explanatory Statement (continued)

Interest received		165	412	325	247	87
GST receipts from on sales		-	153	128	153	25
GST receipts from taxation authority		700	989	756	289	233
Sale of Goods		-	-	-	-	-
Other receipts		1,107	741	644	(366)	97
Net cash used in operating activities		(39,878)	(41,311)	(29,245)	(1,964)	(12,066)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current physical assets	13	(1,150)	(239)	(246)	911	7
Purchase of other current financial assets		-	-	-	-	-
Receipts						
Proceeds from sale of non-current physical assets		-	2	37	2	(35)
Proceeds from sale of other current financial assets	M	-	-	5,456	-	(5,456)
Net cash used in investing activities		(1,150)	(237)	5,247	913	(5,484)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Contributions of capital by Owners	N	-	-	6,857	-	(6,857)
Net cash used in financing activities		-	-	6,857	-	(6,857)
Net increase / (decrease) in cash and cash equivalents		1,427	1,114		(844)	(12,792)
Cash and cash equivalents at the beginning of period		9,881	13,906	-	4,025	13,906
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		11,308	15,020	13,906	3,181	1,114

South Regional TAFE Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

35. Explanatory Statement (continued)

Major Variance Analysis

Variance between Actual 2016 and Actual 2017

Statement of Comprehensive Income

- A. The variance between Actual for 2016 and Actual for 2017 are due in part to 2016 reporting period being 11th April to 31 December 2016 whilst the Actual 2017 reporting period was for 1 January to 31 December 2017.
- B. Employee benefits expense for Actual 2017 included severance payments totaling \$1,160,000. The increase in employee benefits expenses is due to an increase in FTE in comparison to 2016
- C. Actual 2017 expenditure on supplies and services were \$3,439,000 above the Actual 2016. The increase is spread across a range of categories including: consumables and minor equipment (\$544,000), utilities (\$832,000), consultancies and contracted services (\$1,321,000), supplies and minor capital works (\$394,000) and repairs and maintenance (\$339,000). Travel and passenger transport decreased (\$33,000) as did staff related professional development supplies and services (\$83,000).
- D. The Actual 2017 expenditure on other expenses exceeded the 2016 actual results by \$1,865,000. This was attributable to repairs and maintenance on buildings and associated grounds which were contributed by the Department of Training and Workforce Development.
- E. Actual results for 2017 were \$1,398,000 higher than the actual results for 2016 due to additional in training delivered in 2017.
- F. Service appropriations received from the Department of Training and Workforce Management during the Actual 2017 period exceed the Actual 2016 by \$11,471,000.

Statement of Financial Position

- G. Property, plant and equipment at the end of the Actual 2017 period was \$3,589,000 less than at the end of the Actual 2016 reporting period. This is due to the revaluation decrement of \$1,034,000 together with depreciation of \$3,388,000 (predominantly building depreciation of \$3,001,000).
- H. Other current liabilities at the end of the Actual 2017 reporting period exceed the closing balance of the Actual 2016 reporting period by \$1,159,000. This is mainly attributable to an increase in the value of the refund due to the Department of Training and Workforce Development by \$1,332,000.
- I. Cash received from State funds during the Actual 2017 period exceeded the Actual 2016 by \$11,615,000. This is attributable to increased training delivery by the college during the Actual 2016 period.
- J. Other Cash expenditure on employee benefits during the 2017 Actual reporting period exceeded the Actual 2016 reporting period by \$10,062,000. The increase in employee benefits expenses is due to the increase in FTE compared to in 2016.

South Regional TAFE Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

35. Explanatory Statement (continued)

Major Variance Analysis (continued)

Variance between Actual 2016 and Actual 2017 (continued)

- K. Actual 2017 cash outflows for supplies and services were \$2,294,000 above the Actual 2016. The additional outflow is spread across a range of categories including: consumables and minor equipment (\$544,000), utilities (\$832,000), consultancies and contracted services (\$1,321,000), supplies and minor capital works (\$394,000) and repairs and maintenance (\$339,000). Travel and passenger transport decreased (\$33,000) as did staff related professional development supplies and services (\$83,000).
- L. Cash inflows for Student fees and charges in Actual 2017 results was \$1,755,000 greater than those reported for the Actual 2016 results. The increase is attributable to additional training being delivered during the Actual 2017 reporting period.
- M. Proceeds from the sale of other current financial assets during the Actual 2016 reporting period exceeded that of the Actual 2017 reporting period by \$5,456,000. This is attributable to the maturation and subsequent redemption of a term deposit during the Actual 2016 reporting period. There were no term deposits held by the college during the Actual 2017 reporting period.
- N. There was \$6,857,000 in cash contributions by owners during the Actual 2016 reporting period. There were no cash contributions by the owners during the Actual 2017 reporting period.

Statement of Comprehensive Income

- 1 Employee benefits are higher than estimates as the severance payment of \$1,160,000 were not anticipated when preparing the budget.
- 2 Actual 2017 expenditure on supplies and services was \$1,920,000 above the Estimated 2017 as the budget has under budgeted the cost of supplies and services in general.
- 3 Revaluation decrement was not anticipated while preparing the estimates.
- 4 Actual results were \$1,727,000 lower than estimate due to a reduction in training delivered in 2017.
- 5 Revenue from state appropriation was \$1,125,000 higher in the Estimated 2017 results and for the Actual 2017. This is due to a reduction in training delivered in 2017 when compared to the estimates.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

35. Explanatory Statement (continued)

Major Variance Analysis (continued)

Variance between Actual 2016 and Actual 2017 (continued)

Statement of Financial Position

- 6 Actual results of property, plant and equipment include the revaluation decrement of \$1,034,000 which were not factored into the estimates.
- 7 The actual results have been calculated by PWC and the budget has significantly underestimated the current provisions and overestimated non-current provision.
- 8 The actual result is higher due to an allowance being made during 2017 for a refund to the Department of Training and Workforce Development.
- 9 The Actual 2017 value for non-current provisions is less than the Estimate 2017 due to the non-current provisions becoming classified as a current liability.

Statement of Cash Flow

- 10 The actual cash flow is higher than the estimate due to severances payments of \$1,160,000 being paid and also the increase in FTE.
- 11 The actual cash outflows for supplies and services include the increase in several categories including: consumables and minor equipment (\$544,000), utilities (\$832,000), consultancies and contracted services (\$1,321,000), supplies and minor capital works (\$394,000) and repairs and maintenance (\$339,000). Travel and passenger transport decreased (\$33,000) as did staff related professional development supplies and services (\$83,000).
- 12 The Estimated 2017 cash inflow from student fees and charges was \$1,977,000 higher than the Actual 2017 result. The Estimated 2017 figure was based on predicted training levels and actual training delivery was less than anticipated.
- 13 The Estimated 2017 cash outflows for the purchase on physical non-current assets was \$911,000 higher than the Actual 2017 result. This is due to budget restraints in 2017 that curtailed spending.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

36. Financial Instruments

(a) Financial Risk Management Objectives and policies

Financial instruments held by the college are cash and cash equivalents, restricted cash and cash equivalents, other financial assets, receivables, payables and refund of payments under DPA (part of other liabilities). The college has limited exposure to financial risks. The college's overall risk management program focus on managing the risk identified below:

Credit risk

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

The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as show in the table at note 36 (c) 'Finance instruments disclosures' and note 21 'Receivables'.

Credit risk associated with the college's financial assets is minimal because the main receivable is the amounts receivable for trade debtors with only minor exposure to student debts. Credit risk associate with Other Financial Assets in minimal because the college has invested funds with reputable Banks regulated under the Australian Prudential Regulations. For trade receivables other than government, the college trades only with recognised, creditworthy third parties. The college has policies in place to ensure that material sales of products and services are made to customers with an appropriate credit history. Individual student debts are relatively minor in value and are monitored carefully. At the end of the reporting period there are no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the college is unable to meet its financial obligations as they fall due. The college is exposed to liquidity risk through its trading in the normal course of business. The college has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the college's income or the value of its holdings of financial instruments. The college does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes). Other than as detailed in the Interest rate sensitivity analysis table at Note 36(c), The college has a moderate exposure to interest rate risk because interest revenue comprises a relatively small proportion of the college's total revenue and it has no other borrowings.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

36. Financial Instruments (continued)

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2017	2016
<u>Financial Assets</u>	\$	\$
Cash and cash equivalent	11,708	12,141
Restricted cash and cash equivalent	3,312	1,765
Receivables (a)	665	676
<u>Financial Liabilities</u>		
Payables (b)	811	459
Other current liabilities (c)	2,520	1,396

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

(b) The amount of payables excludes GST payable to the ATO (statutory payable)

(c) Includes Delivery and Performance Agreement refund of \$2,520,902 (2016: \$1,188,000).

(c) Financial Instrument Disclosure

Credit risk

The following table discloses the college's maximum exposure to credit risk and the ageing analysis of financial assets. The college's maximum exposure to credit risk at the end of the reporting period is the carrying of an amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial **assets**. The table is based on information provided to senior management of the college. The college does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

36. Financial Instruments (continued)

Ageing analysis of financial assets

Past due but not impaired

	Carrying Amount	Not past due and not impaired	Up to 1 month	1-3 months	3-12 months	1-5 years	Impaired Financial Assets
	\$	\$	\$	\$	\$	\$	\$
2017							
<u>Financial Assets</u>							
Cash and cash equivalent	11,708	11,708	-	-	-	-	-
Restricted cash and cash equivalent	3,312	3,312	-	-	-	-	-
Receivables (a)	665	431	87	59	209	(121)	-
	15,696	15,451	87	59	209	(121)	-
Period 11 April – 31 December 2016							
<u>Financial Assets</u>							
Cash and cash equivalent	12,141	12,141	-	-	-	-	-
Restricted cash and cash equivalent	1,765	1,765	-	-	-	-	-
Receivables (a)	676	392	61	97	247	(121)	-
	14,582	14,582	61	97	247	(121)	-

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

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

36. Financial Instruments (continued)

Liquidity risk and interest rate exposure

The following table details the contractual maturity analysis for the college's financial assets and financial liabilities and also their interest rate exposures. The maturity analysis section includes interest and principal cash flows. The Interest rate exposure section analyses only the carrying amounts of each item.

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

	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Interest rate exposure			Nominal Amount \$000	Maturity Dates				
			Fixed Interest Rate \$000	Variable Interest Rate \$000	Non-Interest Bearing \$000		Up to 1 month \$000	Up to 3 months \$000	3 months – 1 year \$000	1-5 years \$000	More than 5 years \$000
2017											
Financial Assets											
Cash and cash equivalent	2.49%	11,708	-	11,708	-	11,708	11,708	-	-	-	-
Restricted cash and cash equivalent	2.49%	3,312	-	3,312	-	3,312	3,312	-	-	-	-
Receivables (a)	-	665	-	-	665	665	665	-	-	-	-
		15,685	-	15,020	665	15,685	15,685	-	-	-	-
Financial Liabilities											
Payables (b)	-	811	-	-	811	811	811	-	-	-	-
Other current liabilities	-	2,520	-	-	2,520	2,520	2,520	-	-	-	-
		3,331	-	-	3,331	3,331	3,331	-	-	-	-
2016											
Financial Assets											
Cash and cash equivalent	2.07%	12,141	-	12,141	-	12,141	12,141	-	-	-	-
Restricted cash and cash equivalent	2.07%	1,765	-	1,765	-	1,765	1,765	-	-	-	-
Receivables (a)	-	676	-	-	676	676	676	-	-	-	-
		14,582	-	13,906	676	14,582	14,582	-	-	-	-
Financial Liabilities											
Payables	-	459	-	-	459	459	459	-	-	-	-
Other current liabilities	-	1,396	-	-	1,396	1,396	1,396	-	-	-	-
		1,855	-	-	1,855	1,855	1,855	-	-	-	-

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

(b) The amount of payables excludes the GST payable to the ATO (statutory payable).

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

36. Financial Instruments (continued)

Interest rate sensitivity analysis

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

2017	Carrying amount \$'000	- 100 Basis Points		+ 100 Basis Points	
		Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
<u>Financial Assets</u>					
Cash and cash equivalent	11,708	(117)	(117)	117	117
Restricted Cash and cash equivalent	3,312	(33)	(33)	33	33
Total Increase/(Decrease)		(150)	(150)	150	150

Period 11 April – 31 December 2016	Carrying amount \$'000	- 100 Basis Points		+ 100 Basis Points	
		Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
<u>Financial Assets</u>					
Cash and cash equivalent	12,141	(121)	(121)	121	121
Restricted Cash and cash equivalent	1,765	(18)	(18)	18	18
Total Increase/(Decrease)		(139)	(139)	139	139

Fair Values

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

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

37. Remuneration of key management personnel

The college has determined that key management personnel include ministers, the governing council and senior officers of the college. However the college is not obligated to compensate ministers and therefore disclosures in relation to ministers' compensation may be found in the annual report of State finances.

Total compensation for key management personnel comprising members of the governing council and senior officers of the college for the reporting period are presented in the following bands.

Compensation of members of the accountable authority

	2017	2016
\$		
\$0 - \$10,000	9	7
\$10,001 - \$20,000	-	1
\$20,001 - \$30,000	1	
\$180,001 - \$190,000	-	1
240,001 – 250,000	1	-
	11	9

Compensation of senior officers

	2017	2016
\$		
\$120,001 - \$130,000	-	3
\$130,001 - \$140,000		1
\$140,001 - \$150,000		-
\$150,000 - \$160,000	2	-
\$160,001 - \$170,000	2	-
\$180,001 - \$190,000	-	-
\$200,001 – \$210,000	1	-
\$280,001 - \$290,000	1	-
\$290,001 - \$300,000	1	-
	7	4

	\$'000	\$'000
Short-term employee benefits	1,121	644
Post-employment benefits	93	57
Other long term benefits	41	28
Termination benefits	472	-
The total compensation of key management personnel	1,727	729

No Senior Officers are members of the Pension Scheme.

South Regional TAFE

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

38. Related Party Transactions

The college is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the college is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to State.

Related parties of the department include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements;
- associates and joint ventures, that are included in the whole of government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with government related parties

Significant transactions include:

- purchase of training services by Department of Training and Workplace Development (note 18)
- services provided free of charge by Department of Training and Workplace Development (note 18)
- transfer of land, building improvements and repairs by Department of Training and Workplace Development (note 29)
- payments for superannuation contributions to West State, Gold State and GESB (note 6)
- fleet leasing to the Department of Finance (State Fleet) (Note 7);
- commitments for future lease payments to the Department of Finance (Note 32);
- insurance payments to RiskCover fund (\$564,578);
- remuneration for services provided by the Auditor General (Note 39).

All of the above transactions were normal day to day business operations.

Material transactions with related parties

The college had no material related party transaction with Ministers/senior officers or their close family members or their controlled (or jointly controlled) entities for disclosure. All other transactions (including general citizen type transactions) between the college and Ministers/senior officers or their close family members or their controlled (or jointly controlled) entities are not material for disclosure.

South Regional TAFE
Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

39. Remuneration of auditor

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

	2017	2016
	\$'000	\$'000
Auditing the accounts, financial statements and performance indicators.	170	148

40. Related bodies

The college has no related bodies.

41. Affiliated bodies

The college has no affiliated bodies.

42. Supplementary financial information

	2017	2016
	\$'000	\$'000
<u>Write-Offs</u>		
Bad debts	68	65
Total	68	65

2018 Forward Financial Estimates

Annual Estimates

In accordance with Treasurer's Instruction 953, the annual estimates for the 2018 year are hereby included in the 2017 Annual Report. These estimates do not form part of the 2017 financial statements and are not subject to audit.

Statement of Comprehensive Income

	2018
	\$
COST OF SERVICES	
<u>Expenses</u>	
Employee benefits expense	37,247,164
Supplies and services	11,868,238
Depreciation and amortisation expense	3,472,158
Grants and subsidies	
Cost of Sales	54,675
Other expenses	3,003,240
Total Cost of Services	55,645,475
<u>Income</u>	
<u>Revenue</u>	
Fee for service	1,748,536
Student fees and charges	7,411,136
Ancillary trading	396,900
Sales	78,975
Commonwealth grants and contributions	500,000
Interest revenue	312,238
Other revenue	480,393
Total Revenue	10,928,178
<u>Gains</u>	
Gain on disposal of non-current assets	-
Total Gains	-
Total income other than from State Government	10,928,178
NET COST OF SERVICES	44,717,297
State funds	42,148,000
Resources received free of charge	1,582,864
Total income from State Government	43,730,864
SURPLUS (DEFICIT) FOR THE PERIOD	(986,433)

2018 Forward Financial Estimates (continued)

Statement of Financial Position

	2018
	\$
Current Assets	
Cash and cash equivalents	14,415,340
Restricted cash and cash equivalents	399,266
Inventories	44,246
Receivables	810,654
Other current assets	293,393
Total Current Assets	15,962,899
Non-Current Assets	
Restricted cash and cash equivalents	514,273
Property, plant and equipment	93,006,163
Total Non-Current Assets	93,520,436
<u>Total Assets</u>	109,483,335
Current Liabilities	
Payables	501,880
Provisions	6552,530
Other current liabilities	238,927
Total Current Liabilities	7,293,337
Non-Current Liabilities	
Provisions	873,178
Total Non-Current Liabilities	873,178
<u>Total Liabilities</u>	8,166,515
NET ASSETS	101,316,820
Equity	
Contributed Equity	105,721,127
Reserves	-
Accumulated surplus/(deficiency)	(4,404,307)
TOTAL EQUITY	101,316,820

2018 Forward Financial Estimates (continued)

Statement of Changes in Equity

	2018 \$
Balance of equity at start of period	100,303,253
<u>Contributed equity</u>	
Balance at start of period	103,721,127
Capital Contribution	2,000,000
Balance at end of period	105,721,127
<u>Reserves</u>	
Asset revaluation reserve	
Balance at start of period	-
<i>Restated balance at start of period</i>	
Gains / (losses) from asset revaluation	-
Balance at end of period	-
<u>Accumulated surplus (retained earnings)</u>	
Balance at start of period	(3,417,874)
<i>Restated balance at start of period</i>	
Surplus/(deficit) or profit/(loss) for the period	(986,433)
Balance at end of period	(4,404,307)
Balance of equity at end of period	101,316,820

2018 Forward Financial Estimates (continued)

Statement of Cash Flows

	2018
	\$
CASH FLOWS FROM STATE GOVERNMENT	
State funds	40,672,750
Capital assets transferred and equity contributions	-
Net cash provided by State Government	40,672,750
CASHFLOWS FROM OPERATING ACTIVITIES	
<u>Payments</u>	
Employee benefits	(37,247,164)
Supplies and services	(10,285,374)
GST payments on purchases	(880,650)
GST payments to taxation authority	-
Other payments	(2,990,584)
Cost of Goods Sold	(54,675)
<u>Receipts</u>	
Fee for service	1,748,536
Student fees and charges	7,411,135
Ancillary trading	396,900
Commonwealth grants and contributions	500,000
Interest received	312,238
GST receipts on sales	39,700
GST receipts from taxation authority	840,950
Sale of Goods	78,975
Other receipts	467,737
Net cash provided by/(used in) operating activities	(39,662,276)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of non-current physical assets	-
Purchase of noncurrent physical assets	(1,293,500)
Net cash provided by/(used in) investing activities	(1,293,500)
Net increase/(decrease) in cash held and cash equivalents	(283,026)
Cash and cash equivalents at the beginning of the period	15,611,905
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	15,328,879

Detailed Key Performance Indicators Information

Desired Outcome

The desired outcome of the college is the provision of Vocational Education and Training services to meet community and industry needs.

South Regional TAFE¹ has developed the following Key Performance Indicators (KPIs) to provide an overall indication of the college's performance against both the Delivery and Performance Agreement (DPA) with the Department of Training and Workforce Development (DTWD) and the college's 2017 Business Plan objectives.

Effectiveness Indicators

Annual VET College Training Profile Achievement

This indicator measures the effectiveness of the college's training delivery under the College Training Profile, i.e. the extent to which it has provided relevant training and skills formation opportunities to the community, in accordance with the training needs of the state.

The target in 2017 for the College Training Profile was 2,603,513(100%); 89.62% was achieved. The following tables provide details of the distribution of the College Training Profile delivery by SCH in the industry groups specified by DTWD.

Note:

The college began 2017 with a DPA figure of 2,603,513 and renegotiated the DPA in September to re-align delivery with local demands. Whilst there was movement within Australian and New Zealand Standard Classification of Organisations (ANZSCO) Groups, the college did not amend overall student curriculum hours (SCH). The performance indicators reflect the original DPA figures of 2,603,513

¹ South Regional TAFE was established in April 2016 from a merger between South West Institute of Technology and Great Southern Institute of Technology. The Narrogin campus (formerly C.Y. O'Connor Institute and the Esperance campus (formally Goldfields Institute of Technology) also became part of the newly established South Regional TAFE.

Results

Table 1

Reflects 2017 actual outcomes achieved against planned delivery based on ANZSCO Group classifications for the period 1 January to 31 December 2017.

Profile delivery targets and SCH are both reported under an end of study paradigm, where delivery must be assigned a final outcome before it can be counted. Targets are set in relation to full year outcomes and accurate reporting of SCH on an end of study basis can only occur on full year results.

ANZSCO Groups	2017 Achieved	2017 Planned	% Achieved
1 – MANAGERS	140,491	129,824	108.22%
11 – Chief Executives, General Managers and Legislators	14,140	12,650	111.78%
12 – Farmers and Farm Managers	96,672	94,364	102.45%
13 – Specialist Managers	520	7,740	6.72%
14 – Hospitality, Retail and Service Managers	29,159	15,070	193.49%
2 – PROFESSIONALS	172,810	240,725	71.79%
21 – Arts and Media Professionals	49,780	60,841	81.82%
22 – Business, Human Resources and Marketing Professionals	6,910	9,690	71.31%
23 – Design, Engineering, science and Transport Professionals	69,710	87,131	80.01%
24 – Education Professionals	18,345	43,278	42.39%
25 – Health Professionals	0	0	0%
26 – ICT Professionals	28,065	27,070	103.68%
27 – Legal, Social and Welfare Professionals	0	12,715	0%
3 – TECHNICIANS AND TRADES WORKERS	585,672	633,973	92.38%
31 – Engineering, ICT and Science Technicians	149,221	176,822	84.39%
32 – Automotive and Engineering Trades Workers	169,411	153,662	110.25%

33 – Construction Trades Workers	72,398	87,746	82.51%
34 – Electro technology and Telecommunications Trades Workers	40,049	44,900	89.20%
35 – Food Trades Workers	39,071	38,955	100.30%
36 - Skilled Animal and Horticultural Workers	42,999	51,651	83.25%
39 – Other Technicians and Trades Workers	72,523	80,237	90.39%
4 – COMMUNITY AND PERSONSAL SERVICE WORKERS	737,927	739,503	99.78%
41 – Health and Welfare Support Workers	215,755	214,107	100.77%
42 – Carers and Aides	384,621	338,376	113.66%
43 – Hospitality Workers	21,629	21,373	101.20%
45 – Sports and Personal Service Workers	115,922	165,647	69.98%
5 – CLERICAL AND ADMINISTRATIVE WORKERS	227,293	285,794	79.53%
51 – Office Managers and Program Administrators	25,695	34,905	73.61%
52 – Personal Assistants and Secretaries	0	340	0%
53 – General Clerical Workers	123,948	146,573	84.56%
54 – Inquiry Clerks and Receptionists	630	6,218	10.13%
55 – Numerical Clerks	76,930	91,353	84.21%
59 – Other Clerical and Administrative Workers	90	6,405	1.41%
6 – SALES WORKERS	4,530	8,748	51.78%
62 – Sales Assistants and Salespersons	4,530	8,748	51.78%
7 – MACHINERY OPERATORS AND DRIVERS	53,205	79,958	66.54%
71 – Machine and Stationary Plant Operators	37,607	56,508	66.55%
72 – Mobile Plant Operators	15,598	23,450	66.52%
74 – Store persons	0	0	0%

8 – LABOURERS	200,290	253,358	79.05%
81 – Cleaners and Laundry Workers	0	0	0%
82 – Construction and Mining Labourers	33,020	45,654	72.33%
83 – Factory Process Workers	33,051	35,308	93.61%
84 – Farm, Forestry and Garden Workers	52,979	74,640	70.98%
85 – Food Preparation Assistants	13,246	22,798	58.10%
89 – Other Labourers	67,994	74,958	90.71%
G – General Education	210,986	231,630	91.09%
GB – Adult Literacy/ESL	108,520	126,212	85.98%
GC – Languages	0	350	0%
GE – Targeted Courses	102,466	105,068	97.52%
Grand Total	2,333,204	2,603,513	89.62%

Analysis of results

Variances in Excess of 10%

The DPA allows for flexibility in shifting delivery between industry groups within agreed tolerances. Where ANZSCO reflect actual results which vary by 10% or more from the original planned SCH the following explanations apply:

- Lower than expected demand in respective ANZSCO groups as follows:
 - 13 - Specialist Managers
 - 21 - Arts and Media Professionals
 - 22 - Business, Human Resources and Marketing Professionals
 - 23 - Design, Engineering, science and Transport Professionals
 - 24 - Education Professionals
 - 27 - Legal, Social and Welfare Professionals
 - 31 - Engineering, ICT and Science Technicians
 - 33 - Construction Trades Workers
 - 34 - Electro technology and Telecommunications Trades Workers
 - 36 - Skilled Animal and Horticultural Workers
 - 45 - Sports and Personal Service Workers
 - 51 - Office Managers and Program Administrators
 - 52 – Personal assistants and Secretaries
 - 53 - General Clerical Workers
 - 54 - Inquiry Clerks and Receptionists
 - 55 - Numerical Clerks
 - 59 - Other Clerical and Administrative Workers
 - 62 - Sales Assistants and Salespersons
 - 71 - Machine and Stationary Plant Operators
 - 72 - Mobile Plant Operators
 - 82 - Construction and Mining Labourers
 - 84 - Farm, Forestry and Garden Workers

- 85 - Food Preparation Assistants
- GB - Adult Literacy/ESL
- GC - Languages
- Higher than expected demand in respective ANZSCO groups as follows:
 - 11 – Chief Executives, General Managers and Legislators
 - 14 – Hospitality, retail and Service Managers
 - 32 – Automotive and Engineering Trades Workers
 - 42 – Carers and Aides
- Shifting of SCH across profile ANZSCO groups to meet local demands for training.
- Planned SCH is reflective of DTWD funding of programs for recognition of prior learning (RPL) and skill shortage areas. (RPL and skill shortage areas are subject to departmental targets and thresholds which may change as a result of negotiations between the college and DTWD on a bi-annual basis.)
- Change in industry ANZSCO group classifications which have been reflected in the re-negotiated DPA in September.

Student Satisfaction Survey

Student satisfaction is a performance indicator measuring the extent to which the courses, staff and facilities provided by the college meet the needs of students. The Student Satisfaction Survey is a survey carried out annually by an independent organisation (Patterson Market Research). The survey asked students (who are funded under the National Agreement for Skills and Workforce Development) about themselves and their level of satisfaction with the qualifications and broad areas of teaching, student support and advisory services as well as the facilities of the college.

The 2017 Student Satisfaction survey fieldwork was conducted between Thursday 14th September and Monday 20th November 2017. The usable State population was established as 44,797 with 11,964 usable returns received (response rate of 26.7%). From a usable population of 6,434 at South Regional TAFE, 1782 usable returns were received (response rate of 27.70%). The standard error for South Regional TAFE was calculated at 0.6% with a relative sampling error of $\pm 1.20\%$, with a 95% confidence level (for Western Australia the standard error was 0.26% and sampling error was $\pm 0.51\%$).

Exclusions:

The following student groups have been excluded from the scope of the survey:

- International full fee paying students
- Students undergoing training through a school based program (VET in schools),
- Adult community education (ACE) students
- Students who are in a correctional facility and students aged less than 15 years.

Weighting:

All data described in this report have been weighted to reflect the total student population based on a combination of student gender (male/female), age group (15-19, 20-29, 30-44, 45+), student status (IBS,EBS) and training provider. Weight cells with a zero count for the population and survey data were removed.

Derivation:

The Survey asked students to rate their overall degree of satisfaction with their course. The measure compares the number of 'Very Satisfied' and 'Satisfied' respondents as a proportion of respondents.

Methodology:

The methodology used by Patterson Market Research utilised two data collection techniques; online (emails with a link to a survey, website availability) and postal (hardcopy questionnaire mail outs or completed at the college).

Results

In 2017 the college exceeded its target and prior year results.

Student Satisfaction Survey		
2017 Actual	2017 Target	2016 Actual
90%	88%	89.7%

Student Outcome Survey

The Student Outcomes Survey (SOS) is carried out bi-annually by the National Centre for Vocational Education Research Ltd (NCVER). This is the inaugural survey for South Regional TAFE in 2017.

Participants of this survey were students with Australian residential addresses who completed their VET during 2016 and were awarded a qualification (graduate) or who successfully complete part of a course and then left the VET system (module completers).

Survey questionnaires were sent to a randomly selected sample of graduates and module completers with a national response rate of 37.0%. Response rates for the South Regional TAFE were 44.1% with relative sampling errors of:

- ±2.5%, with a 95% confidence level. (for Graduate Achievement Rate)
- ±2.0%, with a 95% confidence level. (for Graduate Destination Rate)

Graduate refers to either:

- a) A student who completed all the requirements for a qualification, or
- b) A student who self-reported completing a qualification and was determined as eligible for that qualification (via logistics model).

South Regional TAFE Student Outcome Survey Response Rates 2017	
Number of questionnaires distributed	1771
Number of responses received	781
Response Rate	44.1%

Derivation:

- The Percentage of graduates achieving their main reason for undertaking training is based on the proportion of respondents reporting 'Yes' or 'Partially Agree' to the questionnaire item.
- Improved employment status after training is defined as wither employment status changing from 'not employed' before training to 'employed' after training OR 'employed at a higher skill' after training OR 'received a job related benefit'.

Results:

Graduate Achievement Rate

Measure (a): The extent to which college graduates have achieved their main reason for undertaking the training.

The target in 2017 for Achieved Aim was 87.00%. South Regional TAFE achieved 86.1%.

South Regional TAFE Graduate Achievement Rate 2017	
South Regional TAFE	86.1%
Target	87.0%
Australia	84.2%

Graduate Destination

Measure (b): The extent to which the college is providing relevant and quality training that improves student employability.

The target in 2017 for Graduate Destination was 81.00%. South Regional TAFE achieved 74.5%.

South Regional TAFE Graduate Achievement Rate 2017			
	Graduates Employed	Not employed	Unemployed
South Regional TAFE	74.5%	25.5%	16.0%
Target	81.0%		
Australia	77.7%	22.3%	14.4%

NB "Not employed" consists of those students both unemployed and not in the labour market

Analysis of results:

- As South Regional TAFE was established in April 2016, appropriate trend data was not available to accurately forecast the target, however outcome is within 3.5% of national result.

Efficiency Indicator

Delivery Cost per Student Curriculum Hour

The following table indicates the cost efficiency of the college in training delivery under the College's Training Profile and fee for service. The table presents the average cost per SCH for all delivery. Total SCH includes 280,109 non-profile hours.

Non Profile Delivery:

Includes:

- Competitively allocated training both state and non-state funded;
- Domestic and International fee for service delivery; and
- Delivery related to credit transfers and recognition of prior learning.

Source:

The 2017 SCH figures were derived from the AVETMISS Survey as extracted from the College's Unified Enrolments System. In addition to the AVETMISS Survey figures, separate records for Lifestyle course delivery were added.

Definition:

The SCH is the sum of the SCH extracted from the AVETMISS Survey (Profile funded delivery) plus the total of non-profile (fee for service) SCH.

Results:

The target for 2017 was \$22.00/SCH. The college achieved \$22.79/SCH.

Year	Total Cost	Total SCH	Average Cost/SCH	Budget Cost/SCH
2017	\$59,564,099	2,613,313	\$22.79	\$22.00

Analysis of results:

- As South Regional TAFE was established in April 2016, appropriate trend data was not available to accurately forecast the target.

Certification of Key Performance Indicators

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess South Regional TAFE's performance and fairly represent the performance of South Regional TAFE for the financial year ended 31 December 2017.



Bryant Stokes
Chairperson
Governing Council

Date: 6 March 2018



Duncan Anderson
Managing Director
South Regional TAFE

Date: 6 March 2018

Ministerial Directives

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

No such directives were issued to South Regional TAFE in 2017.

Other financial disclosures

Fees and charges TI903 (13) (i)

Fees and charges for students undertaking publicly funded VET in Western Australia must be collected in accordance with the provisions of the:

- Vocational Education and Training Act 1996
- Vocational Education and Training Regulations 1996
- Policy Guidelines for Publicly Funded Registered Training Organisations.

The college's fees are set by the Western Australia Department of Training and Workforce Development and are indexed by the CPI each year.

Major capital projects TI903 (13) (ii)

South Regional TAFE has had no capital works that were completed in 2017 and there were none on-going at the end of the year.

The Department of Training and Workforce Development (DTWD) is managing a remedial works program at the Bunbury campus (budget of \$4.3 million) and also at the Albany campus (budget of \$2 million). DTWD has also begun the planning process for development of a new campus in Esperance.



A group of VET in Schools students show off the amphitheatre they built in their Introduction to Construction course. This pilot program was a collaborative project between the college and Master Builders Association of Australia.

Employment and industrial relations

Staff Profile (FTE)		30 Sept 2016	30 Sept 2017
Lecturing Staff	Permanent	105.38	98.38
	Contract	64.66	74.67
	Casual	25.63	44.39
Support Staff	Permanent	111.76	134.35
	Contract	30.92	13.40
	Casual	10.20	19.43
TOTAL		348.54	384.62

Staff development

The college continued its commitment to the ongoing professional development of staff in 2017. Academic staff were offered a comprehensive calendar of relevant courses throughout the year, including webinars and other online services, in addition to attending activities in person. This ensured continuous improvement and currency of skills was maintained to provide quality service to the college clients. The college designated a number of days in January and July for academic staff to participate in development activities.

Employees from all job groups were provided opportunities to access a range of training and awareness programs in relations to Occupational Safety and Health. Several supervisory staff participated in Equal Opportunity training delivered by the Equal Opportunity Commission, and Injury Management delivered by RiskCover. Training in recruitment, selection and appointment was also provided in 2017.

Industrial relations

In accordance with the WA TAFE Lecturers' General Agreement 2014 and the Public Service and Government Officers' General Agreement 2014, the Joint Consultative Committee continued to provide an opportunity for discussion and resolution of matters within the workplace, and a mechanism for consultation between management, employees and their unions.

A replacement Public Service and Government Officers' General Agreement was finalised during 2017.

Workers' compensation

Nine claims were received in the 2017 calendar year, of which eight were accepted and one is currently pending. This compares with seven claims received in 2016.

Governance Disclosures

Directors' liability insurance

South Regional TAFE paid \$10,546.25 for Directors and Officers Liability Insurance to indemnify any director (as defined in Part 3 of the Statutory Corporations (Liability of Directors) Act 1996) against a liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996.

Unauthorised use of credit cards

The number of instances the Western Australian Government Purchasing Card has been used for a personal purpose	14
The aggregate amount of personal use expenditure for the reporting period	\$713.90
The aggregate amount of personal use expenditure settled by the due date	\$637.06
The aggregate amount of personal use expenditure settled after the period required by paragraph (c)	\$76.84
The aggregate amount of personal use expenditure outstanding at the end of the reporting period	Nil
The number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	Nil

Government policy requirements (GBT policy)

Government Building Training policy

South Regional TAFE has not entered into any building and construction or maintenance contracts that fall within the scope of this policy.



Cookery lecturers judging the WorldSkills competition prepare to turn up the heat in the kitchen.

Board and committee remuneration

The following payments were made to governing council members in 2017.

Position	Name	Type of remuneration	Period of membership	Gross/Actual remuneration \$
Chair	Bryant Stokes	Salary	12 months	22,738
Deputy Chair	Scott Leary	6 half day meeting fees; 1 special meeting fee	12 months	3101
Member	Grant Shipp	6 half day meeting fees; 2 special meeting fees	12 months	3072
Member	Mark Dowling	7 half day meeting fees; 1 special meeting fee	12 months	3072
Member	Karen Wright	6 half day meeting fees; 1 special meeting fee	12 months	2688
Member	Marilyn Hopkins	6 half day meeting fees; 2 special meeting fees	12 months	3072
Member	Peter McCaffrey	7 half day meeting fees; 1 special meeting fee	12 months	3072
Member	Wendy Giles	3 half day meeting fees; 2 special meeting fees	6 months	1920
Member	Sue Bennett-Ng	3 half day meeting fees; 2 special meeting fees	6 months	1920
Member	Sharon Thompson		6 months	
Ex-Member	Dorinda Cox	1 half day meeting fee	5 months	384
Ex-Member	Lester Coyne		2 ½ months	

Industrial relations

In accordance with the WA TAFE Lecturers' General Agreement 2014 and the Public Service and Government Officers' General Agreement 2014, the Joint Consultative Committee continued to provide an opportunity for discussion and resolution of matters within the workplace, and a mechanism for consultation between management, employees and their unions.

A replacement Public Service and Government Officers' General Agreement was finalised during 2017.

Workers' compensation

Nine claims were received in the 2017 calendar year, of which eight were accepted and one is currently pending. This compares with seven claims received in 2016.

Public interest disclosures

The Public Interest Disclosure Act 2003 provides for the disclosure of public interest information and provides protection for those who make disclosures and those who are subject of disclosures. In accordance with the Act, South Regional TAFE has appointed three Public Interest Disclosure Officers and has reviewed internal policies and procedures related to obligations under the Act. No public interest disclosures were received during 2017.

Legislation

In the performance of its functions, South Regional TAFE complies with the following relevant written laws:

State Legislation

- Auditor General Act 2006
- Building and Construction Industry Training Levy Act 1990
- Building and Construction Industry Training Fund and Levy Collection Act 1990
- Children and Community Services Act 2004
- Corruption and Crime Commission Act 2003
- Criminal Code Act Compilation Act 1913
- Disability Services Act 1993
- Education Service Providers (Full Fee Overseas Students) Registration Act 1991
- Electoral Act 1907
- Electronic Transactions Act 2011
- Equal Opportunity Act 1984
- Evidence Act 1906
- Financial Management Act 2006
- Freedom of Information Act 1992
- Industrial Relations Act 1979
- Library Board of Western Australia Act 1951
- Limitation Act 2005
- Minimum Conditions of Employment Act 1993

- Occupational Health and Safety Act 1984
- Public Interest Disclosure Act 2003
- Public Sector Management Act 1994
- Salaries and Allowances Act 1975
- School Education Act 1999
- State Records Act 2000
- State Supply Commission Act 1991
- Workers' Compensation and Injury Management Act 1981
- Working with Children (Criminal Record Checking) Act 2004.

Commonwealth Legislation

- Competition and Consumer Act 2010
- Copyright Act 1968
- Copyright Amendment (Digital Agenda) Act 2000
- Corporations Act 2001
- Education Services for Overseas Students Act 2000
- Electronic Transactions Act 1999
- Evidence Act 1995
- Fringe Benefits Tax Act 1986
- Higher Education Support Act 2003
- Mutual Recognition Act 1992
- National Vocational Education and Training Regulator Act 2011
- Privacy Act 1988
- Skilling Australia's Workforce Act 2005
- Spam Act 2003
- Trade Marks Act 1995
- VET Student Loans Act 2016

Substantive Equality

South Regional TAFE has integrated substantive equality and equal employment opportunity into policies, workplace practices and the services provided to and by the college. The college has articulated commitments across various articles that have been reviewed in 2016/2017, including: Substantive Equality Policy; Disability Access and Inclusion Plan; Reconciliation Action Plan; Recruitment, Selection and Appointment Policy; recruitment, selection and appointment training material; Staff Code of Conduct and staff corporate induction.



Director-General of Training and Workforce Development Anne Driscoll (right) congratulates lecturer Johnese Mullen on her induction into the WorldSkills Hall of Fame.

Other legal requirements

Expenditure on advertising, market research, polling and direct mail

Expenditure	Total \$	Organisation	Amount \$
Media Advertising Organisations	190,209.15	Carat (Media Agency) Adcorp	166,979.86 23,229.29
Direct Advertising	15,460.51	Orana Cinemas Facebook Denmark Bulletin Nyabing News Pingelly Times Plantagenet News Shire of Kulin The Williams Newspaper	1454.56 6735.23 4454.54 8.00 60.00 2634.54 63.64 50.00
Directories	1622.19	Albany Chamber of Commerce and Industry Katanning Regional Business Association Kondinin Calendar Lake Grace Community Resource Centre West Arthur Community Resource Centre	803.10 500.00 60.00 150.00 109.09
TOTAL			207,291.85

Disability Access and Inclusion Plan Outcomes

South Regional TAFE values diversity and promotes an inclusive learning and workplace environment for students and staff. The college consulted widely with the community, staff, students, individuals, families and agencies to develop its Disability Access and Inclusion Plan for 2017 to 2021.

Strategies undertaken in 2017 to address the college's Disability Access and Inclusion Plan's outcomes include:

1. People with disability have the same opportunities as other people to access the services of, and any events organised by, South Regional TAFE.
 - Promotion of inclusive learning and assessment practices, resources and assistive technology.
 - Individualised support and resources provided to meet the learning needs of students with disability.
 - Training courses delivered to meet the learning needs of people with disability: Certificate III in Clothing Production; Certificate II in Visual Art.
 - Information and resources for accessible college events available for staff.
2. People with disability have the same opportunities as other people to access the buildings and facilities of South Regional TAFE.
 - Personal Emergency Evacuation Plans developed for students with disability.

- Access improvements undertaken across South Regional TAFE campuses included automatic doors and ramps, accessible toilet refurbishments and covered walkway improvements at Albany campus; ramp and railings installed at Esperance campus; pathway and ramp improvements to Busselton campus and a lift, ramps and automatic doors provided at Narrogin campus.
3. People with disability receive information from South Regional TAFE in a format that will enable them to access the information as readily as other people are able to access it.
 - Information and learning materials provided in a range of formats.
 - On-going liaison with community networks, schools and agencies supporting people with disability.
 - Information regarding the college's courses, services, events and facilities, including services for people with disability provided across a variety of media and at student enrolment and induction.
 4. People with disability receive the same level and quality of service from the staff of South Regional TAFE as other people receive from the staff of the organisation.
 - Staff induction includes access and inclusion of students with disability, and inclusive teaching and learning.
 - Professional development opportunities provided to staff to increase their awareness of the learning needs of students with disability and strategies for inclusive teaching.
 - Advice and support provided for staff on facilitating access and inclusion for students with disability.
 5. People with disability have the same opportunities as other people to make complaints to South Regional TAFE.
 - Complaint opportunities provided through forms, online or in person.
 - Support provided to assist people with disability to provide feedback, if requested.
 - Equal opportunity training provided.
 6. People with disability have the same opportunities as other people to participate in any public consultation undertaken by South Regional TAFE.
 - People with disability, students and staff consulted through surveys and reviews on college access, services, facilities and support for people with disability.
 - Regular consultation and engagement with agencies that support people with disability into education, training and employment.
 7. People with disability have the same opportunities as other people to obtain and maintain employment at South Regional TAFE.
 - Equitable recruitment training provided.
 - Workplace modifications and flexible employment practices implemented.
 - Advertised positions encourage people with disability to apply and job descriptions include a statement on respecting and valuing diversity.

Compliance with Public Sector Standards and Ethical Codes

The college has policies, procedures and guidelines in place with respect to the Public Sector Standards in Human Resource Management and the WA Public Sector Code of Ethics.

South Regional TAFE has adopted college values, and a replacement Code of Conduct has been in development. Policies and supporting material are accessible to employees via college's intranet, and are promoted by the HR branch through the commencement and induction process. The college continues to provide training for all staff on Accountable and Ethical Decision Making.

Two claims of breach claims were lodged in 2017 in relation to the Public Sector Standards (Employment Standard). One of these claims was declined by the Public Sector Commission as being outside the scope of the Standard, and one claim is pending assessment. No formal grievances were lodged by employees in 2017. Three matters were addressed under the college disciplinary process, with no findings of misconduct.

Recordkeeping plan

Under Section 19 of the State Records Act 2000, every Government organisation is required to have a Recordkeeping Plan (RKP) approved by the State Records Commission (SRC). An interim RKP was approved by the SRC on 9 December 2016 covering the five TAFE colleges created by the Vocational Education and Training (Colleges Closure and Establishment) Order 2016 and was valid until December 2017.

A Records Management Working Group was established as part of the Training Sector Reform Project (TSRP) to develop a consistent approach to records management across the sector. Each of the TAFE colleges is represented on the working group and has contributed to the development of a new RKP during the second half of 2017, which was submitted to the SRC during December 2017 and is awaiting approval.

Substantive Equality

South Regional TAFE has integrated Substantive Equality and Equal Employment Opportunity into policies, workplace practices and the services provided to and by the college. The college has articulated commitments across various articles that have been reviewed in 2016/2017, including: Substantive Equality policy; Disability Access and Inclusion Plan; Reconciliation Action Plan; Recruitment, Selection and Appointment policy; Recruitment, Selection and Appointment training material; Staff Code of Conduct; and, Staff Corporate Induction.

Occupational Safety, Health and Injury Management

Statement of Commitment OSH

The South Regional TAFE Occupational Safety and Health (OSH) Policy recognises that the safety and health of all employees and students are the responsibility of college management and staff. In fulfilling this responsibility, management and staff

have a duty to provide and maintain, so far as practicable, a working environment that is safe and without risk to health.

The college's OSH Management Plan for 2018 is the start of a three-year plan which focuses on consolidation of the OSH Management System and implements a new focus aimed at shifting the organisation from a compliance-driven culture to one of a positive safety culture driven by active leadership, with mutual accountability using a risk-based approach to enhance the wellbeing of the college community.

Statement of Commitment Injury Management

South Regional TAFE will ensure that injured employees will be treated with dignity and respect. The college is committed to:

- Providing assistance to injured employees as soon as possible to facilitate their return to work.
- Providing for the injury management of all employees who have sustained a work-related injury or illness that is subject to compensation.
- Consultation with the employee and his or her medical practitioner to develop and maintain a return-to-work program.

Where practicable and as required by medical certification, South Regional TAFE will make provision for the placement of injured employees who are the subject of workers' compensation claims and are unable to return to their original duties.

Formal mechanism for consultation with employees on Occupational Safety and Health matters

The OSH Committee structure has been reviewed and restructured to reflect the new organisation with the campus-based OSH committees focused on operational and campus-based issues reporting through to the OSH Standing Committee which is strategic and focuses on whole-of-college OSH issues. The campus-based Occupational Safety and Health (OSH) committees form the core of OSH consultation within South Regional TAFE and meet legislative requirements as there is a combination of staff-elected representatives and management representatives. The members' appointment, location and details are communicated to all staff via the college intranet and electronic communication. The members are accessible to both management and employees in the discussion and resolution of occupational safety and health issues.

The campus OSH committees meet monthly to resolve issues at the local campus level including:

- Discuss and resolve OSH issues.
- Review hazard and incident reports.
- Promote increased understanding and awareness of safety and health issues.
- Facilitate consultation and co-operation in relation to the college's safety and health policy and procedures through the OSH Standing Committee.
- Provide for the development and review of the college's safety and health policy, procedures and practices through the OSH Standing Committee.
- Escalate local OSH issues that have significance to the whole organisation to the OSH Standing Committee for review and action.

Training

A range of training and awareness program opportunities have been provided for all staff in 2017. Training has been offered in areas such as:

- First aid.
- First responder.
- Mental health first aid.
- Ergonomics.
- Defensive driving.
- OSH for supervisors.
- Injury management.
- Manual handling training.
- Chainsaw, skid steer loader, forklift.
- Contribute to resolving WHS issues using MyOSH.
- Emergency procedures training.
- Fire equipment familiarisation training.
- Follow basic chemical safety rules using Chemwatch.
- Doggers' and riggers' licence training.
- Equal Opportunity Essentials for Managers.

Projects

A number of minor works projects have been undertaken in 2017 to address OSH issues across all campuses and facilities. Some of the projects include:

- Upgrade of power distribution at the Albany and Bunbury campuses including updating of all distribution boards to current safety standards including the installation of RCDs on all circuits.
- Perimeter fencing around the Albany and Busselton campuses to improve security and minimise fire hazards, waste dumping and vandalism.
- Removal of asbestos products from the eaves, fascia and soffit on the Albany campus and walkways on the Bunbury Campus.
- Upgrade of the air conditioning systems at the Bunbury Campus.
- Removal of trees and relaying of concrete slabs and walkways at the Margaret River Campus to remove trip hazards.
- Addition of walkways and ramps at the Busselton and Manjimup Campus to improve access and egress for people with mobility issues.
- Installation of a dome shelter over the outdoor work areas at the Esperance Campus.

Statement of Compliance with the Injury Management requirements

The Injury Management Procedures for injury management and workers' compensation meet the requirements of the Workers' Compensation and Injury Management Act: 1981. All employees are informed at induction and via the college's business system on the process for accessing the workers' compensation or injury management process.

The college seeks to ensure that all claims will be transparent, follow legislative requirements, ensure appropriate confidentiality and demonstrate procedural fairness. The college consults with the employee and his or her medical practitioner

to develop and maintain a return to work program which is developed in accordance with the Workers' Compensation and Injury Management Act of 1981.

Self-Evaluation of occupational safety and health management system

South Regional TAFE's OSH management system is in place and will be subject to internal audit in 2018 and external audit in 2019. Both audits of the safety management system within the college will be based on the requirements of the AS/NZS 4801:2001 – Occupational Health and Safety Management Systems and utilise the WorkSafe Plan Assessment Tool.

Throughout 2017, South Regional TAFE campuses have been undertaking self-assessment audits to track their performance against the Occupational Safety and Health (OSH) Management System. An analysis of findings has indicated while processes are in place, they had not been fully implemented at an operational level. The college's OSH Management Plan for 2018 identifies these existing gaps and has developed strategies to ensure processes are working effectively at an operational level.



Margaret River Digital Media students Gary Quintrell and Matt Sibly and their lecturer Fran Jackson met the Hon. Sue Ellery, Minister for Education and Training. The group were receiving T-shirts to wear on their trip to China, where they were hosted by some of the world's leading animation companies. The trip was organised as part of the 30th anniversary celebrations of the Sister State relationship between Western Australia and Zhejiang.

Performance Data Report

Indicator	Actual Results			Results against Target
	2016	2017	Target	Comment on Result
Number of fatalities	0	0	0	Achieved
Lost time injury/disease incidence rate	.79 [#]	1.58	Zero (0) or 10% reduction on previous 3 years	First full year of data. Not achieved
Lost time injury severity rate	33.33 [#]	20	Zero (0) or 10% reduction on previous 3 years	First full year of data. Not achieved.
Percentage of injured workers returned to work (i) within 13 weeks (ii) Within 26 weeks	33% [#] 33% [#]	83% 83%	Actual Percentage Greater than or equal to 80% return to work within 26 weeks	Achieved.
Percentage of managers and supervisors trained in occupational safety and health and injury management responsibilities	0% [#]	31%	Greater than or equal to 80%	Not achieved.
# Figures are accurate at time of reporting				



Celebrity chef Curtis Stone poses with Margaret River cookery students, who worked with him as part of the Gourmet Escape event in November.