



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

South Metropolitan TAFE

Annual Report 2016



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Statement of compliance

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

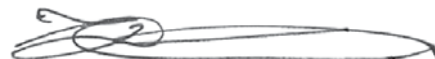
In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the annual report of South Metropolitan TAFE for the financial year ended 31 December 2016.

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



Elizabeth Carr
Chair of Governing Council

Dated: 20 March 2017



Terry Durant
Managing Director

Dated: 20 March 2017



Message from the Chair and Managing Director

Welcome to South Metropolitan TAFE's (SM TAFE) first annual report. 2016 was a year of remarkable transformation for the college and its staff, as two previously separate colleges – Challenger Institute of Technology and Polytechnic West – were joined together.

On April 11 2016, SM TAFE commenced as part of the State's Training Sector Reform Project, seeing both the formation of one of the State's largest vocational training providers, and the reinstatement of the TAFE brand, which resonates strongly with our students and the WA community.

While the reform has signalled significant transformation to the training sector, we are excited about a new era of TAFE in WA, the revived focus on collaboration and the stronger, unified network of colleges that will follow.

Since the reform, much of SM TAFE's efforts, and the work of its Governing Council, has been focused on establishing the identity and strategic direction of the college. We are confident that as we go forth, the college will build on and strengthen the capability that TAFE is known for, while continuing to establish ourselves as a robust and sustainable organisation.

Major investments in the college's infrastructure progressed in 2016, with the continuation of the Australian Centre for Energy and Process

Training (ACEPT) Stage Two development project, which will allow for significant growth in the college's oil and gas training capacity. The exciting redevelopment of the Murdoch campus also began early this year, and is expected to be completed in late 2017. The opening of these new state of the art facilities will mark important early milestones for SM TAFE, as we continue to position ourselves as a premier destination for vocational training in the State.

While the college has faced significant change over the course of the year, our staff have maintained unwavering professionalism and dedication to our students, and no such achievement over the course of 2016 has highlighted this better than in being awarded Large Training Provider of the Year at the WA Training Awards.

It would therefore be remiss not to mention the outstanding achievements of our students, who continue to impress on local, national and international platforms. We are immensely proud of the accomplishments of our students, whose successes are a continual reminder of the benefit that quality vocational training is to both the individual, and our broader community.

For the most part, 2016 has been training as usual for our students, who have remained the sole purpose and focus of our lecturers. We are pleased to report that our 2016 student survey indicated a student satisfaction outcome of 88.7%, an improvement from last year's results.

We would like to acknowledge that the considerable work and change that has occurred throughout 2016 would not have been possible without the hard work of our staff and the guidance and support of our Governing Council. We sincerely thank them for their efforts.

As we welcome in a new year, we also bid farewell to our Deputy Chair, Peter Browne, who has made an invaluable

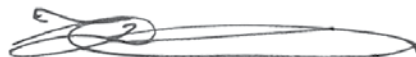
contribution to the college and the sector. He has provided leadership and guidance in the college's pivotal early months, and will be greatly missed. The college is delighted to confirm that Emeritus Professor David Wood, who holds a raft of experience in the education sector, will succeed Mr Browne.

2017 will be another demanding year for SM TAFE, as we look to implement our strategic plan, strive to increase enrolments, and manage the ongoing work arising from the Reform. However, we look forward to the New Year and the exciting challenge of building a prosperous and resilient SM TAFE for all stakeholders- staff, students, employers and the State.



Elizabeth Carr
Chair of Governing Council

Dated: 20 March 2017



Terry Durant
Managing Director

Dated: 20 March 2017

OVERVIEW OF THE AGENCY

About South Metropolitan TAFE

SM TAFE is one of WA's largest and most diverse training providers. The college was formed on the 11 April 2016 as part of the State's Training Sector Reform Project, when two previously separate institutes, Challenger Institute of Technology and Polytechnic West were joined together.

Training over 35,000 local and international students per year, SM TAFE delivers courses ranging from certificate I to associate degrees. SM TAFE's 14 campuses are spread across the southern metropolitan region, from Bentley to Fremantle and as far south as Peel.

While SM TAFE has only recently been formed, the college has a long history and has been training Western Australians under different college names for more than a century.

The college plays an important role in the State's economic development by responding to industry and workforce needs. SM TAFE works alongside industry in the development of education and training programs, the placement of job-ready graduates and the proactive identification of training needs. Industry involvement is vital to ensuring SM TAFE's programs remain contemporary, relevant to workplace requirements and supportive of broader workforce development initiatives.



Services

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

Our Vision, Purpose and Values

Our purpose

“We provide students with skills to enable employment and career development”

We do this by:

- Providing students with high quality training services that prepare them for pathways to employment.
- Providing students with pathways to further education and training opportunities that can launch and extend their careers.
- Helping industry and our employers grow and create the workforce of the future.
- Strengthening our communities by enabling life long learning opportunities for all.

“ We provide students with skills to enable employment and career development”
(Our purpose)

Our vision

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

- Our vision ensures we aspire to create futures for individuals - through preparing them for jobs or supporting further learning to develop their careers.
- By creating future workforces for industry and employers - through helping them employ skilled staff or upskill their existing workforce.
- And by creating strong futures for our communities.

Our values

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

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

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

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

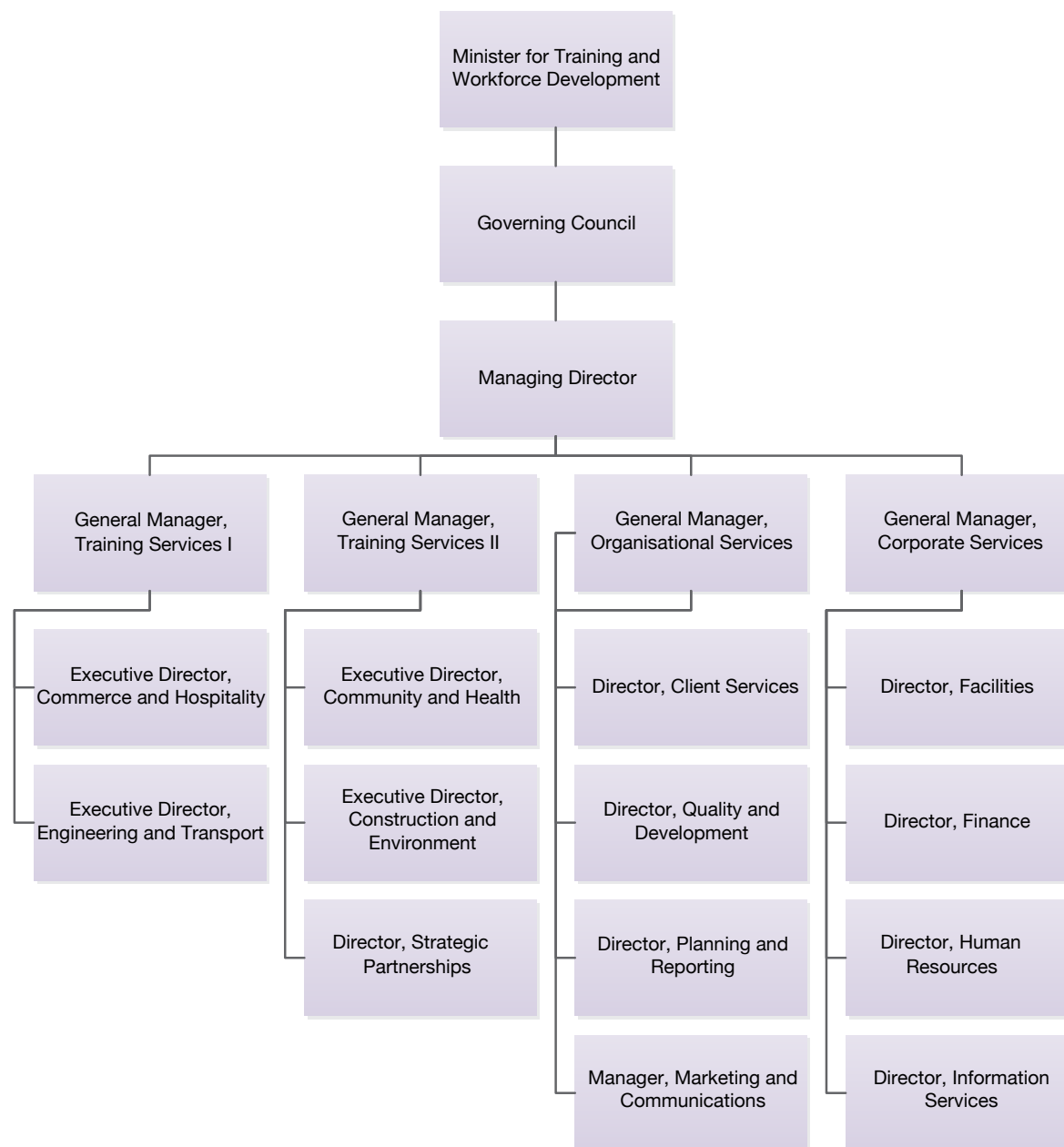
Operational Structure

Enabling Legislation

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

Responsible Minister

In 2016, SM TAFE was responsible to the Hon. Liza Harvey MLA, Minister for Training and Workforce Development, with the primary purpose of delivering vocational education and training.



Governing Council

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

The Governing Council consists of a Chairperson, Deputy Chairperson, between six to 10 members, and the Managing Director (ex-officio). Governing Council members are chosen for their vast experience and expertise across multiple sectors, including training, education, community affairs and industry.

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

In 2016, the Governing Council membership was as follows:

Elizabeth Carr (Chair)

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



Her background incorporates both the private and public sectors. She has worked in senior executive positions for IBM and Macquarie Group and within senior levels of politics and government in NSW, WA, PNG and the USA.

She chairs St Catherine’s Aged Care Services (NSW), Seton Villa Disabilities (NSW), and the Department of Family and Community Services Audit and Risk Committee (NSW).

She is a member of The Environmental Protection Authority (WA), Director of Insurance and Care (NSW), the Kokoda Track Foundation (National) and St Mary’s Anglican Girls School (WA). She is a prequalified member of NSW Government’s Audit and Risk panel and sits on the Audit and Risk Committees for the Urban Growth Development Corporation (NSW) and Australian Technology Park (NSW).

Elizabeth is on the National Councils – as a WA representative – for both the Harvard Club of Australia and The Funding Network. Elizabeth holds a BA (Hons) from UWA, a Master’s Degree from Harvard University and is a Fellow of the Australian Institute of Company Directors.

Peter Browne (Deputy Chair)

Peter Browne is the Deputy Chair of the Governing Council and is Deputy Mayor of the Town of Claremont. Peter chairs the Midwest Education Industry and Training Alliance, and is a board member of Pindan College in Port Hedland and St Mary's Anglican Girls School.

Previous to this, Peter held such positions as Director General of Education, Adjunct Professor at Curtin University, and Education Consultant at BHP Billiton Iron Ore.

Peter Browne tendered his resignation as Deputy Chair of the Governing Council in November 2016. SM TAFE would like to thank Peter for his work on the board and his invaluable contribution to the college and VET sector.



Christine Coyne

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

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



programs area for the Federal Government.

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

Stephen Cain

Stephen Cain is the Chief Executive Officer of the City of Cockburn.

Over the past 20 years he has held senior management positions in the private and public sectors. He served for 36 years as an officer in the Australian Army (Regular and Reserve Forces) and is a graduate of the Royal Military College, Duntroon.

He continues to serve in the Reserve Forces as an Aide-de-camp to the Governor General and holds the rank of Brigadier. Stephen is a fellow of the Chartered Institute of Transport



and Logistics, sits on the Board of Hockey WA and is a member of the Bravery Trust (Governance Committee).

Fiona Lander

Fiona Lander is a partner with Deloitte Australia, working in the public sector consulting area.

She was previously an Executive General Manager with Perth Airport Pty Ltd for more than six years, where she had responsibility for a range of functions including policy, government relations, stakeholder engagement, communications and media management, customer complaints, marketing, business systems and risk management, human resources and information technology.

Prior to joining Perth Airport, Fiona held a range of senior executive roles in human service portfolios in the State Government for more than 10 years. She has also worked for a number of State and Commonwealth ministers providing policy advice.



Fiona holds a Bachelor of Arts (Social Science), an Executive Master of Public Administration and is a graduate of the Australian Institute of Company Directors.

Fiona holds a number of non-executive director board positions including Director of Youth Focus, Vice President of the Meerilinga Young Children's Foundation and was formerly a Director of Fremantle Port Authority, and member of the Women's Advisory Council and Healthway.

Emeritus Professor David Wood

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



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

Between 2004 and 2010, David served on a number of State boards including the Coastal Planning and Coordination Council and Ningaloo Sustainable Development Committee, both of which he chaired, and the WA Planning Commission and the Heritage Council of WA.

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

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

Professor Julie Quinlivan

Professor Julie Quinlivan (MBBS FRANZCOG PHD MAICD) is a medical specialist in obstetrics and gynaecology.

She is Chair of the Clinical Senate of WA, Member of the Administrative Appeals Tribunal of Australia, Director of the Professional Services Review, Ambassador for Brave Foundation (NFP), Editor in Chief of the Journal of Psychosomatic Obstetrics and Gynaecology and on the Editorial Board of the Australian and New Zealand Journal of Obstetrics and Gynaecology.

Julie is the former Deputy Chair of West Coast Institute and is the former Pro Vice-Chancellor and Executive Dean of Medicine and Dean of Health at the University of Notre Dame Australia.



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

Niegel Grazia

Niegel Grazia was appointed as Deputy Director General at the Department of Regional Development in September 2016.

His contribution to SM TAFE is informed by experiences working with communities, NGOs, the media and governments on remote and complex development projects, here in Australia and overseas.

Niegel worked in the oil and gas industry for 21 years, including in senior corporate and project based roles and five years as the Australian Petroleum Production and Exploration Association's



representative in WA. He has led the corporate affairs function in an ASX top 20 company and has undertaken residential postings in WA's Pilbara and Kimberley regions. Niegel has formerly served Governing Council Chair of the Kimberley Training Institute.

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

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

Peter House

Peter House is the WA and SA Consumer Sales Manager for Caltex Australia. He is formerly a board member of West Coast Institute, and currently sits on the board of Breast Cancer Care WA.



He is involved in a number of not-for-profit organisations, including the Make a Wish Foundation, Cancer Council and the Clontarf Mentoring Program. He is a Justice of the Peace and a member of the Australian Institute of Company Directors.

Terry Durant

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



Legislative Environment

ADMINISTERING LEGISLATION

- The Minister for Training and Workforce Development administers the *Vocational Education and Training Act 1996 (the Act)*.
- SM TAFE complies with the following relevant legislation:
- *Aboriginal and Torres Strait Islander Commission Amendment Act 2005*
- *Commercial Tenancy (Retail Shops) Agreements Act 1985*
- *Corruption and Crime Commission Act 2003*
- *Disability Discrimination Act 1992*
- *Disability Services Act 1993*
- *Education Services for Overseas Students Registration Charges Act 1997*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1982*
- *Higher Education Support Act 2013*
- *Industrial Relations Act 1979*
- *Library Board of Western Australia Act 1951*
- *Occupational Safety and Health Act 1984*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *School Education Act 1999*
- *State Records Act 2000*
- *State Supply Commission Act 1991*
- *Tertiary Education Quality and Standards Agency Act 2011*
- *Vocational Education and Training Act 1996*
- *Workers Compensation and Injury Management Act 1981*
- *Working with Children (Criminal Record Checking) Act 2004*
- *VET Student Loans Act 2016*
- *Student Identifiers Act 2014*

Performance Management Framework

Outcome Based Management Framework

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

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

Changes to Outcome Based Management Framework

There was no change to SM TAFE's Outcome Based Management Framework in 2016.

Shared responsibilities with other agencies

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

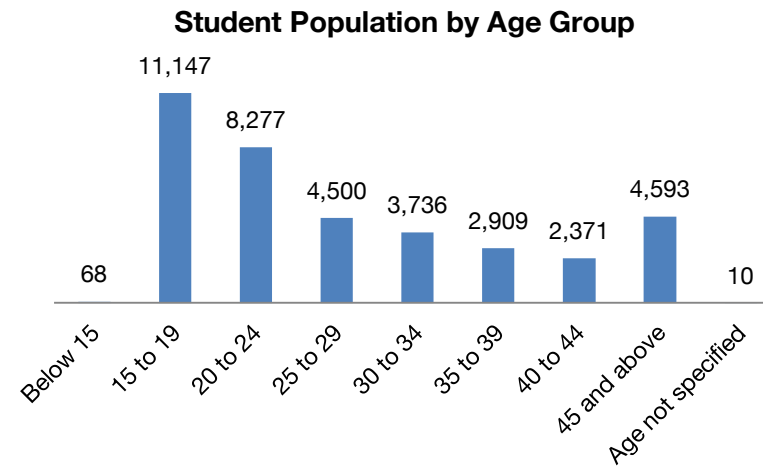
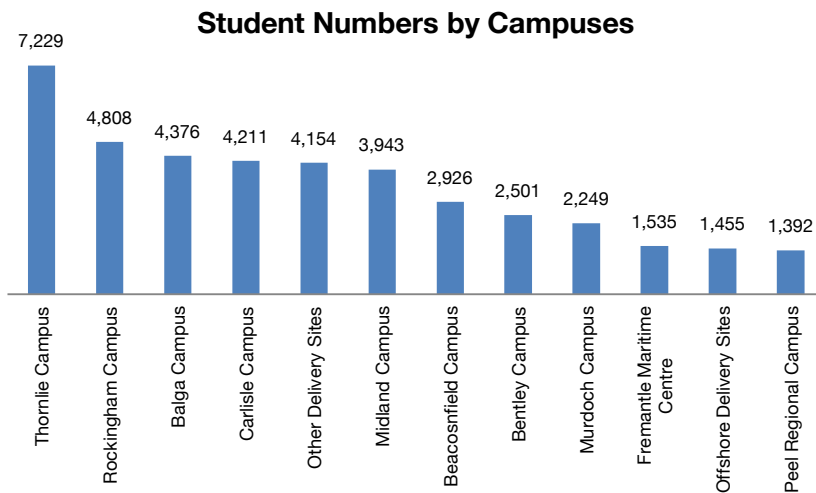


Student Population

In 2016, 37,611 unique students enrolled at SM TAFE, a 5% decrease from the previous year.

Approximately 70% of students enrolled in six of the college's 20 delivery sites, with the Thornlie campus the largest delivery site with 7,229 students.

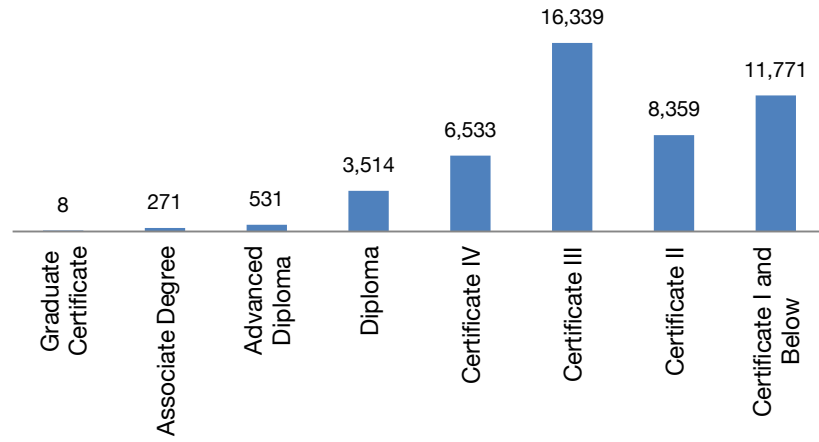
The largest group of students continued to be the 15 to 19 year old age group, representing 30% of the total SM TAFE student population.



* Other delivery sites include external third party, prison, ACEPT, Armadale Campus, Jandakot Campus, Kwinana Automotive Technical Centre, Henderson Campus, Fremantle e-Tech, and online.

Of the total number of students enrolled, 43% were enrolled in certificate II and below courses, 34% enrolled in certificate III courses, and 23% enrolled in certificate IV and above courses.

Student Population by Qualification Level



Approximately 64% of students who studied at SM TAFE in 2016 were male and 59% of students studied part-time.



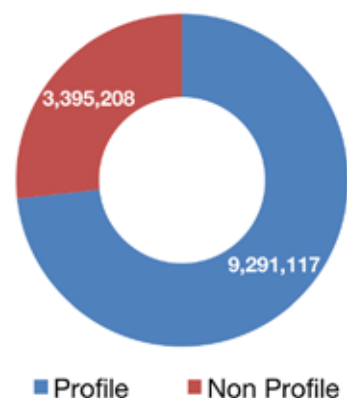
AGENCY PERFORMANCE

Report on Operations

In 2016, SM TAFE delivered a total of 12,686,324 student curriculum hours (SCH) to 37,611 students in 52,042 course enrolments.

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

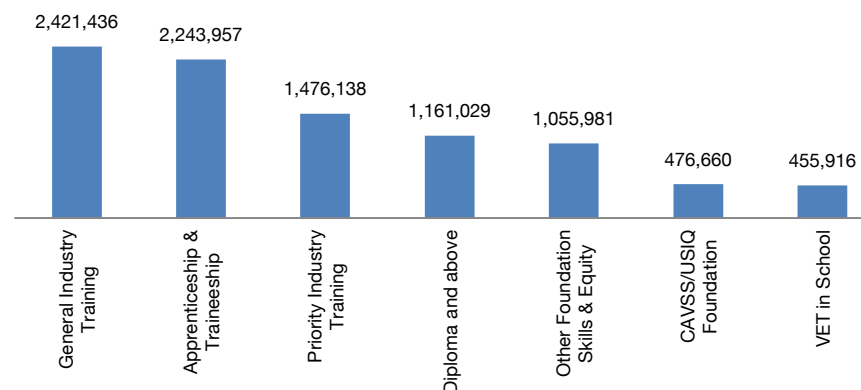
Overall 2016 Training Effort Profile and Non Profile (SCH)



PROFILE

The amount of profile funded training delivered in 2016 was 9,291,117 SCH to 25,944 students in 37,822 course enrolments. This represents more than 73% of SM TAFE's total training delivery activity in 2016.

2016 Profile Training Effort Key Delivery Categories (SCH)



General industry training courses represented the largest profile delivery category comprising 26% of all profile funded delivery. General industry training comprises non-entitlement, institutional based training courses which align to a range of key industry areas. The industry areas with the highest SCH delivered in 2016 included; education and childcare (198,983 SCH); automotive (172,265 SCH); metals and mining (164,966 SCH); office and clerical (161,705 SCH) and accounting and other business services (154,155 SCH).

Apprenticeship and traineeship delivery (employment based training) was the second largest profile delivery category, accounting for 24% of total profile funded delivery. Employment based training student numbers fell by approximately 10% compared to 2015, with 8,990 apprentices and trainees enrolled in 2016, equating to 9,422 course enrolments.

NON-PROFILE

SM TAFE achieved 3,395,208 SCH in non-profile funded training activity delivered to 13,265 students in 15,036 course enrolments.

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

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

INTERNATIONAL DELIVERY ACTIVITY

In 2016, a total of 1,143 international onshore students enrolled at SM TAFE, representing 46 countries, across a range of VET and higher education courses.

This is a significant growth compared to twenty six countries in 2014, providing our campus and local students with greater diversity in the student cohort mix, and richer cultural and social interaction.

Expansion into further delivery areas, including the Diploma of Automotive Technology and Refrigeration and Air Conditioning (HVAC) has increased the college’s scope of offerings to international students.

COMMONWEALTH FUNDED PROGRAMS

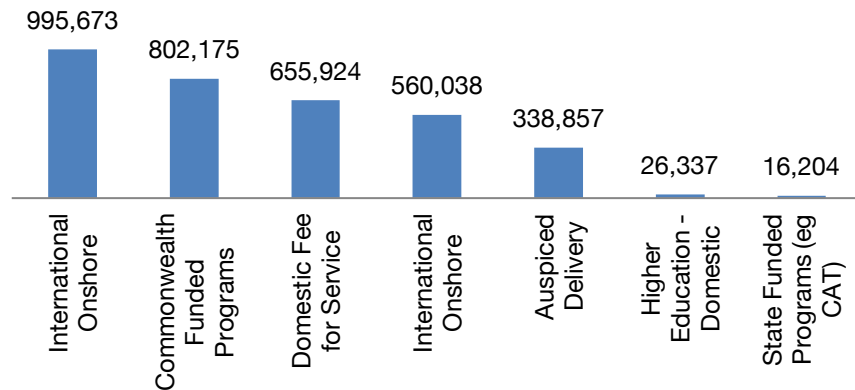
Under contract to the Commonwealth Government Department of Education and Training, SM TAFE delivers customised commercial programs through the AMEP and the SEE programs.

The college delivered AMEP and SEE services to 2,285 clients in 2016.

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

The SEE program was delivered at five metropolitan campuses. Programs in aged care and child care were piloted with success, and included workplace-based training to clients.

2016 Non Profile Training Effort by Funding Source (SCH)





SIGNIFICANT ISSUES IMPACTING THE AGENCY

Training Sector Reform Project

In late 2015 the Training Sector Reform Project was undertaken to look at the function and structure of WA's public training system. A key change resulting from the recommendations of the reform was streamlining 11 State training providers to form five new TAFE colleges, which was implemented on 11 April 2016.

The TAFE Colleges Statement of Expectations released by the Minister for Training and Workforce Development sets out the new governance and structural arrangements and future directions for the five TAFE colleges.

SM TAFE is committed to the TAFE Colleges Statement of Expectations and will continue to collaborate and share resources within the TAFE network to strengthen centres of specialisation in

partnership with industry, and deliver inclusive and high quality training and assessment programs and services to support metropolitan and regional communities.

WA's Economic Outlook

The transition of the WA economy from project investment in the resources sector to the production and export phase is taking longer than expected, with overall economic growth anticipated to remain moderate in the short to medium terms. Business investment is expected to decline and softer labour market conditions are expected to continue with a likely increase in the State's unemployment rate.

As one of the largest training providers of State priority training courses, SM TAFE is well placed to deliver timely and flexible education and training programs

and services which cater for individual learner needs and industry workforce development priorities in areas of high demand growth. Of particular focus, will be the predicted increased demand for workers in the hospitality, tourism and community service industries.

Student Management System

In 2017 and 2018 the TAFE sector will commence the implementation of a new Student Management System which will support the operations of the five TAFE colleges in the public training sector. Prior to implementation, TAFE colleges will review existing student business processes such as curriculum and planning, enrolment and admissions, student progression, resulting and completions to ensure student business process standardisation and efficiency in the TAFE network.

Achievements by Centre

Foundation Skills, Health and Community Services

COMMUNITY SERVICES

In 2016 the area delivered the Certificate IV in Mental Health tailored to a starting group of 12 regional Indigenous workers. The course was designed to equip students with skills and mental health awareness that could be brought back and utilised in their communities. The course was delivered as a blend of external, workshop and workplace based learning.

The area worked collaboratively with Access and Leadership to deliver an on-site program at Daughters of Destiny, an accommodation centre for women in crisis situations. The program provides further learning opportunities for students, including a pathway into the Certificate III in Community Services.

Commercial delivery of units from the Certificate III in Community Services was established at the Wandoo Reintegration Facility. New delivery in volunteer work to support Serco's 'restorative justice' model has now been incorporated into the orientation program for new residents, which was delivered over four orientation cycles, each consisting of up to 12 residents.

ACCESS AND LEADERSHIP

2016 saw the pilot of the Aspiring Aboriginal Youth Leadership program with notable success. The program is designed to develop participant's employability skills and provide pathways into further education and training. Aboriginal leaders from both the private and public sector supported the program by assisting with workshops, information sessions and mentoring students.

Many of the participants of the program are from regional and remote communities, and their studies and relocation is supported through the Indigenous Youth Mobility Program (IYMP).

CHILDREN'S SERVICES

The area collaborated with the Shire of Ngaanyatjarraku to assist with the update and review of early childhood education and care resources aimed at Indigenous learners in remote communities.

The portfolio commenced delivery of four VET in Schools qualifications in Early Childhood Education and Care, as well as Education Support to high school students. These courses will give participants pathways into further education and training.

FOUNDATION SKILLS

In 2016, strengthened partnerships with community groups and the Department of Education has resulted in an increase in funding to programs targeting at risk and disengaged youths. This has allowed for expansion into new catchment areas, including the eastern corridor, from Thornlie through to Peel.

Successful partnerships with youth centres in Peel, Rockingham and Cockburn and the WA Police Force have produced a range of community based art projects focusing on reducing graffiti and re-engaging young people into training.

In response to the State Government's Reform agenda to increase student opportunities through greater resource sharing between TAFE colleges, SM TAFE has expanded its scope of delivery which has allowed students from regional communities to access a greater range of programs. Students are now requesting to enrol in training courses that were once unique to the former colleges, including English as a Second Language (ESL) and General Education courses.



Adult Migrant English Program (AMEP)

The AMEP, which is funded by the Australian Government Department of Education and Training, provides English language tuition and education and training counselling to eligible migrants and Humanitarian Entrants, equipping students with the skills to participate in the community and the workforce.

Students were able to undertake short courses on specific aspects of life in Australia such as the Rental Ready program delivered in collaboration with MercyCare as well as participate in special projects such as Curtin University's Curtin Ahead program.

Skills for Education and Employment (SEE)

SM TAFE collaborated with *jobactive* providers to deliver language, literacy and numeracy through the SEE program, which is funded by the Australian Government Department of Training and Education.

Participants were able to participate in practical projects involving Building and Construction or focus on specific industry areas with work readiness training in Aged Care, Early Childhood Education and Care.

Health

The Roaming Education and Community Health (REACH) program ran for the first time in 2016. Pop-up REACH clinics were established at multiple campuses, and a total of 536 staff and students visited nursing students for health checks. Students were able to translate knowledge into practice by providing blood pressure, cholesterol and blood sugar checks, and health promotion advice.

Many of SM TAFE's Diploma of Nursing students were successful in attaining clinical placements at Fiona Stanley Hospital and the new St John of God Hospital in Midland.

As part of the successful registration process to deliver new qualifications from the Health Training Package the delivery area engaged with employers and industry groups and acted on feedback from clients to update delivery and assessment strategies, plans, assessment tools and learning resources.

Due to changes in health training packages, SM TAFE lecturing staff invested considerable effort and work into scoping new qualifications and ensuring course compliance.

Commerce and Hospitality

CREATIVE INDUSTRIES AND LIFESTYLE

This year, SM TAFE's 46th annual Graduate Fashion Show, 'Ascend' was held at the Jandakot Aerospace Hangar. The show highlighted innovative designs by the college's accomplished Advanced Diploma of Fashion Design and Technology students. More than 600 guests attended, including representatives from Perth's fashion and arts industry.

SM TAFE collaborated with Hawaiian Group to present 1916 and the Space in Between, an installation at Perth's Carillion City. The project was exhibited as part of Carillion's 'Fashion. Art. AW16' and provided Diploma of Applied Fashion Design and Technology students the opportunity to publicly display their work.

Thirteen fashion students participated in the Telstra Perth Fashion Festival event, Future Runway, where SM TAFE won four of five categories. The winners were Misun Hwang (Women's), Eleanor Litterick (Eco), Monique Parr (Evening) and Nicky Yeung (Costume).

Hospitality and Culinary Arts

2016 was an excellent year for SM TAFE's two training restaurants. The Bentley Pines Training Restaurant was inducted into The Catering Institute's 'Hall of Fame', and Quinlan's Training Restaurant was awarded a Gold Plate.

Several culinary students achieved local, national and international success in a number of prestigious competitions and events, including WorldSkills Australia and the 2016 Global Chef's Challenge against five other countries.

SM TAFE continued to engage with industry, and held a networking event that saw more than 100 local chefs gather at Bentley Pines. The event focussed on assessment validation and moderation, which has assisted to shape and strengthen the college's course offerings and industry pathways.

Current economic conditions continue to impact employment and training opportunities for chef apprentices. However, SM TAFE has continued to work with industry to develop appropriate workforce development solutions that meet the need of employers.

Information Technology

Partnerships with the IT industry expanded and resulted in greater networking opportunities for students. Activities involving students and staff were undertaken with Kinetic IT, Telstra, PACE electrics and the Australian Computer Society. Significant donations of equipment have been made by industry and used across a range of campuses.



Higher Education students were active in building mobile apps for a range of clients, including 'Ascend Collective', a fashion app with a database and newsfeed.

SM TAFE continued to focus on industry centred IT training, and students participated in and were well placed in the Cisco Academy Netriders competition.

The area will continue to expand links with industry to manage challenges arising from the ongoing advancements in the IT industry. The college will look to invest in contemporary hardware and software systems, as well as maintain staff skill development.

Business, Commerce and Financial Services

A new initiative saw the area partner with the Australian Taxation Office to establish a Tax Help Centre at the Peel Campus. Advanced Diploma of Accounting students were given the opportunity to practice their taxation advisory services to members of the community.

The area successfully received accreditation from the Tertiary Education Quality Standards Agency (TEQSA) for the new Diploma of Business and Associate Degree in Business. These qualifications will offer students seamless pathways into accounting, management and marketing.

Over the year, a range of customised professional development and nationally recognised training programs, including programs in areas such as project management were delivered to a diverse range of clients, including the Australian Submarine Corporation and the City of Rockingham

The area will continue its work into 2017 to develop SM TAFE's offerings, and sit at the forefront of vocational training in the business and finance area.

Construction, Environment and Maritime

CONSTRUCTION

The civil construction area successfully expanded into employment-based training (EBT), and partnered with Ertech to deliver training to more than 60 staff.

SM TAFE's electrical area continues to establish itself as a major provider of post-trade training, including delivery of photo voltaic and electrical contractor training, amongst other important upskilling opportunities.

The development of renewable technology has meant the area has needed to look towards additional training opportunities to meet industry demands – work in this area will continue into 2017.

Building

The college's Rockingham Campus held the Association of Wall and Ceiling Industries (ACWI) Apprentice of the Year Challenge, which saw nine students compete for a chance to participate in the national competition. SM TAFE student Coen Trevenen won first place and also the overall WA Apprentice of the Year.

The skills of SM TAFE's apprentices were highlighted nationally when Wall and Ceiling Lining Apprentice, Elliot Thorpe, won third place in the national 2016 WorldSkills competition in Melbourne.

Plumbing, Electrical and Safety

An exciting new gas training facility was established at the college's Rockingham Campus. The new centre will greatly enhance SM TAFE's capacity to service the State's gas industry.

To facilitate the transition of the college's Balga Campus to North Metropolitan TAFE, a new training facility has been created at Thornlie to accommodate electrical licensing requirements.

The area successfully grew its market share for the Electrical Contractors License course. This fee for service, post-trade qualification saw more than 200 clients complete the course during the year.

Veterinary Nursing and Animal Studies

The centre for Animals and Veterinary Nursing continues to be a leading provider of veterinary nursing in WA.

New industry relationships have been established across the veterinary and animal studies areas, including the RSPCA, Greyhounds as Pets (GAP) and Guide Dogs WA. This has enabled the area to expand delivery models to include work based training and Recognition of Prior Learner (RPL) opportunities.

A key challenge for the area involved managing large numbers of student work experience placements. With more than 150 placements across the area, significant coordination is required to source and administrate quality field placements. In 2017, the area will look to adopt more innovative approaches to sourcing student placements.

Science and Environment

Students in the Certificate III in Sport Turf Management utilised roughly 9000 plants propagated by Conservation and Land Management students to implement re-vegetation works at golf courses across Perth. Native plants were chosen for their water-wise characteristics, and aided in the environmental restoration of their areas.

The area successfully piloted the Certificate II in Water Operations (traineeship) for school-based Indigenous students. Training commenced for four successful applicants at the Water Corporation in conjunction with the Clontarf Foundation, SMYL Community College and Sevenoaks Senior College. This 'hands-on' traineeship gave students a taste of work life, and empowered them with confidence and work-ready skills. The students achieved their certificate II, in addition to their high school certificates. The program will continue in 2017.

The area was challenged by the demand for training resources in Water Operations. This area is expected to grow in the future as a result of the State's climate conditions and as a growing number of people require qualifications in the area.

Maritime and Aquaculture

The area continued to run the in demand Maritime Youth Program (Certificate I in Fishing Operations) twice for young students disengaged from mainstream education. The program saw highly improved retention rates and enrolments into the certificate II.

Maritime student Blake Sayer, who completed a Certificate III in Maritime Operations, took home the WA Trainee of the Year award. Two of the three finalists in this category were SM TAFE maritime students.

More than 60 INPEX maritime specialist oil and gas personnel were trained on the college's state of the art liquefied cargo ship simulator customised for the Ichthys LNG Project. The training was delivered within critical timeframes of both the Central Processing Facility (CPF) and Floating Production, Storage and Offloading (FPSO) project's key milestones.

Australian Centre for Applied Aquaculture Research (ACAAR)

This year, ACAAR developed techniques for the collection and culture of fertilised eggs from Cockburn Sound snapper spawning groups. The project, which was funded by Recfishwest, resulted in the restocking of 50,000 juvenile snapper following the 2015 Cockburn Sound fish kill incident.

The completion of another four year Recfishwest project saw a massive boost to the Swan River prawn population through the restocking of approximately 4.5 million prawns.

The Centre successfully undertook a Commonwealth Fisheries Research and Development Corporation (FRDC) research project to improve the nutrition and feed management of yellowtail kingfish. This is key research for the yellowtail kingfish aquaculture industry in WA.

A important challenge for the Centre this year has involved keeping up with industry demand for juvenile fish, while managing the constraints of the facility.

Engineering and Transport

HEAVY AUTO AND REFRIGERATION

SM TAFE alumni Michael Snook was recognised as Trade Student of the Year at the Australian Institute of Refrigeration, Air Conditioning and Heating (AIRAH) national awards. This was a great achievement for the student and the college, showcasing the quality of our graduates on a national platform.

The area successfully won the contract to mark and moderate the WA Quarry Manager Examinations. The marking of these exams is performed in partnership with North Metropolitan TAFE and the Department of Mines and Petroleum, and plays an important role in the mining industry.

A new arrangement was established with Fleetwood Caravans, which currently involves 18 certificate III trainees, with ongoing recruitment underway. All training in this partnership is on-the-job, with lecturing staff visiting the workplace weekly to assess and train students.

With its strong links to the mining sector, the Heavy Automotive and Plant delivery areas have faced the challenge of maintaining apprenticeship numbers while dealing with the effects of the mining industry downturn.



Oil and Gas

After high level industry consultation and engagement, a new four-year process operator apprenticeship was introduced to meet current and future workforce needs. The program was developed in conjunction with key WA industry stakeholders, including Shell, Quadrant Energy and Woodside. SM TAFE is the sole provider of this course.

The portfolio successfully gained accreditation from Engineers Australia (EA) for the Advanced Diploma of Process Technology. Graduates from this course will have the skills and knowledge prescribed by EA and possess Associate Engineer status. This status is recognised worldwide under the Dublin Accord.

The division secured a further five year commercial contract with Scientific Management Australia for the technical training of navy personnel. This contract is valued at over \$4.5 million, and has been successfully running for the past nine years.

Aviation

The Pilot Studies pathway program was run for the first time in 2016 as a start-to-finish program for students working towards their commercial pilot's licence. Success in this area is significant, given the world-wide demand for pilots.

Delivery of the pre-apprenticeship Certificate II in Aeroskills, was highly successful this year due to the large number of enrolments and graduates, and a renewed focus on practical training and assessment. The focus on practical activities has led to improved learner engagement and success rates, and enhanced the reputation of the course.

The area has met the challenge of managing changes to the aviation, transport and logistics training packages, which has required new qualification scoping. Work into maintaining compliance and improving student outcomes will continue to be a focus of the area into 2017.

Light Automotive Technology

In 2016 the Light Automotive training team continued to partner with key global manufacturers including Ford, Toyota and Hyundai. The commencement of Toyota Network Training has seen great success as two groups of apprentices completed their first year of training.

Strategic partnerships with AHG and DVG are also providing excellent pathway outcomes for school-based students moving into automotive apprenticeships. Their positive industry support for work experience training opportunities is benefiting students in school-based training, pre-apprenticeships and international diplomas.

Light Automotive also saw success at a variety of awards ceremonies, including WorldSkills, with students being honoured for technical skills in mechanical, auto electrical, vehicle repair and colour-matching competitions.

The area will continue to form strong industry ties going into 2017, and expand involvement into industrial coatings and automotive painting.

Applied Engineering

This year, Advanced Diploma Engineering students were given the opportunity to participate in a pilot work placement program with SERCO. They were able to successfully gain work experience at Fiona Stanley Hospital. Engineering students were exposed to real-life work environments and provided the opportunity to engage with current and emerging technologies.

The college successfully gained re-accreditation by Engineers Australia for the Advanced Diploma of Engineering (Mechanical), which is an internationally recognised engineering qualification under the Dublin Accord.

Mechanical Engineering and Fabrication

The college introduced short, introductory welding courses aimed at workers seeking to upskill. This program was essential to assist industry workers in improving their technical skills in a tight labour market.

The area also saw increasing student numbers in the Welder Certification course aimed at providing students with career progression and improved job prospects. The college has sought input from industry through the Welding Technologies Institute of Australia.

The portfolio faced the challenge of maintaining student numbers during a subdued period in the State's fabrication industry. The area is seeking to promote training that provides students with better skills to gain employment within the industry. New Defence contract opportunities have been negotiated with key players in the industry, to highlight our capability in this range of trade and technical skill areas.

FINANCIAL STATEMENTS

Certification of Financial Statements

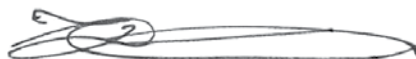
The accompanying financial statements of South Metropolitan TAFE have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the period 11 April to 31 December 2016 and the financial position as at 31 December 2016.

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.



Elizabeth Carr
Chair of Governing Council

Dated: 20 March 2017



Terry Durant
Managing Director

Dated: 20 March 2017



David Savill
Director Finance

Dated: 20 March 2017



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

SOUTH METROPOLITAN TAFE

Report on the Financial Statements

Opinion

I have audited the financial statements of South Metropolitan TAFE which comprise the Statement of Financial Position as at 31 December 2016, the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the period 11 April to 31 December 2016, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of South Metropolitan TAFE for the period 11 April to 31 December 2016 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

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

Responsibility of the Governing Council for the Financial Statements

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

In preparing the financial statements, the Governing Council is responsible for assessing the TAFE's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

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

Report on Controls

Opinion

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

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

In my opinion, in all material respects, the controls exercised by South Metropolitan TAFE are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the period 11 April to 31 December 2016.

The Governing Council's Responsibilities

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

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board.

That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

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

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

Limitations of Controls

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

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of South Metropolitan TAFE for the period 11 April to 31 December 2016. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of South Metropolitan TAFE are relevant and appropriate to assist users to assess the TAFE's performance and fairly represent indicated performance for the period 11 April to 31 December 2016.

Matters of Significance

Under Treasurer's Exemption

As stated in the key performance indicators, South Metropolitan TAFE received an exemption from the Under Treasurer from the requirements under Treasurer's Instruction 904 *Key Performance Indicators* to disclose budget targets for the key performance indicators and to report against Key Efficiency Indicator 'Overall Cost Per Student Curriculum Hour'. The exemption was approved because of the partial year reporting period and the unavailability of campus level data. Consequently, this information has not been reported. My opinion is not modified in respect of this matter.

Profile Achievement

I also draw your attention to the notes to the key effectiveness indicator 'Achievement of Profile Delivery' which explain that the two amounts used to calculate the indicator were based on actual SCH and planned SCH for the full year. Using full year data to calculate this indicator for the reporting period 11 April to 31 December 2016 does not materially affect the accuracy of the indicator. My opinion is not modified in respect of this matter.

The Governing Council's Responsibility for the Key Performance Indicators

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

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

Auditor General's Responsibility

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

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

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

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

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

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

This auditor's report relates to the financial statements and key performance indicators of South Metropolitan TAFE for the period 11 April to 31 December 2016 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
20 March 2017

South Metropolitan TAFE		2016
STATEMENT OF COMPREHENSIVE INCOME		
FOR THE PERIOD 11 APRIL TO 31 DECEMBER 2016		
	Notes	\$
COST OF SERVICES		
Expenses		
Employee benefits expense	6	108,465,289
Supplies and services	7	27,356,752
Depreciation and amortisation expense	8	6,892,601
Grants and subsidies	9	322,568
Cost of sales	14	192,443
Loss on disposal of non-current assets	17	35,864
Asset devaluation expense	10	3,288,886
Other expenses	10	10,430,535
Total cost of services		156,984,938
Income		
Revenue		
Fee for service	11	25,782,171
Student fees and charges	12	24,396,265
Ancillary trading	13	1,202,367
Sales	14	274,056
Interest revenue	15	896,094
Other revenue	16	3,360,431
Total revenue		55,911,384
Total income other than income from State Government		55,911,384
NET COST OF SERVICES		(101,073,554)
INCOME FROM STATE GOVERNMENT		
Service appropriation	18	90,043,943
Services received free of charge		3,431,584
Total income from State Government		93,475,527
DEFICIT FOR THE PERIOD		(7,598,027)
OTHER COMPREHENSIVE INCOME		
<u>Items not reclassified subsequently to profit or loss</u>		
Changes in asset revaluation surplus		-
Total other comprehensive income		-
TOTAL COMPREHENSIVE DEFICIT FOR THE PERIOD		(7,598,027)

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

South Metropolitan TAFE		2016
STATEMENT OF FINANCIAL POSITION		
AS AT 31 DECEMBER 2016		
	Notes	\$
ASSETS		
Current Assets		
Cash and cash equivalents	31	40,751,788
Restricted cash and cash equivalents	19,31	2,877,831
Inventories	20	10,188
Receivables	21	3,776,765
Other current assets	22	1,542,548
Total Current Assets		48,959,120
Non-Current Assets		
Restricted cash and cash equivalents	19,31	763,273
Property, plant and equipment	23	371,179,912
Intangible assets	25	252,867
Total Non-Current Assets		372,196,052
TOTAL ASSETS		421,155,172
LIABILITIES		
Current Liabilities		
Payables	27	4,378,027
Provisions	28	25,308,443
Other current liabilities	29	5,718,522
Total Current Liabilities		35,404,992
Non-Current Liabilities		
Provisions	28	4,858,810
Total Non-Current Liabilities		4,858,810
TOTAL LIABILITIES		40,263,802
NET ASSETS		380,891,370
EQUITY		
Contributed equity	30	388,489,397
Accumulated deficit		(7,598,027)
TOTAL EQUITY		380,891,370

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

South Metropolitan TAFE		2016
STATEMENT OF CASH FLOWS		
FOR THE PERIOD 11 APRIL TO 31 DECEMBER 2016		
	Notes	\$
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation - Department of Training and Workforce Development		92,665,908
Cash transferred in under the TAFE Reform Project	30(a)	35,599,939
Establishment of College funds across the training sector as part of the Training Sector Reform Project	30	8,573,804
Net cash provided by State Government		136,839,651
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits		(108,914,830)
Supplies and services		(22,880,463)
Grants and subsidies		(322,568)
GST payments on purchases		(2,663,101)
Other payments		(9,869,411)
Receipts		
Fee for service		23,888,957
Student fees and charges		21,937,011
Ancillary trading		1,202,367
Sales		274,056
Interest received		603,389
GST receipts on sales		1,208,897
GST receipts from taxation authority		1,486,651
Other receipts		2,282,220
Net cash used in operating activities	31	(91,766,825)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments		
Purchase of non-current physical assets		(694,267)
Receipts		
Proceeds from sale of non-current physical assets		14,333
Net cash used in investing activities		(679,934)
Net increase in cash and cash equivalents		
		44,392,892
Cash and cash equivalents at the beginning of period		-
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	31	44,392,892

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

South Metropolitan TAFE				
STATEMENT OF CHANGES IN EQUITY				
FOR THE PERIOD 11 APRIL TO 31 DECEMBER 2016				
		Contributed Equity	Accumulated Deficit	Total Equity
Balance at 11 April 2016	30	-	-	-
Deficit		-	(7,598,027)	(7,598,027)
Total comprehensive income for the period		-	(7,598,027)	(7,598,027)
Transaction with owners in their capacity as owners:				
Capital appropriations		450,475	-	450,475
Net assets transferred in under the TAFE Reform Project	30(a)	384,865,118	-	384,865,118
Correction of overstatement of land transferred in	30(b)	(5,400,000)	-	(5,400,000)
Establishment of College funds across the training sector as part of the Training Sector Reform Project		8,573,804	-	8,573,804
Total		388,489,397	-	388,489,397
Balance at 31 December 2016	30	388,489,397	(7,598,027)	380,891,370

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

SOUTH METROPOLITAN TAFE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 11 APRIL TO 31 DECEMBER 2016

1. Australian Accounting Standards

(a) General

The College's financial statements for the period ended 31 December 2016 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 reporting period from 11 April to 31 December 2016.

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 (\$).

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

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

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

(c) Reporting entity

The reporting entity comprises the College and bodies included at note 39 '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 30 '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.

(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. Buildings and transportables, due to refurbishment, additions and upgrade activities of the College, are not considered having a limited useful life, and this is reviewed at each revaluation (see note 4).

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

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

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

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.

Library Collection

Under the College capitalisation policy, the library collection is recognised as a grouped asset in accordance with Treasurers Instruction.110, and depreciated under a rolling depreciation methodology. Purchases in a given year are 100% depreciated in the fifth year following purchase and derecognised in the seventh year following purchase.

(g) Intangible assets*Capitalisation/Expensing of assets*

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

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

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

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

Software ^(a) 3 to 5 years

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

Computer software

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

(h) Impairment of assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the College is a not-for-profit entity, unless an 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 the 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 26 '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 buildings and motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased assets. See Note 32 'Commitments'.

(j) Financial instruments

The College has two categories of financial instruments:

Financial assets

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

Financial liabilities

- Payables
- Other Liabilities

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

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

(k) Cash and cash equivalents

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

(l) Accrued salaries

Accrued salaries (see note 27 '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.

(m) 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'.

(n) Receivables

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

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

(o) 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 27 'Payables'.

(p) 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 28 'Provisions'.

(i) Provisions - employee benefits

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

Annual leave

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

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

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

Long service leave

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.

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 10 'Other expenses' and note 28 'Provisions'.)

(q) 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.

(r) 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.

(s) Comparative figures

As this is the first reporting period for South Metropolitan TAFE, which was established effective from 11 April 2016, there are no comparative figures to disclose.

3. Judgements made by management in applying accounting policies

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

Operating Lease Commitments

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

4. Key sources of estimation uncertainty

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

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

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

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

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

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

5. 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 11 April 2016 that impacted on the College.

AASB 1057	<p><i>Application of Australian Accounting Standards</i></p> <p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.</p>
AASB 2014-3	<p><i>Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]</i></p> <p>The Authority 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.</p>
AASB 2014-4	<p><i>Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i></p> <p>The adoption of this Standard has no financial impact for the Authority as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.</p>
AASB 2014-9	<p><i>Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</i></p> <p>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. The Authority needs to determine whether to adopt the accounting policy choice.</p>
AASB 2015-1	<p><i>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]</i></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 Standard has no financial impact for the Authority.</p>
AASB 2015-2	<p><i>Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</i></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 2015-3	<p><i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i></p> <p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.</p>

AASB 2015-10

Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 & 128

This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & 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.

Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Authority has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Authority. Where applicable, the Authority plans to apply these Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, 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 <i>Amendments to Australian Accounting Standards</i>. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that the Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2019

<i>AASB 15</i>	<i>Revenue from Contracts with Customers</i>	1 Jan 2019
	<p>This Standard establishes the principles that the Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Authority has not yet determined the application or the potential impact of the Standard.</p> <p>The AASB has made tentative decision to defer the effective date of AASB 15 and AASB 10XX for not-for-profit entities from annual reporting periods beginning on or after 1 January 2018 to 1 January 2019.</p>	
<i>AASB 16</i>	<i>Leases</i>	1 Jan 2019
	<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. The Authority has not yet determined the application or the potential impact of the Standard.</p>	
<i>AASB 1058</i>	<i>Income of Not-for-Profit Entities</i>	1 Jan 2019
	<p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 <i>Revenue from Contracts with Customers</i>. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 <i>Contributions</i>. The Authority has not yet determined the application or the potential impact of this recently issued Standard.</p>	
<i>AASB 2010-7</i>	<i>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]</i>	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 Authority has not yet determined the application or the potential impact of the Standard.</p>	
<i>AASB 2014-1</i>	<p><i>Amendments to Australian Accounting Standards</i></p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed to determine the application or potential impact.</p>	1 Jan 2018
<i>AASB 2014-5</i>	<p><i>Amendments to Australian Accounting Standards arising from AASB 15</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<i>AASB 2014-7</i>	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<i>AASB 2014-10</i>	<p><i>Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]</i></p> <p>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.</p> <p>The mandatory application date of this Standard has been amended by AASB 2015-10 to 1 January 2018. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018

AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i>	1 Jul 2016
	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. The Authority will be required to make related party disclosures, though there is no financial impact.	
AASB 2015-8	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	1 Jan 2017
	The Standard amends the mandatory effective date of AASB 15, consequential amendments originally set out in AASB 2014-5, and, Interpretation 1052 <i>Tax Consolidation Accounting</i> . There is no financial impact.	
AASB 2016-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i>	1 Jan 2017
	This Standard amends AASB 107 <i>Statement of Cash Flows</i> (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.	
AASB 2016-3	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 Jan 2018
	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 Authority has not yet determined the application or the potential impact.	
AASB 2016-4	<i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	1 Jan 2017
	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 <i>Fair Value Measurement</i> . The Authority has not yet determined the application or the potential impact.	

<i>AASB 2016-4</i>	<i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	1 Jan 2017
	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 <i>Fair Value Measurement</i> . The Authority has not yet determined the application or the potential impact.	
<i>AASB 2016-7</i>	<i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	1 Jan 2017
	This Standard amends the mandatory effective date of AASB 15 for not-for-profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018. There is no financial impact.	
<i>AASB 2016-8</i>	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	1 Jan 2019
	This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. There is no financial impact.	

Changes in accounting estimates

There have been no changes in accounting estimates.

	2016
	\$
6 Employee benefits expense	
Wages and salaries (a)	99,373,189
Superannuation - defined contribution plans (b)	9,092,100
	<u>108,465,289</u>
<p>(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.</p> <p>(b) Defined contribution plans include West State, and Gold State and GESB and other eligible funds.</p> <p>Employment on-costs expenses, such as payroll tax and workers' compensation insurance, are included at note 10 'Other expenses'. Employment on-costs liability is included at note 28 'Provisions'.</p>	
7 Supplies and services	
Consumables and minor equipment (a)	5,734,465
Communication expenses	572,417
Utilities expenses	2,613,972
Consultancies and contracted services	12,902,288
Minor works	1,190,792
Repairs and maintenance	672,325
Operating lease and hire charges	1,573,538
Travel and passenger transport	142,289
Advertising and public relations	387,370
Supplies and services - other	1,418,851
Supplies and Services - Professional Development (PD) staff activities	148,445
	<u>27,356,752</u>
<p>(a) Minor assets totalling \$829,338 were expensed on commencement of operations.</p>	
8 Depreciation and amortisation expense	
<u>Depreciation</u>	
Buildings	4,313,339
Leasehold improvements - buildings	224,216
Motor vehicles, caravans and trailers	78,831
Plant, furniture and general equipment	1,557,658
Computers and communication network	574,340
Marine craft	13,101
Total depreciation	<u>6,761,485</u>
<u>Amortisation</u>	
Software	131,116
Total amortisation	<u>131,116</u>
Total depreciation and amortisation	<u>6,892,601</u>
9 Grants and subsidies	
<u>Recurrent</u>	
<u>Function A</u>	
Apprentices and trainees (travel, accommodation and other off-the-job assistance)	322,568
	<u>322,568</u>
10 Other expenses	
Building maintenance	2,022,582
Doubtful debts expense	953,852
Employment on-costs	7,292,414
Student prizes and awards	2,452
Losses and write-offs	22,999
Write-down of obsolete bookshop stock	91,055
Other	45,180
	<u>10,430,534</u>
Asset revaluation decrement (a)	<u>3,288,886</u>
	<u>3,288,886</u>

(a) The College commenced operations on 11th April 2016 and recorded a revaluation decrement as at 31st December 2016. As there was no Revaluation Reserve, the amount was recorded as an expense.

	2016
	\$
11 Fee for service	
Fee for service - general	8,816,229
Fee for service - Department of Training and Workforce Development	9,745
Fee for service - Government (other than Department of Training and Workforce Development)	6,643,598
Adult community education fees	17,402
International division fees	8,747,445
Fee for service - other	1,547,752
	<u>25,782,171</u>
12 Student fees and charges	
Tuition fees	17,783,786
Resource fees	5,546,781
Other college fees	372,300
Student Fees - Recognition of Prior Learning (RPL) fees	642,695
Student Fees - Incidental fees & overcharges	50,703
	<u>24,396,265</u>
13 Ancillary trading	
Live works (not a trading activity)	1,118,300
Contracting and consulting	6,645
Other ancillary revenue	77,422
	<u>1,202,367</u>
14 Trading profit/(loss)	
(a) Cafeteria (non-training related)	
Sales	274,056
Cost of sales:	
Purchases	(183,035)
Cost of goods sold	183,035
Trading profit - Cafeteria	<u>91,021</u>
(d) Other trading	
Sales	(0)
Cost of sales:	
Opening inventory	12,475
Purchases	13,255
	<u>25,730</u>
Closing inventory	10,188
Cost of goods sold	9,408
Trading loss - Other trading	<u>(9,408)</u>
Net trading profit	<u>81,613</u>
See note 2(m) 'Inventories' and note 20 'Inventories'.	
15 Interest revenue	
Interest revenue	896,094
	<u>896,094</u>
16 Other revenue	
Rental and facilities fees	264,830
Sponsorship and donations revenue	62,805
Recoup of expenditure for equipment at Peel Health and Community Services Centre	266,520
Recoups from external organisations	416,420
Recognition of assets	740,738
Take up of Ex-Challenger Institute library materials	309,423
Riskcover performance adjustment and insurance recoveries	646,081
Miscellaneous revenue	653,614
	<u>3,360,431</u>

South Metropolitan TAFE
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17 Net loss on disposal of non-current assets	2016
<u>Net proceeds from disposal of non-current assets</u>	\$
Motor vehicles, caravans and trailers	1,870
Plant, furniture and general equipment	14,334
Total proceeds from disposal of non-current assets	<u>16,204</u>
 <u>Carrying amount of non-current assets disposed</u>	
Motor vehicles, caravans and trailers	-
Plant, furniture and general equipment	(52,068)
Total cost of disposal of non-current assets	<u>(52,068)</u>
 Net loss	 <u>(35,864)</u>

See note 23 'Property, plant and equipment'.

18 Income from State Government

Appropriation received during the year:

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

Delivery and Performance Agreement (DPA)	86,944,463
Training Sector Reform Project severance recoup	2,720,250
Other recurrent funds	379,230
Total State funds	<u>90,043,943</u>

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

Department of Training and Workforce Development	
- Corporate systems support	2,775,729
- Human resources, and industrial relations support	79,716
- Other	576,139
	<u>3,431,584</u>

Total income from State Government

93,475,527

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

19 Restricted cash and cash equivalents

Current

Capital works grants received from Department of Training and Workforce Development	477,831
Funds provided by the Department of Training and Workforce Development in establishment of College funds for capital and other works	2,400,000
	<u>2,877,831</u>

Non-current

Accrued salaries suspense account (27th Pay provision)	763,273
	<u>763,273</u>

20 Inventories

Current

Inventories held for resale:

Other (at cost)	10,188
-----------------	--------

Total

10,188

See also note 2(m) 'Inventories' and note 14 'Trading profit/(loss)'.

	2016
21 Receivables	\$
<u>Current</u>	
Receivables - trade	2,534,385
Receivables - students	1,510,112
Accrued revenue	1,167,925
Allowance for impairment of receivables	(1,734,007)
GST receivable	298,350
Total current	3,776,765
<u>Reconciliation of changes in the allowance for impairment of receivables:</u>	
Balance at start of period	-
Provision for Doubtful Debts transferred in (Note 30(a) Equity)	(1,106,532)
Doubtful debts expense	(953,852)
Amount written off during the period	326,377
Balance at end of period	(1,734,007)
The College does not hold any collateral or other credit enhancements as security for receivables.	
See also note 2(n) 'Receivables' and note 35 'Financial instruments'.	
22 Other assets	
<u>Current</u>	
Prepayments	1,542,548
Total current	1,542,548
23 Property, plant and equipment	
<u>Land</u>	
At fair value (a)	121,770,000
	121,770,000
<u>Buildings</u>	
At fair value (a)	236,467,582
	236,467,582
<u>Buildings under construction</u>	
Construction costs	136,270
	136,270
<u>Leasehold improvements</u>	
At cost	1,517,914
Accumulated depreciation	(224,216)
	1,293,698
<u>Motor vehicles, caravans and trailers</u>	
At cost	449,410
Accumulated depreciation	(78,831)
	370,579
<u>Plant, furniture and general equipment</u>	
At cost	9,626,998
Accumulated depreciation	(1,550,175)
	8,076,823
<u>Computer equipment, communication network</u>	
At cost	1,759,655
Accumulated depreciation	(588,931)
	1,170,724
<u>Marine craft</u>	
At cost	96,742
Accumulated depreciation	(13,101)
	83,641

	2016	
	\$	#VALUE!
Works of art		
At fair value	722,840	
	<u>722,840</u>	
Library Collection		
At cost	1,087,755	
	<u>1,087,755</u>	
	<u>371,179,912</u>	

(a) Land and buildings were revalued as at 1st July 2016 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 31 December 2016 and recognised at 31 December 2016. In undertaking the revaluation, fair value was determined by reference to market values for land: \$ 14,900,000. For the remaining balance, fair value of buildings was determined on the basis of depreciated replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land). See note 2(f) 'Property, plant and equipment'.

Information on fair value measurements is provided in Note 24.

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

	Land	Buildings	Buildings under construction	Leasehold improvements	Motor vehicles, caravans and trailers	Plant, furniture and general equipment	Computer equipment, communication network	Marine craft	Works of art	Library Collection	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2016											
Carrying amount at start of year	-	-	-	-	-	-	-	-	-	-	-
Assets transferred in Note - 30(a)	127,170,000	242,848,057	609,397	1,517,914	411,916	10,250,673	1,811,465	98,412	105,165	655,676	385,478,675
Correction of overstatement of land transferred in Note - 30(b)	(5,400,000)	-	-	-	-	-	-	-	-	-	(5,400,000)
Minor assets expensed Note - 7(a)	-	-	-	-	(37,544)	(672,682)	(117,442)	(1,670)	-	-	(829,338)
Reclassification	-	-	-	-	73,168	(112,473)	39,305	-	-	-	-
Additions	-	748,582	-	-	1,870	237,033	15,605	-	622,900	432,079	2,058,069
Transfers	-	473,167	(473,127)	-	-	(20,873)	-	-	-	-	(20,833)
Other Disposals	-	-	-	-	-	(47,197)	(3,869)	-	(5,225)	-	(56,291)
Revaluation decrements Note - 10	-	(3,288,885)	-	-	-	-	-	-	-	-	(3,288,885)
Depreciation	-	(4,313,339)	-	(224,216)	(78,831)	(1,557,658)	(574,340)	(13,101)	-	-	(6,761,485)
Carrying amount at end of period	121,770,000	236,467,582	136,270	1,293,698	370,579	8,076,823	1,170,724	83,641	722,840	1,087,755	371,179,912

Information on fair value measurements is provided in Note 24.

24 Fair value measurements

Assets measured at fair value :

	Level 1	Level 2	Level 3	Fair Value At end of period
	\$	\$	\$	\$
2016				
Land (Note 23)	-	14,900,000	106,870,000	121,770,000
Buildings (Note 23)	-	-	236,467,582	236,467,582
	-	14,900,000	343,337,582	358,237,582

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

Valuation techniques to derive Level 2 fair values

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

**Fair value measurements using significant unobservable inputs (Level 3)
 2016**

	Land \$	Buildings \$
Fair Value at start of period	-	-
Assets transferred in - Note 30	112,270,000	242,848,057
Additions	-	1,221,749
Correction of overstatement of land transferred in - Note 30(b)	(5,400,000)	-
Depreciation Expense	-	(4,313,339)
Revaluation Decrement	-	(3,288,885)
Fair value at end of period	106,870,000	236,467,582

Valuation processes

There were no changes in valuation techniques during the period.

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

Buildings (Level 3 fair values)

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

Valuation using depreciated replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of an 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 comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

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

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

Reconciliations of the opening and closing balances are provided in Note 23.

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 Intangible assets	2016 \$
Computer software	
At cost	383,983
Accumulated amortisation	<u>(131,116)</u>
	<u>252,867</u>
Reconciliations	
Computer software	
Carrying amount at start of period	-
Assets transferred in ^(a)	98,343
Additions	285,640
Amortisation expense	<u>(131,116)</u>
Carrying amount at end of period	<u>252,867</u>
 (a) See Equity Note 30(a).	
26 Impairment of assets	
There were no indications of impairment to property, plant and equipment or intangible assets at 31 December 2016.	
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.	
27 Payables	
Current	
Trade payables	1,172,201
Accrued expenses	1,939,924
Accrued salaries and related costs	1,261,086
Paid parental leave payable	4,816
Total current	<u>4,378,027</u>
See also note 2(o) 'Payables' and note 35 'Financial Instruments'.	
28 Provisions	
Current	
Employee benefits provision	
Annual leave (a)	5,452,091
Long service leave (b)	18,103,188
Deferred Salary Scheme (c)	252,065
Purchased leave	7,468
	<u>23,814,812</u>
Other provisions	
Employment on-costs (d)	1,493,631
Total current	<u>25,308,443</u>
Non-current	
Employee benefits provision	
Long service leave (b)	4,569,836
Other provisions	
Employment on-costs (d)	288,974
Total non-current	<u>4,858,810</u>
 (a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:	
Within 12 months of the end of the reporting period	4,599,962
More than 12 months after the end of the reporting period	852,129
	<u>5,452,091</u>
 (b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:	
Within 12 months of the end of the reporting period	7,171,995
More than 12 months after the end of the reporting period	15,501,029
	<u>22,673,024</u>

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

Within 12 months of the end of the reporting period
 More than 12 months after the end of the reporting period

2016
 \$
 153,754
 98,311
252,065

(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 10 'Other expenses'.

Movements in other provisions

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

Employment on-cost provision

Carrying amount at start of period
 Additional provisions recognised

1,786,360
 (3,755)
1,782,605

Carrying amount at end of period

29 Other liabilities

Current

Income received in advance (a)
 Money/deposits held in trust
 Provision for Delivery and Performance Agreement refund

3,087,400
 9,158
 2,621,964
5,718,522

Total current

(a) Income received in advance comprises:

Fee for service
 Student fees and charges
 Learning Resource Centre project
 Other

43,073
 2,702,224
 176,541
 165,562
3,087,400

30 Equity

Contributed equity

Balance at start of period

-

Contributions by owners

Capital appropriation
 Net assets transferred in Note (a)
 Correction of overstatement of land transferred in Note (b)
 Establishment of College funds across the training sector as part of the Training Sector Reform Project

450,475
 384,865,118
 (5,400,000)
 8,573,804

Total contributions by owners

388,489,397

Balance at end of period

388,489,397

Accumulated surplus/(deficit)

Balance at start of period
 Result for the period

-
 (7,598,027)
(7,598,027)

Balance at end of period

Total Equity at end of period

380,891,370

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(a) The Challenger Institute of Technology and Polytechnic West amalgamated to form the new South Metropolitan TAFE, with effect from 11 April, 2016.
Schedule of assets and liabilities taken over at 11 April 2016

	Challenger	Polytechnic West	Total
Cash Assets	7,520,474	28,079,465	35,599,939
Receivables	4,688,675	7,048,950	11,737,625
Provision for Doubtful Debts	(372,878)	(733,654)	(1,106,532)
Inventories	91,055	12,475	103,530
Other Current Assets	209,989	437,205	647,194
Intangible Assets	-	98,343	98,343
Property, Plant and Equipment	188,117,983	197,360,692	385,478,675
Payables	(1,703,319)	(1,980,675)	(3,683,994)
Provisions	(11,458,881)	(18,619,856)	(30,078,737)
Other Liabilities	(5,846,433)	(8,084,492)	(13,930,925)
Total Net Assets	181,246,665	203,618,453	384,865,118

	11 April 2016
Net Assets transferred from Challenger Institute of Technology	181,246,665
Net Assets transferred from Polytechnic West	203,618,453
	384,865,118

(b) The fair value of a parcel of land transferred from Challenger Institute of Technology on 11 April 2016 was incorrectly valued, resulting in an overstatement of \$5.4m. This overstatement has now been rectified.

31 Notes to the Statement of Cash Flows

Reconciliation of cash

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

	2016
	\$
Cash and cash equivalents	40,751,788
Restricted cash and cash equivalents (refer to note 19 'Restricted cash and cash equivalents')	3,641,104
	44,392,892

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Net cost of services (101,073,554)

Non-cash items:

Depreciation and amortisation expense (note 8 'Depreciation and amortisation expense')	6,892,601
Doubtful debts expense (note 10 'Other expenses')	953,852
Resources received free of charge (note 18 'Income from State Government')	3,431,584
Net (gain)/loss on sale of property, plant and equipment (note 17 'Net gain/(loss) on sale of non-current assets')	36,641
Write down of non-current assets classified as held for sale (note 10 'Other expenses')	-
Asset revaluation decrement (note 23 'Property, plant and equipment')	3,288,886

(Increase)/decrease in assets:

Current receivables ^(a)	5,774,367
Current inventories	93,342
Other current assets	(1,113,630)
Other non current assets	(343,479)

Increase/(decrease) in liabilities

Current payables ^(a)	601,419
Current provisions	2,914,752
Other current liabilities	(10,429,817)
Non-current provisions	(2,826,236)
Net GST receipts/(payments) ^(a)	(1,454,204)
Change in GST in receivables/payables ^(a)	1,486,651

Net cash used in operating activities

(91,766,825)

2016
 \$

- (a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.
- (b) This is the net GST paid/received, i.e. cash transactions
- (c) This reverses out the GST in receivables and payables

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

32 Commitments

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year	1,756,801
Later than 1 year and not later than 5 years	1,381,896
Later than 5 years	3,230,777
	<u>6,369,474</u>

The commitments below are inclusive of GST.

Capital expenditure commitments

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

Within 1 year	2,699,585
	<u>2,699,585</u>
The capital commitments include amounts for:	
Buildings	<u>2,699,585</u>

33 Contingent liabilities and contingent assets

South Metropolitan TAFE has no contingent liabilities or contingent assets at 31st December 2016.

34 Events occurring after the reporting period

South Metropolitan TAFE's Midland and Balga campuses and Brigadoon Equine Centre were transferred to North Metropolitan TAFE on 1st January 2017 as part of the Training Sector Reform. Accordingly, student debtors, fixed assets and employee leave liabilities relating to these campuses as at 31st December 2016, were transferred to North Metropolitan TAFE on 1st January 2017.

35 Explanatory statement

Variance between Estimate and Actual

All variances between estimates (Section 40 FMA) and actual results for 2016 are shown below. Narratives are provided for selected major variations, which are generally greater than:

- 5% and the dollar aggregate of 2% of Total Cost of Services for the Statement of Comprehensive Income and Cash Flows; and

- 5% and the dollar aggregate of 2% of Total Assets for the Statement of Financial Position.

Variances between actual results for 2016 and prior year have not been presented as this is the first year of operations of the College.

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	Variance Note	2016 Actual \$000	2016 Estimate \$000	Variance between Estimate and Actual \$000
STATEMENT OF COMPREHENSIVE INCOME				
COST OF SERVICES				
<u>Expenses</u>				
Employee benefits expense		108,465,289	108,774,847	(309,558)
Supplies and services		27,356,752	25,471,943	1,884,809
Depreciation and amortisation expenses		6,892,601	7,929,686	(1,037,085)
Grants and subsidies		322,568	311,351	11,217
Cost of sales		192,443	634,100	(441,657)
Loss on disposal of non current assets		35,864	-	35,864
Asset devaluation expense	1	3,288,886	-	3,288,886
Other expenses		10,430,535	10,954,558	(524,023)
Total cost of services		156,984,938	154,076,485	2,908,453
<u>Income</u>				
Revenue				
Fees for services		25,782,171	27,394,119	(1,611,948)
Student fees and charges		24,396,265	25,105,993	(709,728)
Ancillary Trading		1,202,367	1,053,978	148,389
Sales		274,056	845,637	(571,581)
Interest revenue		896,094	1,033,639	(137,545)
Other revenue		3,360,431	2,719,218	641,213
Total income other than income from State Government		55,911,384	58,152,584	(2,241,200)
NET COST OF SERVICES		(101,073,554)	(95,923,901)	(5,149,653)
INCOME FROM GOVERNMENT				
Service appropriation		90,043,943	90,530,248	(486,305)
Service received free of charge		3,431,584	3,058,496	373,088
Total Income from State Government		93,475,527	93,588,744	(113,217)
DEFICIT FOR THE PERIOD		(7,598,027)	(2,335,157)	(5,262,870)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(7,598,027)	(2,335,157)	(5,262,870)
STATEMENT OF FINANCIAL POSITION				
ASSETS				
Current Assets				
Cash and Cash equivalents	2	40,751,788	32,160,549	8,591,238
Restricted cash and cash equivalents		2,877,831	610,129	2,267,702
Inventories		10,188	189,846	(179,658)
Receivables		3,776,765	3,667,675	109,090
Other current assets		1,542,548	1,715,232	(172,684)
Total Current Assets		48,959,120	38,343,431	10,615,688
Non-Current Assets				
Restricted cash and cash equivalents		763,273	466,172	297,101
Property, plant and equipment		371,179,912	380,272,253	(9,092,341)
Intangible assets		252,867	26,050	226,817
Total Non-Current Assets		372,196,052	380,764,475	(8,568,423)
TOTAL ASSETS		421,155,172	419,107,906	2,047,265

South Metropolitan TAFE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 11 APRIL TO 31 DECEMBER 2016

LIABILITIES

Current Liabilities

Payables	4,378,027	3,184,102	1,193,925
Provisions	25,308,443	23,318,622	1,989,821
Other current liabilities	5,718,522	2,163,743	3,554,779
Total Current Liabilities	35,404,992	28,666,467	6,738,525

Non-Current Liabilities

Provisions	4,858,810	6,497,432	(1,638,622)
Total Non-Current Liabilities	4,858,810	6,497,432	(1,638,622)

TOTAL LIABILITIES

40,263,802	35,163,899	5,099,903
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NET ASSETS

380,891,370	383,944,007	(3,052,638)
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EQUITY

Contributed equity	388,489,397	386,279,166	2,210,231
Accumulated deficit	(7,598,027)	(2,335,158)	(5,262,869)
TOTAL EQUITY	380,891,370	383,944,008	(3,052,638)

STATEMENT OF CASH FLOWS

CASH FLOWS FROM STATE GOVERNMENT

Service appropriation - Department of Training and Workforce Development		92,665,908	89,530,559	3,135,349
Cash transferred in - TAFE Reform Project	3	35,599,939	-	35,599,939
Establishment of College funds across the training sector as part of the Training Sector Reform Project	2	8,573,804	-	8,573,804
Net cash provided by State Government		136,839,651	89,530,559	47,309,092

CASHFLOWS FROM OPERATING ACCOUNT

Payments

Employee benefits	(108,914,830)	(108,670,457)	(244,373)
Supplies and Services	(22,880,463)	(22,421,071)	(459,392)
Grants and subsidies	(322,568)	(311,351)	(11,217)
GST payments on purchases	(2,663,101)	(3,792,699)	1,129,598
Other payments	(9,869,411)	(11,291,521)	1,422,110
	(144,650,373)	(147,267,099)	1,410,893

Receipts

Fee for service	23,888,957	26,732,302	(2,843,345)
Student fees and charges	21,937,011	24,621,725	(2,684,714)
Ancillary trading	1,202,367	1,053,978	148,389
Interest received	603,389	1,033,913	(430,524)
GST receipts on sales	1,208,897	2,043,949	(835,052)
GST receipts from taxation authority	1,486,651	2,700,000	(1,213,349)
Sales	274,056	-	274,056
Other receipts	2,282,220	3,731,445	(1,449,225)
Net cash used in operating activities	(91,766,825)	(85,349,787)	(10,444,657)

CASH FLOWS FROM INVESTING ACTIVITIES

Payments

Purchase of non-current assets	(694,267)	(3,530,000)	2,835,733
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Receipts

Proceeds from sale of non-current assets	14,333	-	14,333
Net cash used in investing activities	(679,934)	(3,530,000)	2,850,066

Net increase in cash and cash equivalents

2	44,392,892	33,236,850	11,156,042
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Cash and cash equivalents at the beginning of the period

-	-	-
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CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

44,392,892	33,236,850	11,156,042
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Major Variance Narratives

- 1) The \$3.3M decrement in the 2016 valuation of land and buildings is expensed due to the lack of accumulated revaluation reserves.
- 2) The establishment of College funds across the training sector as part of the Training Sector Reform Project provided \$8.6M additional cash resources for capital and other commitments by the Department of Training and Workforce Development.
- 3) Cash transferred in to the College under the TAFE Reform Project by the Department of Training and Workforce Development.

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, receivables, payables and other liabilities. The College has limited exposure to financial risks. The College's overall risk management program focuses on managing the risk identified below:

Credit risk

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

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 35(c) 'Financial instruments disclosures' and note 21 'Receivables'.

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

Liquidity risk

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

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

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

Market risk

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

(b) Categories of financial instruments

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

Financial Assets

Cash and cash equivalents

Restricted cash and cash equivalents

Receivables (a)

Financial Liabilities

Payables

Other liabilities

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

2016

\$

40,751,788

3,641,104

3,478,415

4,378,027

2,631,122

(c) Financial instrument disclosures

Credit risk

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

Ageing analysis of financial assets

	Carrying Amount \$000	Not past due and not impaired \$000	Past due but not impaired				Impaired Financial Assets \$000
			Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 Years \$000	
Financial Assets							
2016							
Cash and cash equivalents	40,752	40,752	-	-	-	-	-
Restricted cash and cash equivalents	3,641	3,641	-	-	-	-	-
Receivables (a)	3,478	2,761	321	391	5	-	1,734
	47,871	47,154	321	391	5	-	1,734

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

Liquidity risk and interest rate exposure

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

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

	Weighted Average Effective %	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	1-3 months \$000	3 months to 1 year \$000	1-5 Years \$000	More than 5 years \$000	
2016												
Financial Assets												
Cash and cash equivalents	1.75%	40,752	-	40,727	25	40,752	40,752	-	-	-	-	-
Restricted cash and cash equivalents	1.75%	3,641	-	3,641	-	-	3,641	-	-	-	-	-
Receivables (a)		3,478	-	-	3,478	3,478	-	-	-	-	-	-
		47,871	-	44,368	3,503	44,230	47,871	-	-	-	-	-
Financial Liabilities												
Payables		4,378	-	-	4,378	4,378	4,378	-	-	-	-	-
Other current liabilities		2,631	-	-	2,631	2,631	9	2,622	-	-	-	-
		7,009	-	-	7,009	7,009	4,387	2,622	-	-	-	-

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

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.

	Carrying \$000	- 100 Basis Points		+ 100 Basis Points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2016					
Financial Assets					
Cash and cash equivalents	40727	-407	-407	407	407
Restricted cash and cash equivalents	3,641	-36	-36	36	36
Total Increase/(Decrease)	44,368	-443	-	443	443

Fair values

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

37 Remuneration of members of the Accountable Authority	2016
<u>Remuneration of members of the Accountable Authority</u>	<u>\$</u>
The number of members of the College whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:	
\$	
\$0 - \$10,000	5
\$10,001 - \$20,000	1
\$190,001 - \$200,000	1
	\$
Base remuneration and superannuation	207,449
Annual leave and long service leave accruals	17,949
Other benefits	-
Total remuneration of the members of the Accountable Authority	<u>225,398</u>

The total remuneration includes the superannuation expense incurred by the Accountable Authority in respect of members of the Accountable Authority.

Remuneration of senior officers

The number of senior officers other than senior officers reported as members of the Accountable Authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$	
\$110,001 - \$120,000	1
\$130,001 - \$140,000	4
\$140,001 - \$150,000	3
	\$
Base remuneration and superannuation	1,066,366
Annual leave and long service leave accruals	34,972
Other benefits	6,885
Total remuneration of senior officers	<u>1,108,223</u>

The total remuneration includes the superannuation expense incurred by the Accountable Authority in respect of senior officers other than senior officers reported as members of the Accountable Authority.

No senior officers are members of the Pension Scheme.

38 Remuneration of auditor

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

Auditing the accounts, financial statements and key performance indicators	\$
	<u>171,000</u>

39 Related bodies

The College has no related bodies.

40 Affiliated bodies

The College has no affiliated bodies.

41 Supplementary financial information

(a) Write-Offs

Public property written-off by the Governing Council during the financial year	5,101
Bad debts	326,377
Inventory	1,891
	<u>333,369</u>

(b) Losses through theft, defaults and other causes

Losses of public money and public and other property through theft or default	1,509
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42 Schedule of income and expenditure by service

The College provides only one service as defined by Treasurer's Instruction 1101 (9) and that is Vocational Education and Training Delivery.

KEY PERFORMANCE INDICATORS

Certification of Key Performance Indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess South Metropolitan TAFE's performance, and fairly represent the performance of South Metropolitan TAFE for the period 11 April to 31 December 2016.



Elizabeth Carr
Chair of Governing Council

Dated: 20 March 2017



Terry Durant
Managing Director

Dated: 20 March 2017

2016 KEY PERFORMANCE INDICATORS

Desired Outcome

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

PARTIAL EXEMPTION

Due to the WA Training Sector Reform in April 2016. The College has been granted a partial exemption for 2016 by the Under Treasurer from the following requirements under TI 904:

- disclosure of budget targets for all Key Performance Indicators; and
- reporting against key service efficiency indicator - overall cost per student curriculum hour.

Accordingly, no targets except for profile achievement and no efficiency indicator have been reported in the Key Performance Indicators for 2016.

Effectiveness Indicators

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

STUDENT SATISFACTION SURVEY

The Student Satisfaction Survey is administered annually on behalf of the Department of Training and Workforce Development by Patterson Research Group. The key focus is to attain an understanding of the students' training requirements and measure the quality of the delivery of training and services provided by South Metropolitan TAFE. The survey used a mass market mail out to a sample of South Metropolitan TAFE students who were enrolled in either the first or second semester of 2016. Options were also provided for students to complete the survey either on-line, or through the use of computer assisted telephone interviewing.

KPI 1 – Student Satisfaction

The overall student satisfaction rating is obtained from the 2016 Student Satisfaction Survey and measures the extent to which students were very satisfied with the training they received from South Metropolitan TAFE. The measure represents the proportion of 'satisfied' and 'very satisfied' (on a five point scale) responses received from students responding to the question "Overall how satisfied were you with your course?"

South Metropolitan TAFE has been granted a partial exemption for 2016 from the disclosure of a budget target for this KPI. Comparative results for previous years have not be presented as this is the first reporting period for South Metropolitan TAFE.

Table 1 – Overall Student Satisfaction

	2016 Actual
South Metropolitan TAFE	88.7%
Western Australia	88.9%

SOURCE: Department of Training and Workforce Development, 2016 Student Satisfaction Survey.

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

A statistical weighting system has been used for the survey results. All data under this weighting method 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 (Institutional Based Training, Employment Based Training) and training provider. Weight cells with a zero count for the population and survey data were removed.

Percentages are rounded to the nearest whole percentage.

In 2016, of the 19,526 South Metropolitan TAFE students contacted, there were 4,729 usable returns, representing a response rate of 24.2%. South Metropolitan TAFE's standard error for 2016 was 0.4%, with a relative sampling error of +/- 0.8% at the 95% level of confidence.

The overall student satisfaction at South Metropolitan TAFE is high, with 88.7% of respondents claiming to be either satisfied or very satisfied.

STUDENT OUTCOMES SURVEY

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

Out of scope of the survey are:

- students who undertook recreational, leisure or personal enrichment (short) courses;
- fee-for-service students at community education and private training providers;
- students who undertook VET delivered in schools, where training activity was undertaken as part of a senior secondary certificate;
- overseas students (based on current address); and
- students under 15 years of age.

The reportable survey results are only available biennially, and the last time the results were reported was in 2015. Therefore, this information is not available for the current year. It will be reported in the next year.

KPI 2 – Graduate Achievement

Graduate achievement is a question in the Student Outcomes Survey and measures the extent to which South Metropolitan TAFE Graduates have *“fully or partly achieved their main reason for doing the training”*.

There are no Student Outcome Survey results available for the College in 2016 as organisational level data is only available every two years. Also, as this is the first reporting period for the College, there are no comparative figures to present.

KPI 3 – Graduate Destination

Graduate destination data is also taken from the Student Outcomes Survey and measures the proportion of graduates employed after training. This measure shows the extent to which the college is providing relevant, quality training that enhances student employability.

There are no Student Outcome Survey results available for the College in 2016 as organisational level data is only available every two years. Also, as this is the first reporting period for the College, there are no comparative figures to present.

KPI 4 – Achievement of profile delivery

This achievement of profile delivery indicator measures the proportion of planned profile student curriculum hours delivered by South Metropolitan TAFE. The Delivery and Performance Agreement (DPA) is negotiated directly with the Department of Training and Workforce Development and constitutes South Metropolitan TAFE's profile funded training delivery plan. The delivery profile takes into consideration government priorities, the needs of individuals, industry and the local community.

Given the nature of this indicator it is not possible to report a partial year result. Profile delivery targets and student curriculum hours 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. Importantly, one snapshot cannot be subtracted from another to produce a part year figure, as the two collections will not include the same records. Nonetheless, since the majority of final outcomes were recorded later in the year, the timing of end of study reporting means that full year 2016 figures do still fairly represent TAFE performance for the reporting period 11 April to 31 December 2016.

Prior to the Training Sector Reform (enacted 11 April 2016) each of the former State Training Providers (STPs i.e. Polytechnic West and Challenger Institute of Technology) had a separate DPA, with the Department of Training and Workforce Development (DTWD) for the full year of 2016.

Upon the amalgamation, DTWD issued a revised full year DPA for the newly formed South Metropolitan TAFE. Although this DPA was issued in April 2016, it included targets for 1 January 2016 to 31 December 2016. Therefore, both Polytechnic West and Challenger Institute of Training maintained their separate enrolment systems throughout 2016, and the data from 1 January to 31 December 2016 was amalgamated at the year end to show the combined SCH delivered by the new entity i.e. South Metropolitan TAFE.

It should be noted that the KPI reporting is based on the originally negotiated DPA. The Department of Training and Workforce Development allows South Metropolitan TAFE to review and make any modifications to the original DPA targets twice a year. This provides the opportunity to consider any changes in the operating environment and modify the DPA to set realistic targets. In 2016, the final amended profile SCH target was 9,600,000 SCH compared to the original DPA target of 9,943,414.

Table 2: Profile Achievement (DPA)

	Actual Achievement 2016
Profile Achievement % (DPA Original)	93.4%

The Profile delivered by South Metropolitan TAFE from 1 January to 31 December 2016 was below the original planned target of 9,943,414 SCH by 652,297 SCH, resulting in an overall achievement of 93.4 %. This needs to be considered within the context of a softening of student demand in general, and in particular, the structural adjustments in Western Australia's economy impacting on the demand for apprenticeships training, which constitutes a significant proportion of South Metropolitan TAFE's delivery profile.

Our actual 2016 achievement based on the final DPA target of 9,600,000 SCH was 96.8%.

South Metropolitan TAFE's profile delivery by ANZSCO (Australia and New Zealand Standard Classification of Occupations) levels for 2016 are provided in Table 4.



Table 4: Achievement of 2016 Profile Delivery (DPA) by ANZSCO sub groups

ANZSCO Major Group Title	ANZSCO Sub Group Title	2016 Census Actual	2016 Target Planned	2016 Target Achievement
1. Managers	11 – Chief Executives, General Managers and Legislators	12,565	24,900	50.50%
	12 – Farmers and Farm Managers	32,455	26,588	122.10%
	13 – Specialist Managers	93,905	149,405	62.90%
	14 – Hospitality, Retail and Service Managers	59,742	73,576	81.20%
2. Professionals	22 – Business, Human Resource and Marketing Professionals	40,940	58,708	69.70%
	23 – Design, Engineering, Science and Transport Professionals	285,826	368,667	77.50%
	24 – Education Professionals	25,535	24,955	102.30%
	25 – Health Professionals	0	8,475	0.00%
	26 – ICT Professionals	259,605	225,642	115.10%
	27 – Legal, Social and Welfare Professionals	21,520	53,592	40.20%
3. Technicians and Trades Workers	31 – Engineering, ICT and Science Technicians	823,628	898,199	91.70%
	32 – Automotive and Engineering Trades Workers	1,013,504	1,025,350	98.80%
	33 – Construction Trades Workers	580,523	740,278	78.40%
	34 – Electrotechnology and Telecommunications Trades Workers	398,579	432,303	92.20%
	35 – Food Trades Workers	265,499	358,779	74.00%
	36 – Skilled Animal and Horticultural Workers	357,586	340,132	105.10%
	39 – Other Technicians and Trades Workers	361,156	387,211	93.30%
4. Community and Personal Service Workers	41 – Health and Welfare Support Workers	576,532	536,161	107.50%
	42 – Carers and Aides	715,352	737,642	97.00%
	43 – Hospitality Workers	81,027	111,377	72.80%
	44 – Protective Service Workers	11,684	13,000	89.90%
	45 – Sports and Personal Service Workers	266,719	324,921	82.10%
5. Clerical and Administrative Workers	51 – Office Managers and Program Administrators	61,175	82,800	73.90%
	52 – Personal Assistants and Secretaries	1,455	34,140	4.30%
	53 – General Clerical Workers	163,765	217,535	75.30%
	54 – Inquiry Clerks and Receptionists	30,315	9,600	315.80%
	55 – Numerical Clerks	195,920	155,355	126.10%
	59 – Other Clerical and Administrative Workers	61,865	72,582	85.20%

ANZSCO Major Group Title	ANZSCO Sub Group Title	2016 Census Actual	2016 Target Planned	2016 Target Achievement
6. Sales Workers	62 – Sales Assistants and Salespersons	0	4,000	0.00%
7. Machinery Operators and Drivers	71 – Machine and Stationary Plant Operators	86,056	100,972	85.20%
	72 – Mobile Plant Operators	18,012	23,220	77.60%
	74 – Storepersons	6,735	5,840	115.30%
8. Labourers	82 – Construction and Mining Labourers	127,261	160,325	79.40%
	83 – Factory Process Workers	162,454	187,068	86.80%
	84 – Farm, Forestry and Garden Workers	126,031	131,081	96.10%
	85 – Food Preparation Assistants	15,701	15,058	104.30%
	89 – Other Labourers	413,869	436,483	94.80%
G. General Education	GE – General Education	1,536,621	1,387,494	110.70%
TOTAL		9,291,117	9,943,414	93.40%

As per the data presented in Table 4, in 2016, the following ANZSCO sub groups constituted over 50% of total SCH achievement: General Education (17%); Automotive and Engineering Trades Workers (11%); Engineering, ICT and Science Technicians (9%); Carers and Aides (8%); Construction Trades Workers (6%) and Health and Welfare Support Workers (6%).

The ANZSCO levels that were significantly above target (more than 40,000 SCH of positive variance) were: General Education, Numerical Clerk and Health and Welfare Support Workers.

The ANZSCO levels that were significantly below target (more than 40,000 SCH of negative variance) were: Construction Trade Workers, Food Trade Workers, Design Engineering, Science and Transport Professionals, Engineering, ICT and Science Technicians, Sports and Personal Workers, Specialist Managers and General Clerical Workers.

Efficiency Indicator

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

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

The College has been granted a partial exemption by the Under Treasurer from the reporting of this efficiency indicator for 2016, due to the unavailability of SCH data for the period 11 April to 31 December 2016.

DISCLOSURES AND LEGAL COMPLIANCE

Ministerial Directives

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

SM TAFE received no such directives.

Other Financial Disclosures

PRICING POLICIES FOR SERVICES PROVIDED

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

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

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

CAPITAL WORKS

SM TAFE's capital works program was funded by internally generated revenue and State Government contributions. An overview of the major capital works completed and in progress is presented below.

COMPLETED CAPITAL WORKS

N/A

ONGOING CAPITAL WORKS

Murdoch Campus Stage Four

Incorporating a mixture of new buildings as well as a refurbishment of the existing facilities, Murdoch Stage Four will accommodate training and administrative functions decanted from the Beaconsfield and e-Tech Campuses. The campus will provide general, specialist and administrative training spaces, and enhanced student amenities and resources. The project commenced in early 2016 with a cost of approximately \$46.5 million.

ACEPT Stage Two

Stage Two additions to the Australian Centre for Energy and Process Training (ACEPT) to enhance SM TAFE's engineering training capabilities continue. ACEPT Stage Two will house a number of engineering disciplines including electrical, electronic, civil, structural and mechanical. The total cost of the project is \$12 million.

Governance Disclosures

DECLARATIONS OF INTERESTS

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

DIRECTOR'S LIABILITY INSURANCE

SM TAFE paid \$10,890.00 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.

PUBLIC INTEREST DISCLOSURES

The Public Interest Disclosure Act 2003 facilitates the disclosure of public interest information by providing protection for those who make disclosures and those who are subject of disclosures.

In accordance with the Act, SM TAFE has appointed Public Interest Disclosure Officers and has reviewed internal policies and procedures related to obligations under the act.

No public interest disclosures were received during the 2016 period.

STAFF PROFILE

SM TAFE is a large and diverse organisation comprising a number of specialist and unique services, requiring an equally diverse and high quality workforce.

As at 31 December 2016 SM TAFE employed 968 Full Time Equivalent (FTE) staff. SM TAFE's staffing levels by employment category for 2016 is presented below.

		Full time (FTE)	Part time (FTE)	Total
Lecturer	Contract	129	23	152
	Permanent	356	40	396
Support	Contract	63	15	78
	Permanent	300	43	343
Total		848	120	968

WORKERS COMPENSATION

21 claims for workers compensation were lodged in the 2016 financial year, 0 claims were declined by RiskCover. Of the accepted claims, eight were lost time injuries.

UNAUTHORISED USE OF CREDIT CARDS

Staff members of SM TAFE hold corporate credit cards where their role warrants such usage. During the reporting period of 11th April 2016 to 31 December 2016, six officers inadvertently used a corporate credit card for personal use, to the value of \$2483.53. This amount has been repaid in full by the officers concerned.

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

Details required	\$
Aggregate amount of personal use expenditure for the reporting period	\$2,483.53
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	\$2,335.09
Aggregate amount of personal use expenditure settled after the period (after 5 working days)	\$148.44
Aggregate amount of personal use expenditure outstanding at balance date	Nil.

GOVERNING COUNCIL REMUNERATION

The individual and aggregate cost of remunerating Governing Council members at SM TAFE in 2016, from 11 April to 31 December was as follows:

Position	Name	Type of remuneration	Period of membership	Gross remuneration
Chair	Elizabeth Carr	Annual Salary	9 months	\$19,327
Deputy Chair	Peter Browne	Per meeting	9 months	\$855
Member	Christine Coyne	Per meeting	9 months	\$1,095
Member	Christine Coyne	Per meeting	9 months	\$1,095
Member	Stephen Cain	N/A	9 months	N/A
Member	Fiona Lander	Per meeting	9 months	\$2,397
Member	Professor David Wood	Per meeting	9 months	\$2,127
Member	Professor Julie Quinlivan	Per meeting	9 months	\$2,070
Member	Niegel Grazia	Per meeting	9 months	\$1,956
Member	Peter House	Per meeting	3 months	\$384
			Total	\$30,211

Other Legal Requirements

ADVERTISING EXPENDITURE

In accordance with Section 175ZE of the Electoral Act 1907, the following is a statement of all expenditure incurred by SM TAFE during 2016 in relation to advertising, market research, polling, direct mail and media advertising organisations:

Expenditure was incurred in the following areas:

	Total	Expenditure	Amount
Advertising agencies	Nil	Nil	Nil
Market research organisations	Nil	Nil	Nil
Polling organisations	Nil	Nil	Nil
Direct mail organisations	Nil	Nil	Nil
Media advertising agencies	\$21,800.18	Carat Australia Pty Ltd	\$21,800.18

TAFE CHOICES CAMPAIGN

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

	Total	Expenditure	Amount
Advertising agencies	\$57,192.51	Rare Pty Ltd	\$57,192.51
Market research organisations	Nil	Nil	Nil
Polling organisations	Nil	Nil	Nil
Direct mail organisations	Nil	Nil	Nil
Media advertising agencies	\$148,150.53	Carat Australia Pty Ltd	\$148,150.53

DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES 2016

As required under the *Disability Services Act 1993*, SM TAFE implemented actions throughout 2016, which supported the strategies in our Disability Access and Inclusion Plans (DAIP). Outlined below are initiatives to address the agency outcomes to ensure that SM TAFE's services, facilities and information are accessible and inclusive.

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

- Information and resources for accessible events were made available for staff on the intranet site.
- Promotion of and expansion of the Disabled Australian Apprentice Wage Scheme (DAAWS program) to accommodate greater numbers of requests for support from apprentices and trainees with a disclosed disability.

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

- Campus management is represented on the DAIP Committee and provides regular updates on building and facilities access.
- Substantial progress on the building of the Murdoch Campus extension which will contain an inclusive and accessible Student Services hub providing a holistic range of support services.

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

- The website upgrade was completed with key web development staff trained in applying the Web Content Accessibility Guidelines (WCAG) 2.0 during the process.
- Provision of voluntary small group-based specialised IT support to students with disability.

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

- Upskilling of lecturers in a range of business technology tools including Skype, video-conferencing and FaceTime.
- Capacity building by supporting staff to undertake external training in areas such as digital accessibility and disability-specific content, such a working with students on the autism spectrum.

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

- The current complaints management procedure is a transparent and user-friendly best practice model providing all students with an efficient feedback mechanism.
- Students with disability have the opportunity to discuss concerns or grievances with Student Support Advisors, in a confidential setting and receive assistance with taking steps to resolve issues.

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

- Ongoing general surveying of students include State student satisfaction surveys, AQTF learner surveys and disability support effectiveness surveys.
- Student Support Services (disability) regularly engages with agencies that support people with disability on education and training matters, such as the National Disability Co-ordination Office, the NDIS, Disability Employment Services, mental health support services and a range other services for people with disability in the community.

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

- The numbers of employees with a disclosed disability is monitored in order to inform HR strategies and practices.
- The provision of information and support to managers to assist them in employing people with a disability. An example of this is the availability of the Employee Assistance Program to assist employees who are experiencing mental health or emotional difficulties.

RECORDKEEPING PLAN

Under the *State Records Act 2000*, all government agencies are required to have a record keeping plan. SM TAFE's interim record keeping plan was submitted to the State Records Commission during 2016. A new recordkeeping system database is due for implementation during 2017, at which time a new five-year recordkeeping plan will also be developed for submission to the State Records Commission.

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

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

FREEDOM OF INFORMATION

SM TAFE did not receive any FOI requests during this reporting period.

GOVERNMENT POLICY REQUIREMENTS

Equal Employment Opportunity and Diversity

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

SM TAFE continues to work to create a workforce that matches the diversity in the WA community. SM TAFE promotes a work environment that is inclusive and free from discrimination in accordance with its obligations under Part IX of the *Equal Opportunity Act 1984*.

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

	SM TAFE	WA public sector
Aboriginal people representation	1.2%	2.7%
People with culturally diverse background representation	15.6%	12.5%
People with disability representation	2.5%	2.0%

Compliance with Public Sector Standards and Ethical Codes

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

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

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

Compliance Category	Result
Public Sector Standards in Human Resource Management	No breaches were lodged
Public Sector Standards in Human Resource Management	No breaches were lodged
SM TAFE Code of Conduct	No breaches of the Code of Conduct found

Employee Assistance Program

SM TAFE is committed to maintaining a safe and healthy work environment. As part of this commitment, the college values the importance of the contribution of its staff. When staff are experiencing work-related and personal or health problems, it may affect their work performance as well as their quality of life and general sense of wellbeing.

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

Occupational Safety, Health and Injury Management

COMMITMENT TO OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

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

MECHANISM FOR CONSULTATION

SM TAFE supports the formation of safety and health committees across the organisation. In 2016, 11 committees represented the major campuses. They were comprised of 109 elected safety and health representatives as well as management representatives. The committees meet bimonthly to address local issues, review incident and hazard reports along with reported accidents.

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

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

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

COMPLIANCE WITH INJURY MANAGEMENT REQUIREMENTS

SM TAFE supports and promotes the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*. SM TAFE has worked and will continue to work closely with our insurer and vocational rehabilitation providers to develop and manage return to work strategies that ensure injured employees return to the workplace as quickly and successfully as possible.

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

OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT SYSTEM

SM TAFE is committed to maintaining a high level of safety within the work environment. A robust system of safety committees at both the worksite and senior management level exists across the organisation to ensure safety outcomes are achieved. Following the amalgamation of Polytechnic West and Challenger Institute, the SM TAFE OSH team will continue to ensure uniformity is applied across all sites in the field of safety and as part of this process, provide up-to-date policies and procedures which cover the entire organisation. Once all safety related practices are uniform, an independent audit will be undertaken to assess the organisation against the WorkSafe Plan.

Measure	Actual results		Results against targets	
	2015 *	2016	Target	Comment on Result
Number of fatalities	N/A	0	Zero (0)	Target achieved
Lost time injury and/or disease incidence rate	N/A	0.57	Zero (0) or 10% reduction on the previous year	This is the first reporting year for SM TAFE however the reported figure is deemed acceptable
Lost time injury severity rate	N/A	25	Zero (0) or 10% reduction on the previous year	This is the first reporting year for SM TAFE however the reported figure is deemed acceptable
Percentage of injured workers returned to work within (i) 13 weeks and (ii) 26 weeks	(i) N/A (ii) N/A	(i) 100% (ii) 100%	Greater than or equal to 80% return to work within (i) 13 weeks and (ii) 26 weeks	Target achieved on both measures
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	N/A	N/A	Greater than or equal to 80%	Due to the amalgamation of Polytechnic West and Challenger Institute of Technology to form SM TAFE, no specific Manager safety training has been undertaken in 2016. Both organisations have previously provided training to their managers in preceding years. This will be provided in 2017

* Due to the amalgamation of Polytechnic West and Challenger Institute in April 2016, figures for 2015 cannot be provided to enable comparisons.

Section 40 Estimates for 2017

In accordance with section 40 of the Financial Management Act 2006 and Treasurer's Instruction 953 the annual estimates for the 2017 financial year are hereby included in the Annual Report. These estimates do not form part of the financial statements and are not subject to audit.

South Metropolitan TAFE 2017 S40 SUBMISSION Statement of Comprehensive Income

	2017 Estimate \$
COST OF SERVICES	
Expenses	
Employee benefits expense	117,905,232
Supplies and services	23,824,319
Depreciation and amortisation expense	8,504,445
Finance costs	
Grants and subsidies	270,670
Loss on disposal of non-current assets	228,194
Cost of sales	307,757
Other expenses	14,784,768
Total Cost of Services	165,825,385
Income	
Revenue	
Fee for service	26,886,399
Student charges and fees	27,901,826
Ancillary trading	1,169,474
Sales	531,863
Commonwealth grants and contributions	5,925
Interest revenue	1,150,000
Other revenue	4,090,946
Total Revenue	61,736,433
Gains	
Gain on disposal of non-current assets	16,151
Other gains	
Total Gains	16,151
Total income other than income from State Government	61,752,584
NET COST OF SERVICES	(104,072,801)
INCOME FROM STATE GOVERNMENT	
State funds	92,896,000
Assets assumed/(transferred)	0
Resources received free of charge	3,893,555
Royalties for regions	
Total income from State Government	96,789,555
SURPLUS (DEFICIT) FOR THE PERIOD	(7,283,246)
OTHER COMPREHENSIVE INCOME	
Changes in asset revaluation reserve	
Gains/(losses) recognised directly in equity	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(7,283,246)

South Metropolitan TAFE 2017 S40 SUBMISSION STATEMENT OF FINANCIAL POSITION

	2017 Estimate \$
ASSETS	
Current Assets	
Cash and cash equivalents	31,179,594
Restricted cash and cash equivalents	0
Inventories	81,424
Receivables	3,869,754
Other current assets	2,596,602
Other financial assets	
Non-current assets classified as held for sale	
Total Current Assets	37,727,374
Non-Current Assets	
Restricted cash and cash equivalents	1,186,798
Inventories	
Receivables	
Property, plant and equipment	298,553,569
Intangible assets	84,690
Other non-current assets	
Total Non-Current Assets	299,825,057
TOTAL ASSETS	337,552,431
LIABILITIES	
Current Liabilities	
Payables	3,631,641
Borrowings	
Amounts due to the Treasurer	
Provisions	21,740,247
Other current liabilities	4,020,406
Liabilities directly associated with non-current assets classified as held for sale	
Total Current Liabilities	29,392,294
Non-Current Liabilities	
Payables	
Borrowings	
Provisions	6,807,756
Other non-current liabilities	
Total Non-Current Liabilities	6,807,756
TOTAL LIABILITIES	36,200,050
NET ASSETS	301,352,381
EQUITY	
Contributed Equity	312,465,965
Reserves	
Accumulated surplus/(deficiency)	(11,113,584)
TOTAL EQUITY	301,352,381

South Metropolitan TAFE 2017 S40 SUBMISSION STATEMENT OF CASH FLOWS

	2017 Estimate \$
CASH FLOWS FROM STATE GOVERNMENT	
State funds	92,896,000
Capital contributions	
Special purpose grant/cash transferred from DTWD	
Royalties for Regions	
Net cash provided by State Government	92,896,000
Utilised as follows:	
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Payments	
Employee benefits	(118,900,744)
Supplies and services	(20,879,078)
Finance costs	0
Grants and subsidies	(270,670)
GST payments on purchases	(13,342)
GST payments to taxation authority	0
Cost of goods sold	
Other payments	(14,657,870)
Operating Receipts	
Fee for service	27,006,399
Student fees and charges	27,671,940
Ancillary trading	1,169,474
Commonwealth grants and contributions	132,374
Interest received	1,179,404
GST receipts on sales	121,257
GST receipts from taxation authority	0
Sale of Goods	
Other receipts	3,555,490
Net cash provided by/(used in) operating activities	(93,885,366)
Net operating cash flows	(989,366)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of non-current physical assets	16,151
Purchase of non-current physical assets	(2,211,292)
Purchase/Sale of Investments	
Investments in other current financial assets	
Net cash provided by/(used in) investing activities	(2,195,141)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from borrowings	
Repayment of borrowings	
Other proceeds	
Other repayments	
Finance lease repayment of principal	
Net cash provided by/(used in) financing activities	0
Net increase/(decrease) in cash held and cash equivalents	(3,184,507)
Cash and cash equivalents at the beginning of the period	35,550,899
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	32,366,392

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