



NORTH METROPOLITAN TAFE

ANNUAL REPORT

2019

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Letter to the Minister

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

In accordance with the requirements of Section 54 of the Vocational Education Training Act 1996 and Section 61 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament, North Metropolitan TAFE's Annual Report for the period 1 January to 31 December 2019.



**Emeritus Professor
Bill Loudén AM**
Chair, Governing Council
4 March 2020



Michelle Hoad
Managing Director
4 March 2020

Executive Summary

Message from the Chair and Managing Director

Contributing to the *WA Government's Sharing Prosperity, Plan for Jobs*, the *State Training Plan* and *Diversify WA*, North Metropolitan TAFE's training ensures our students are job-ready now and well prepared for jobs of the future.

In 2019, the College explored a range of global mega trends predicted to affect the jobs of the future, including industry 4.0, sustainability, technological disruption and the ageing population. This analysis led to the development of a number of new course offerings designed in collaboration with industry to inspire prospective students to pursue new and emerging career options.

Strategic flagship areas of mining, aged care and disability, cyber security and civil infrastructure to support METRONET were prioritised in the allocation of resources for investment in innovative and contemporary facilities. STEM was also in focus, with robotics in particular, with the introduction of a new Integrated Digital Technologies qualification for school leavers and the opening of our Cyber Security Training Centre within the Joondalup Innovation Hub.

Building and maintaining strong relationships with enterprise, industry and community groups underpins College training activity. Some of our leading industry partners in 2019 included Roy Hill, Hall & Prior Aged Care Group, Western Power, Horizon Power and the WA Police Force.

Capital works projects included the development of a Wellness Centre at our Joondalup (McLarty) campus, trade workshop extension at the Clarkson campus and redevelopment of the rooftop courtyard at our Perth campus.

As an organisation, we have supported the diverse students and staff we represent by hosting and celebrating events such as International Women's Day, Harmony Day, Pride and NAIDOC Week, and walked alongside thousands in the Perth CBD Walk for Reconciliation.

With the support of the Hon. Sue Ellery MLC, Minister for Education and Training, we continue to be guided by a committed Governing Council who contribute their industry expertise and knowledge to enhance the quality of our training and service delivery.

The aspiration of our students, graduates and award winners is what motivates our lecturing and support staff to come to work every day and this year's success was built on and reinforces their hard work and dedication.



**Emeritus Professor
Bill Loudén AM**
Chair, Governing Council
4 March 2020



Michelle Hoad
Managing Director
4 March 2020

College Highlights



Delivered 8.4 million State funded Student Curriculum Hours (SCH).



Achieved an 83.5% Overall Student Satisfaction Rating.



Cyber Security Training Centre (Joondalup campus) opened to assist in closing the cyber skills gap. The centre is within the Joondalup Innovation Hub, with neighbouring partners including ECU, AustCyber, City of Joondalup and the WA Police Force.



METRONET Trade Training Centre (Midland campus) announced to equip local workers to build the next generation of METRONET railcars.



A Wellness Centre was developed at the Joondalup (McLarty) campus to provide a simulated work environment for health students to provide a range of services to seniors and people with a disability.



Provided more than 300 traineeships to Roy Hill employees to prepare them for jobs as vehicle and equipment operators, mineral processing and port operations.



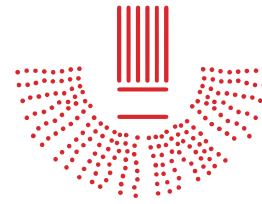
Partnered with Western Power and Horizon Power to upskill workers to meet the demands of an energy renewable future for WA.

Student and Staff Highlights



WA Training Awards 2019

- Anthony Di Cristofaro (Carpentry & Joinery) – WA Apprentice of the Year;
- Tiffany Heelan (Sport & Recreation) – WA School-based Apprentice of the Year; and
- Dushica Poposki (Enrolled Nursing) – WA International Student of the Year.



Australian Culinary Federation's National Apprentice Competition 2019

- Silver: Tayla Hinkley-Martin (White Salt);
- Bronze: Zachery Tholen (Hospitality Group Training / Shorehouse); and
- Merit: Nethipan Taienthong.



WorldSkills Australia

- Two female apprentices Justine Clements and Holly Spence took out the top two spots in the plumbing and heating category of the Regional Competition.
- North Metropolitan TAFE students achieved 12 Gold, 14 Silver and 12 Bronze medals.
- Wall and floor tiling lecturer Ron Simeon achieved the WorldSkills Australia Lifetime Achievement Award and WorldSkills International Certificate of Merit.
- Head of Programs Ian Wright was inducted into the WorldSkills WA Hall of Fame.



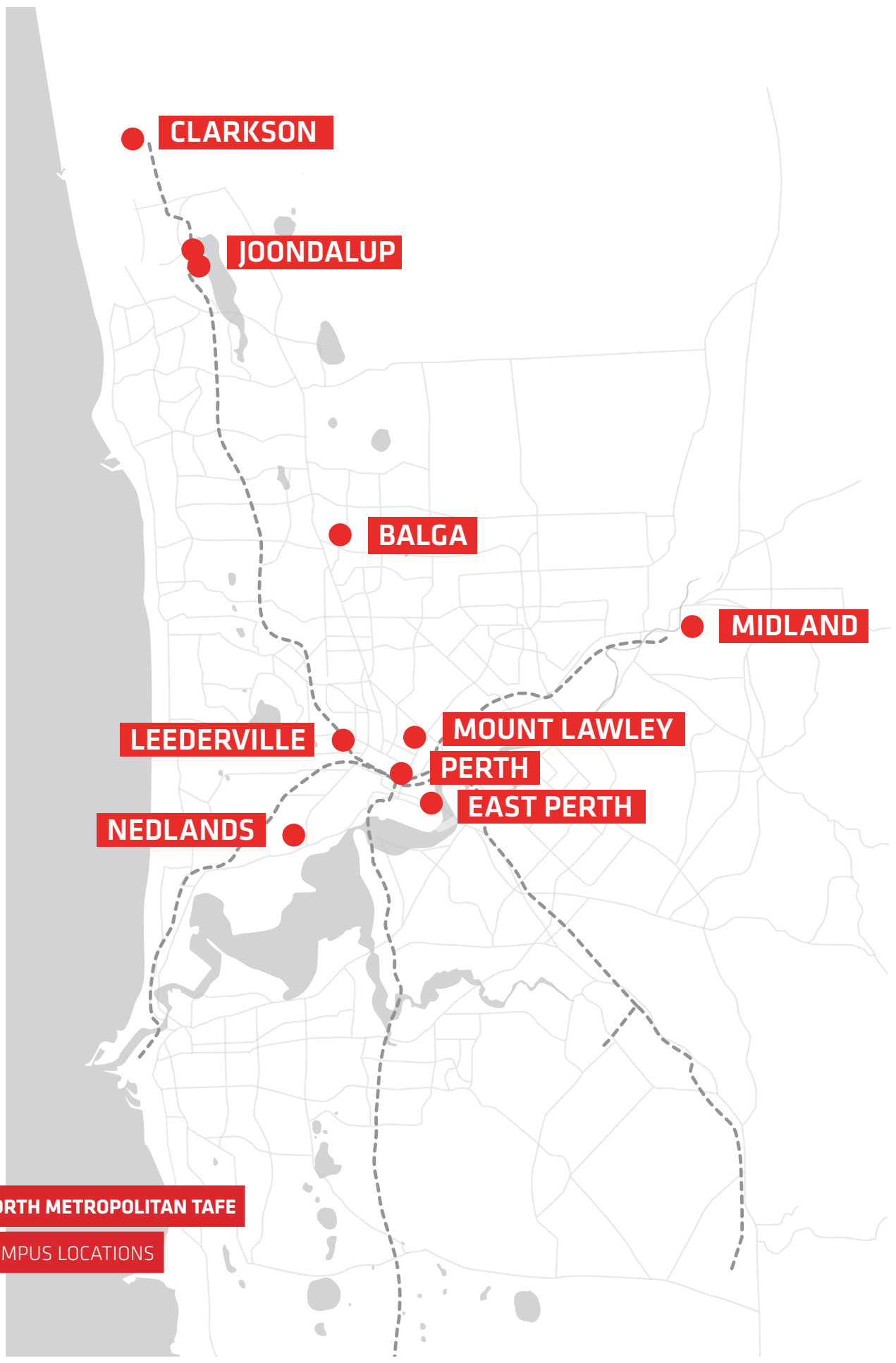
Council for International Students of WA (CISWA)

Residential building drafting student Flavia Azevedo was named 2019 WA International VET Student of the Year.



Cyber Security achievements

- Winner: Australia HackSmith 24-hour competition - Ben Armstrong and Jett Potter
- Finalists: 2019 WA Cyber Security Awards 'Outstanding Student of the Year' – Tiffany Gibbs and Matthew Dockrell
- Finalists: 2019 WA Cyber Security Awards 'Educator of the Year'



NORTH METROPOLITAN TAFE

CAMPUS LOCATIONS

About North Metropolitan TAFE

North Metropolitan TAFE has 10 campuses across the greater north and north eastern metropolitan regions of Perth, offering over 350 training products, ranging from Certificate I to Higher Education qualifications, providing education and training choices to our customers.

Working with industry and employers, the College uses its knowledge and understanding of changing business models and contemporary training techniques to provide solutions to meet the current and future skill requirements of individuals, enterprise and the community.

Our three Jobs and Skills Centres provide individuals, enterprise and industry with professional and practical support on training and employment opportunities via one-on-one and group careers advice, apprenticeship information and accredited/non-accredited training options.

Throughout the College training delivery has been aligned to address skill shortages to provide skills for future jobs to support the WA Government's Our Priorities: *Sharing Prosperity; Plan for Jobs; the State Training Plan and Diversify WA* by:

- Providing pre-trade, trade, technician and para-professional level vocational training to industry and enterprise that align to their operational and professional development requirements. By adding to existing offerings in 2020, the College will be able to support the specific and varied skill needs of various sectors, including training to meet the skill requirements for METRONET.
- With the aid of our Age and Disability Industry Advisory Board providing strategic direction for future training delivery, the College continues to strengthen existing links with industry, local governments and disability and aged care service providers. The College is also in the process of developing a Wellness Centre at the McLarty Campus.
- The development and delivery of targeted skills sets and qualifications in automation, virtual and augmented reality, robotics and cyber security, particularly targeting the growth industries and businesses of the Northern corridor of Perth.

Our mission and values

At NMTAFE our mission is to nurture participation, employability, productivity and aspirations for our learners, our industry and our community. We are driven by our **transforming lives; strengthening industry and community**.

Our six values reflect our determination to ensure best practice and leadership across the VET sector.

Respect

We treat one another fairly and with courtesy while acknowledging the right of each person to hold different or opposing views.

Accountability

We accept personal accountability for our actions and decisions, demonstrating social, financial and environmental responsibility to stakeholders.

Integrity

Our interactions with others are based on honesty and trust motivated with their best interests at heart.

Innovation

We aspire to deliver best practice in everything we do for the benefit of our students and industry.

Student centred

Our students are our reason for being hence we place their best interests at the centre of our decision making and service delivery.

Professionalism

We willingly share our knowledge, reflect on our performance and strive to continuously improve how and what we deliver.

Operational Structure

The Ministerial appointments to the College's Governing Council took place in July, 2019. We are pleased to announce that Dr Craig McLure was reappointed as a member.

Governing Council Members



Professor Bill Loudon (Chairperson)

Bill is Emeritus Professor of Education at the University of Western Australia where he was Senior Deputy Vice-Chancellor and Dean of Education. He has served as chair and board member of state and national statutory authorities responsible for curriculum, assessment and professional standards and led many government reviews and inquiries.



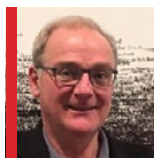
Ms Karen Jamvold (Deputy Chair)

Karen has a career spanning over 20 years in education and training, having held senior management roles within State Government at SES level, the university sector, private enterprise internationally and the VET private provider system. Previous roles have included Director of Apprenticeships and Traineeships; Director of Vocational Education and Training Centre in Kalgoorlie and Executive General Manager Workforce Development China. Karen is currently on the Steering Committee of the Girls Academy Giving Circle working philanthropically with Role Models and Leaders Australia to assist young Aboriginal girls continue their education within high school and pathway to a career.



Professor Arshad Omari

Arshad is the Senior Deputy Vice-Chancellor of Edith Cowan University. Arshad has extensive experience in tertiary education and holds Bachelor of Architecture and Doctor of Philosophy degrees from the University of Western Australia.



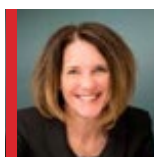
Mr Graham Droppert

Graham is a barrister at Albert Wolff Chambers. He is the former Deputy Chair of the Moerlina School Council and Honorary Consul-General for Bangladesh. Graham was the chair of West Coast Institute before the formation of North Metropolitan TAFE.



Ms Mara West

Mara is presently a coordinator, Kulungu Aboriginal Research Development Unit with the Telethon Kids Institute. She has extensive knowledge of education and training for Aboriginal people having worked in this area in the resources and government sectors. She is the chairperson of the Aboriginal Employment, Education and Training Committee for North Metropolitan TAFE.



Ms Dianne Bianchini

Dianne has had an extensive career in health and community services. She is presently building capacity and reform in primary care working for the WA Primary Care Alliance. Previous positions include the Chief Health Professions Officer, clinical planning and reform involving strategic planning for the future health workforce for the WA Department of Health. Dianne is a recognised leader and manager with a background in social work and community sector governance.



Dr Craig McLure

Craig is the Grain Technology Manager at CBH Group. Craig's professional career spans the academic, biotechnology and telecommunications industries and he has extensive experience in Strategy, Transformation, Innovation and Governance. Craig holds a PhD from the University of Western Australian and an MBA from Melbourne Business School and is also serving as a current board member of Holy Rosary Primary School, Doubleview.



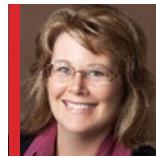
Ms Cheryl Robertson

Cheryl is currently the WA State Director of Microsoft and has experience in several fields including Executive Leadership, Executive Management, Management Consulting, Business Development and Strategy. She has previously held Senior Management and leadership positions with other National and Multinational ICT companies and has worked with Start-ups, SME's and has owned and operated her own IT and Management Consulting business. She is an experienced board director and a Fellow of the Australian Institute of Company Directors. Cheryl holds multiple board positions and has held several advisory positions with the Australian and WA Government, and across the IT Industry. Cheryl is passionate about lifelong learning and ensuring a rich culture of Diversity and Inclusion.



Mr Adam Sofoulis

Adam is presently the General Manager, Group Accounting of Wesfarmers Limited and is a Fellow of the Chartered Accountants Australia and New Zealand. Adam has previously held senior roles within the Office of the Auditor General of Western Australia and Deloitte. Adam has been a member of the North Metropolitan TAFE's Finance and Audit Committee since its inauguration and prior to that was a member of Central TAFE's Finance and Risk Management Committee.



Mrs Meryl Jones

Meryl has been a member of the Western Australian resources industry for over 30 years, holding various positions in the fields of geology, land management and financial evaluation. Meryl is currently Principal Business Development with St Barbara Ltd, an ASX200 listed gold company. Meryl's passion is resources education as it relates to talent pipeline and she is an Executive Director for Earth Science Western Australia and the Founder and Patron of Get Into Resources Inc.



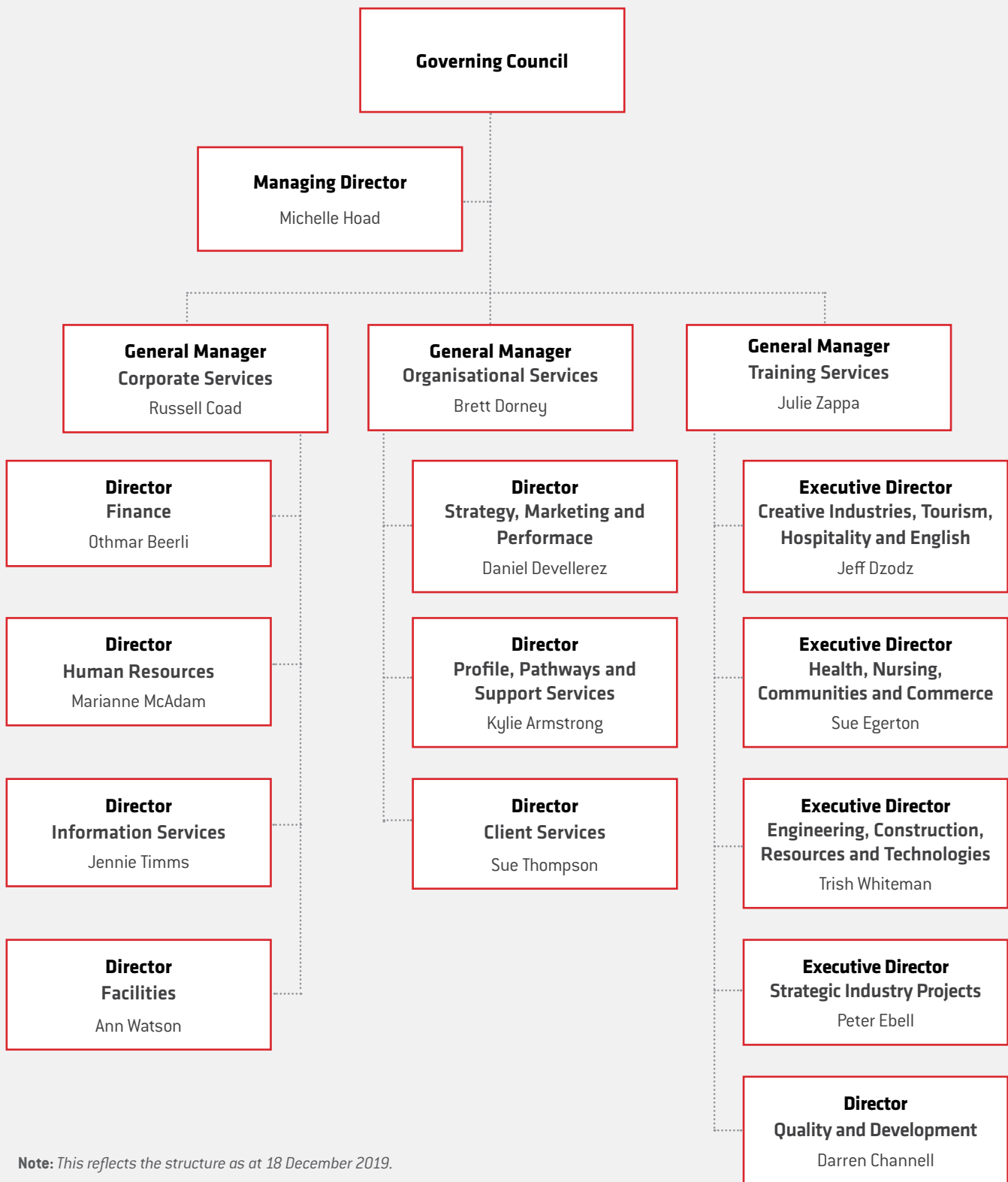
Michelle Hoad

Michelle is an ex-officio member of the Governing Council by virtue of her position as Managing Director of North Metropolitan TAFE. Over the last 20 years Michelle has held a number of senior roles in the vocational education and training sector. Michelle has worked with diverse client groups in regional and metropolitan Western Australia, collaborating across government and the private sector to maximise training opportunities and outcomes.

Organisational Structure

Responsible Minister

North Metropolitan TAFE is responsible to the Hon. Sue Ellery MLC, Minister for Education and Training.



Note: This reflects the structure as at 18 December 2019.



CYBER SECURITY STUDENTS

JOONDALUP (KENDREW) CAMPUS

Performance Management Framework

The Government Goal: *Future Jobs and Skills: Grow and diversify the economy, create jobs and support skills development*, reflects the College's strategic and operational focus.

Our vision of 'Transforming lives; strengthening industry and community' recognises that we foster prosperity for individuals, as well as enterprise and community. To fulfil our vision, we aim to nurture participation, improve employability, contribute to productivity and build the aspirations of our learners, industry and the community.

To enable the College to transform lives we:

1. Delivered nationally accredited training courses and industry focused skill sets;
2. Supported industry and enterprise with a focus on increasing apprenticeship and traineeship training;
3. Developed partnerships with industry and employers;
4. Assisted people to access training with the provision of foundation and access programs; and
5. Provided a one-stop-shop for career, training and employment services, via Jobs and Skill Centres.

In addition, the College:

- Measures outcomes of stakeholder satisfaction and successful training for individuals and industry by effectiveness indicators;
- Manages its resources effectively to enable the provision of vocational education and training. This is measured by efficiency indicators and
- Measures effectiveness and efficiency. These indicators can be found in the Key Performance Indicator section of this report.

Outcome Based Management Framework

The outcome-based management framework did not change during 2019.

Shared Responsibilities with Other Agencies

North Metropolitan TAFE does not share any responsibilities with other agencies. However, the College works in collaboration with other government agencies to ensure the State Government responsibilities and priorities are met.

Performance

An abstract graphic featuring a dense collection of white line-art icons on a solid red background. The icons represent various concepts related to performance, education, and technology, including open books, human profiles with gears inside their heads, thumbs-up gestures, target symbols, brains, and interconnected nodes. Small white plus signs and dots are scattered throughout the composition, adding to the dynamic feel.

In 2019 the College delivered a total of 10,545,031 student curriculum hours (SCH) to over 30,000 students in the 2019 academic year.

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

State Government subsidised training saw 8,446,292 SCH delivered and 2,078,739 SCH in non-profile delivery.

State priority delivery

Outlined below in Table 1 are the achievements of the College in terms of performance against the original contract targets of SCH in the 2019 Delivery Performance Agreement (DPA).

Table 1: State priority delivery

Training Priority	Original Target	Actual	%
Apprenticeship	691,376	625,073	90.4%
Traineeship	194,854	149,507	76.7%
Employment Based Training (EBT) Sub-total	886,230	774,580	87.4%
Priority Industry Training	2,836,151	2,218,149	78.2%
General Industry Training	4,877,619	5,473,563	112.2%
Total	8,600,000	8,466,292	98.4%

Employment Based Training¹

Delivered 774,580 SCH to Employment Based Training (EBT) students representing a 87.4 % achievement of the original benchmark. There was a decline in EBT SCH achievement compared to 2018, which is comparable with the decline in EBT contracts across the state².



91.6% Student Satisfaction Rate for employment based students.

The following initiatives were achieved in 2019 to support employment-based training:

- Products and courses were reviewed to ensure changes to industry requirements were being met;
- The alignment of facilities and training environments to reflect current industry practice;
- The delivery of training to enterprise in a time and format that fits with their daily operations;
- Increased collaboration with the Jobs and Skills Centres to support industry with apprentices and trainees;
- The delivery of personalised mentoring guidance to at risk apprentices who identified as needing extra support; and
- A partnership with Roy Hill to meet mining skill demands. More than 300 Roy Hill employees commenced traineeships in Surface Extraction Operations and Resource Processing to prepare them for job roles including mobile plant operators, mineral processing operators and port operators.

¹ Employment-based training combines employment with training. Employment-based training in the public sector comprises four categories: traineeships, apprenticeships, cadetships and graduate programs.

² <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/apprentices-and-trainees-2019-june-quarter-australia>

Priority Industry Training¹

North Metropolitan TAFE delivered 2,218,149 SCH in priority industry training, achieving 78.2% of the delivery target, based on the original Delivery Performance Agreement.

The following initiatives were achieved in 2019 to support priority industry training:

- Increased collaboration with employers/industry to support them in achieving their business and workforce objectives;
- A professional development program at Braemar Presbyterian Care to build the capacity and capability of its aged care workforce;
- A partnership with Hall and Prior to develop a recruitment pool of highly trained potential aged care workers to meet the needs of Australia's ageing population. Staff complete two direct client care qualifications, attending the College one-day a week and a Hall & Prior home two-days a week to practice their skills;
- Worked with Western Power and Horizon Power to prepare its workforce for new energy technology projects in regional WA. Western Power and Horizon Power staff participated in a new training program to gain skills and knowledge about Stand-alone Power Systems (SPS) in a hands-on, practical setting at our East Perth campus; and
- The development of new qualifications and training facilities to support training in Cyber Security, the Age and Disability sector and skill requirements in response to METRONET.

General Industry Training

North Metropolitan TAFE delivered 5,473,563 SCH in general industry training, achieving 112.2% of the delivery target, based on the original Delivery Performance Agreement.

The following initiatives were achieved in 2019 to support general industry training:

- The introduction of skill sets that aligned with requirements of emerging industries and innovation that meets the changing needs of industry; and
- Commenced development and delivery of targeted skills sets and qualifications in automation, virtual and augmented reality, robotics and cyber security.

¹ Priority industry training are qualifications that are aligned with skilled occupations in high demand across Western Australia. These qualifications are on the *State priority occupation list* (SPOL). The SPOL is a list of occupations rated according to their priority status for Western Australia.



KOOLARK

ABORIGINAL AND TORRES STRAIT ISLANDER STUDENT SUPPORT CENTRE

The following activities were undertaken in 2019 to support objectives of training for Aboriginal and Torres Strait Islanders and people with Disability and Youth:

Aboriginal and Torres Strait Islanders – Aboriginal Training Plan Outcomes

Delivered 136,433 Student Curriculum hours (SCH) to 387 students who identified as Aboriginal and/or Torres Strait Islander.



90.5% Student Satisfaction Rate

There was a 2.3% increase in SCH delivery to Aboriginal and/or Torres Strait Islander students and 16.2% increase in the number of students compared to 2018.

156 Aboriginal and/or Torres Strait Islander students completed a Certificate II or above, representing an 130% achievement against the benchmark.

In consultation with the Aboriginal Employment Education Training Committee (AEETC), the College's annual Aboriginal Training Plan drives the promotion of training opportunities to the local Aboriginal community.

Throughout 2019, the College aimed to increase the number of Aboriginal and Torres Strait Islander:

1. Students undertaking training in a way that enhances their learning and employment outcomes;
2. Employees across all areas of the College; and
3. Jobseekers accessing culturally aware career advice and employability support through the Jobs and Skills Centre.

North Metropolitan TAFE was committed to developing new partnerships with Aboriginal and Torres Strait Islander businesses and organisations, by collaborating with industry, and promoting employment based training and graduate employment opportunities.

Fifteen (15) students completed the Aboriginal Police Cadet Program (Cert II General Education for Adults) which is the first step on their career pathway as fully sworn in Police Officers. Students participating in the program were from metropolitan and rural/remote WA.

The Matera Foundation established a program for sustainable career pathways for long-term unemployed Aboriginal and Torres Strait Islander people. The Pathways to Employment Program which is delivered to a select 20 people every 8-weeks out of the College's Koolark Centre was designed to address the key barriers and behaviours that prohibit jobseekers from transitioning from simple entry-level jobs into career pathways. The first program delivered in collaboration with the College resulted with 15 out of 19 students progressing to employment outcomes.

North Metropolitan TAFE continued to provide resources and support services to Aboriginal and Torres Strait Islander students on all College campuses. The two main centres are based at the Perth campus (Koolark Centre) & the Joondalup (Kendrew) campus (Yellagonga Centre).

Services at all campuses include:

- Mentoring and support services;
- Advice on courses and scholarships;
- Study facilities and study groups;
- Community information and orientation sessions;
- Access to Aboriginal specific educational programs;
- Pathways to higher education;
- Opportunities for non-Aboriginal students to enhance their professional knowledge and cultural competence;
- Promoting and delivering student support and courses through a variety of media and activities;
- Celebrating Aboriginal students and their achievements;
- Conducting community events such as NAIDOC Week;
- Involving Aboriginal organisations and services as guest speakers in the delivery of Aboriginal cultural content; and
- Providing access for industry funded sponsorship to support students' course fees.

The academic areas and the Koolark Centre worked together to develop opportunities for Aboriginal students to access work experience as part of their training. An example of this includes two students who participated in work-based training throughout the year as part of their traineeship with South Metropolitan Youth Link (SMYL).

North Metropolitan TAFE continued to implement activities that ensured all campuses are a welcoming place that embrace the Aboriginal community and its culture. For example, the College celebrated NAIDOC Week with events held at Joondalup (Kendrew), Midland and Northbridge campuses. The events included guest speakers and activities to celebrate the history, culture and achievements of Aboriginal and Torres Strait Islander people. Staff also participated in the Walk for Reconciliation event along with various other organisations.

Cultural Matters, a cultural awareness training program developed by the College, continued to be delivered to all academic areas across and resulted in increased levels of workforce cultural competency.

The College's Aboriginal Student Mentors supported academic areas with the delivery of Aboriginal and Torres Strait Islander content within a variety of training packages across the college.

The Koolark Centre and the Community Services portfolio supported the Wirrpanda Foundation through the delivery of a CHC32015 Certificate III in Community Services based at the home of the West Coast Eagles Football Club, Mineral Resources Park in Lathlain.

The College initiated discussions for the development of an Aboriginal Pre-Employment Pathway program with Alstom – the rolling stock and maintenance contract winner of METRONET. The program, due to commence in 2020, is a three-step pathway with the College delivering all aspects of training with wrap around support from Mentors and Tutors to ensure individual success in the program.



DISABILITY SERVICES

SENIOR DISABILITY SUPPORT OFFICER ASSISTING A STUDENT WITH A DISABILITY

Students with a disability - Disability Access and Inclusion Plan Outcomes

Delivered training to 1,629 students with a disability which represented a total delivery of 741,529 SCH across 250 qualifications.

There was a 13.3% increase in SCH delivery to students with a disability and an 11.4% increase in the number of students compared to 2018.

532 students with a disability completed a Certificate II or above, representing an 130% achievement against the benchmark.

87% of students indicating disability, were enrolled in mainstream courses and 13% were enrolled in specialised disability programs at Leederville, Balga and Joondalup campuses.

The number of students registering and accessing support from the disability support services team was 763 students, an increase of 15% over 2018. Increases in the number of students accessing support was predominately at the East Perth, Mt Lawley and Perth campuses.

2019 also saw an increase in Deaf students enrolled in accredited courses at the College with eight (8) Deaf students in Semester 1 and eight (8) students in Semester 2. A specialised English class for Deaf learners was delivered and attended by another eight (8) Deaf students. Taking a proactive response to the increasing number of Deaf students attending the College, a permanent Auslan interpreter has been taken on staff.

Increasing staff awareness has been the focus over the past 12-months with training opportunities offered to College staff to improve their understanding and knowledge of disability. Over 250 staff attended training on the following topics:

- Strategies for supporting students with disability
- Autism Awareness
- Disability Awareness for customer service staff
- Disability Awareness; Engaging students with additional needs
- Mental Health Awareness; Blooming Minds
- Black Dog Institute; Mental Health Presentations
- Accidental counselling training
- Auslan PD
- How to stay mentally healthy



LUNCH WITHOUT LIGHTS

STAFF EVENT HELD TO RAISE AWARENESS FOR VISION IMPAIRMENT

The following overarching strategies and associated tasks, outlined in the College's Disability Access and Inclusion Implementation Plan, were also implemented:

- The eLearning team worked with academic areas on their online learning resources and focused on accessibility, alternative formats, video and audio content;
- The development of Disability Awareness online learning modules, modified for the TAFE environment, were implemented at the College;
- Working towards our website achieving Web Content Accessibility Guidelines 2.1 level AAA. In order to achieve this AAA level a Website Accessibility Business Action Plan has been developed and the College's marketing team will work with the Department of Training and Workforce Development, who play a major role in the development of the College website, to implement the plan;
- The Disability Support team developed an initiative which recognised excellent inclusive practices and outstanding staff. 15 teaching staff were recognised for their commitment to inclusive teaching and assessment practices and were awarded Certificates of Appreciation from the Managing Director;
- Raised awareness about people with disability through a number of events hosted by the College; and
- Equipment was purchased to enable students with a disability to access and participate in training.

“Just come back from the Disability seminar that was held for staff at Leederville and thought I would forward some feedback. The presenters were fantastic. Their presentation was practical and empathetic and hugely insightful. To be honest, I wasn't really that fussed with going to this as I consider myself a little bit of an “expert” in this field – but came away all the better for attending. The buzz outside afterwards was so positive and not one negative word could be said about the morning.”

- NMTAFE staff



LABORATORY TECHNOLOGY

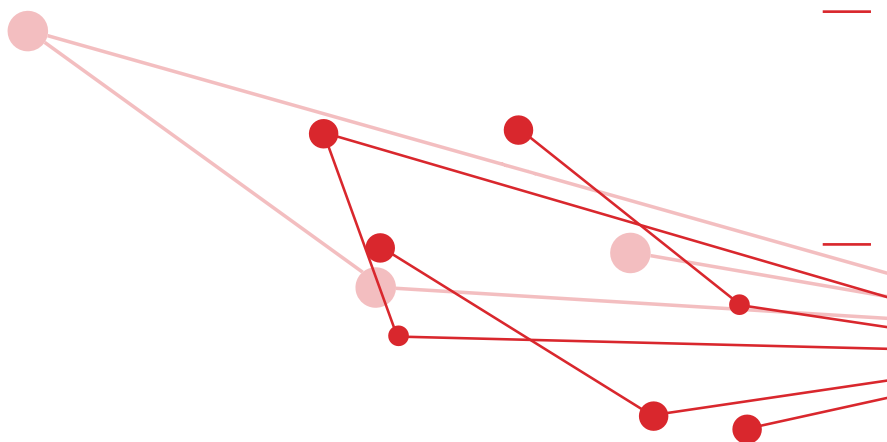
NEWMAN COLLEGE STUDENTS ATTENDING GIRLS IN STEM EVENT

Youth Support Strategies

In 2019 the College delivered training to 11,681 students aged between 15 to 24 years. This represented 4,982,647 SCH, exceeding the original benchmark target of 4,873,059 SCH. There was a slight increase in SCH delivery to students aged between 15 to 24 years compared to 2018.

The following strategies were implemented in 2019 to support youth training:

- The provision of a range of VET delivery to secondary school programs that provide school students with a career training pathway. This included expanding the course offerings, with a focus on qualifications relating to Science, Technology, Engineering and Mathematics (STEM);
- Continued to develop strong partnerships with schools;
- Implemented a marketing campaign, through a variety of mediums for the cohort such as social media and video marketing, to showcase the College's courses, facilities and campus life for school students;
- The commencement of a pre-apprenticeship program in plumbing at the Clarkson campus; and
- Increased student's access to support focusing on literacy and numeracy.



Certificate III and above Training

Delivered 6,730,964 SCH in Certificate III and above.

Outlined below in Table 2 are the achievements for the College against the original 2019 Delivery Performance Agreement (DPA) target of 8,600,000.

Via the September addendum the College took the opportunity to increase its initial target by 287,168 SCH.

Delivery at Qualification level

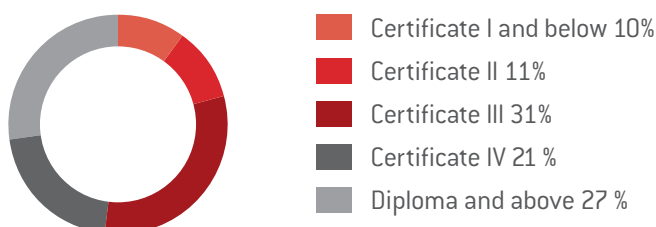


Table 2: Achievement against DPA

Certificate Levels	Original Target	Actual	%
Diploma and above	2,536,281	2,307,172	90.9%
Certificate IV	2,066,513	1,800,838	87.1%
Certificate III	2,608,197	2,622,954	100.6%
Certificate II	775,075	911,990	117.7%
Certificate I and below	613,934	823,338	134.1%
Total	8,600,000	8,466,292	98.4%

Comment: Above is reported against the original Delivery Performance Agreement.

International Delivery – Onshore

In 2019, 1,260¹ international onshore students representing over 75 countries enrolled at the College in a range of VET and higher education courses. There was a slight reduction of international onshore students compared to 2018.

Commonwealth Funded Programs

North Metropolitan TAFE provides the Adult Migrant English Program (AMEP) program, consisting of up to 510 hours of English language tuition to eligible adult migrants and refugees. This program is a major source of the College's non-profile funding.

The program is offered full and part-time across a number of campuses. There are two streams of tuition; pre-employment English stream and social English stream.

A free childcare service is provided by the College for students who have children under school age whilst they are participating at AMEP classes.



2,369

clients participated in AMEP program



403

clients accessed child care provided by NMTAFE

¹ Includes students enrolled in English Language Intensive Course for Overseas Students



Jobs and Skills Centres

Throughout 2019 the College's Jobs and Skills Centres (JSCs) located at the College's Joondalup, Balga and Northbridge campuses continued to make positive connections with their neighbouring communities providing career services to all individuals and engaging with industry.

As a one-stop-shop for career, training and employment advice the JSCs continued to develop new workshop offerings throughout the year, establish connections with key stakeholders, engage with schools throughout the north metropolitan regions and implemented an outreach service to the Midland area.

Services provided to students, jobseekers and career changers included:

- One-to-one career guidance appointments including information about relevant training and courses;
- Assistance with job search, response to selection criteria and resume writing;
- Skills and qualification recognition information; and
- Apprenticeship and traineeship assistance.

All three JSCs continued to provide regular workshops on resume writing, response to selection criteria and interview skills.

Services provided to employers included:

- Apprenticeship and traineeship information including the Employer Incentive Scheme;
- Recruitment assistance via advertising employment opportunities on the Jobs and Skills WA jobs board and Deadly Jobs (Aboriginal specific) website;
- Workforce development advice including relevant training and course information;
- Access to TAFE and school students completing various vocational education and training qualifications relevant to industry; and
- Resources and advice on Aboriginal recruitment and retention strategies.

The JSCs collaborated with the Matera Foundation, David Wirrapanda Foundation and Ebenezer Home to provide a variety of career advisory and employability services to Aboriginal people. Services were provided via workshops and one-to-one sessions to enable individuals to receive relevant information and advice for their specific situation.

The Balga centre commenced outreach delivery to the Midland area, offering services via the College's Midland campus in addition to providing workshops and one-to-one sessions to individuals at the Midland Gate Shopping Centre.

In addition to servicing local community groups and organisations, staff from the JSCs attend career days and expos at over 69 local high schools across the northern suburbs.

As the demand for individual career advisory services continued to grow additional Career Advisors were brought on at each centre to cater for the increased demand. In late November the Joondalup JSC moved into a new office on the Joondalup campus that provided greater access for individuals to the centre.

Significant Issues Impacting the Agency



Apprenticeships and Traineeships

While demand for skilled trades is reasonably strong, enrolment in employment based training continues to be a challenge. Staff throughout the College have been developing strategies and working with Jobs and Skills Centres, businesses and industry to promote apprenticeships and traineeships, particularly in response to skill requirements for METRONET and Allied Health. The announcement of the Lower Fees, Local Skills program aims to make vocational education and training more affordable for students, stimulate training in job growth areas, and support new apprenticeship and traineeship opportunities. NMT is well positioned to respond to the expected growth in demand as a result of its strategic focus on priority skills needs and strengthening links with employers.

METRONET

The College will continue to collaborate with a variety of stakeholders to construct the METRONET Trade Training Centre at the Midland campus. This specialised training facility will be pivotal in meeting the training and skill requirements to support the needs of the rail industry. College staff will develop specific training and workforce development programs to align with a variety of METRONET projects and plans.

International Education

The Western Australian government is seeking to increase WA's market share of international students and establish WA as the leading provider of international education in the Asian region.

North Metropolitan TAFE has had a long history of engagement with international students, both onshore and offshore, and recognises the benefits of expanding its international student numbers.

We continued to develop contemporary and relevant training for onshore students and realign course products to meet international market needs and support the Government and the StudyPerth International Education in Perth Strategy. The College invested significant time and resources in response to an Australian Skills Quality Authority (ASQA) audit, to improve delivery of courses to international students.

The College will continue to engage and respond to opportunities that arise for offshore delivery in the Asian Region by developing and offering products that meet market needs and can be contextualised for local delivery.

Proposed activity in China will focus on the province of Zhejiang with whom Western Australia has a sister-state relationship and where partnerships have been established at a government to government level.

Supporting the development of a strong and diversified economy

Work places and industry are being transformed by an increase in automation and digitalisation as a result of Industry 4.0. In collaboration with industry, College staff regularly refine course content and offerings to ensure that our graduates have the required future-focussed skills and competencies needed in the areas of STEM, big data, automation, digital skills and cyber security. Ongoing evaluation and development of lecturing staff technical capabilities ensures that we are well placed to meet the changing needs of industry and the workforce of the future.

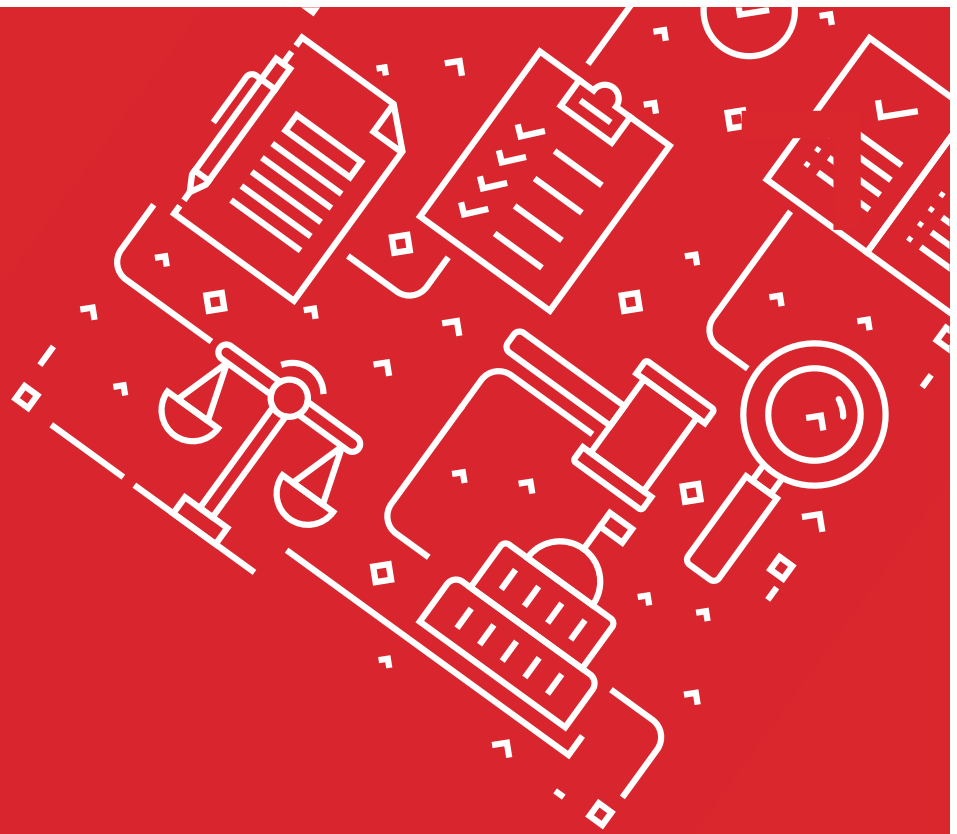
VET Delivery to Secondary Students

Partnerships with schools play a key role in the supply of a skills pipeline for the future. Negotiations between the College and local schools ensures relevant vocational training options are available to school students, with an emphasis on qualifications relating to Science, Technology, Engineering and Maths (STEM) in accordance with the Government's STEM Strategy.

Acknowledging the recommendations in the Joyce Review¹ in relation to a clearer secondary school pathway, the College attended school expos, information evenings and year level presentations. Existing Jobs and Skills Centre activities already contribute significantly to raise the awareness of VET in School programs and post-secondary training pathways throughout the north metropolitan region.

In March 2019, the College was able to assist schools impacted by the cancellation of VETiS Consulting Services registration as a VET private provider. The College considered the individual requirements of each qualification and was able to assist a number of schools and students with 17 qualifications.

1 Strengthening Skills: Expert Review of Australia's Vocational Education and Training System – Joyce Review <https://www.pmc.gov.au/resource-centre/domestic-policy/vet-review/strengthening-skills-expert-review-australias-vocational-education-and-training-system>



Other Legal Requirements

04

Industrial relations

In accordance with the *WA TAFE Lecturers' General Agreement 2017* and the *Public Sector CSA General Agreement 2019*, the Joint Staff Consultative Committee continued to provide opportunity for the discussion of matters that impacted in the workplace and a mechanism for meaningful consultation.

Public Sector Standards and Ethical Codes

North Metropolitan TAFE is committed to ensuring compliance and best practice requirements of the Public Sector Standards in Human Resource Management, the Public Sector Code of Ethics and our Staff Code of Conduct.

As required under Section 31 (1) of the *Public Sector Management Act 1994*, the College complies with the requirements of the Public Sector Standards and the Western Australia Public Sector Code of Ethics.

The College utilised a number of strategies to ensure compliance with the above. Human Resources (HR) policies and procedures were reviewed and information provided to staff concerning the Code of Conduct and HR policies and procedures on commencement and via the intranet.

An online training module was rolled out throughout the College for Accountable and Ethical Decision Making (AEDM). As at 31 December 2019, 99% of permanent and contract staff had completed the training.

Monthly leadership forums consolidated and enhanced the capability of senior leaders to address the unique nature of public administration, embrace the core values of public service and share the service ethos which underpins the work of public servants.

During 2019 two disciplinary matters carried over from 2018 were resolved and ten (10) new disciplinary matters received. Three matters were found to have breached the Code of Conduct and sanctions were applied. Five cases remained unresolved and will carry over to 2020.

Public Disclosures

The Public Interest Disclosure Act 2003 came into effect on 1 July 2003, requiring the College to:

- Facilitate the disclosure of public interest information;
- Provide protection for those making disclosures; and
- Provide protection for those who are the subject of a disclosure.

In accordance with the Act, the College has four Public Interest Disclosure (PID) Officers and has published internal policies and procedures related to its obligations. There were no PID applications received for the reporting period.

Corruption prevention

There were no reported incidents during the reporting period. Throughout the year the College conducted audits of academic areas in relation to procurement and usage of materials to ensure best practice and outcomes in these areas. Ongoing staff training was conducted to increase awareness of obligations to act with integrity via the Accountable and Ethical Decision Making module implemented early in the year. Monthly forums for senior leaders addressed the unique nature of leadership in a public sector environment with a focus on ethics, accountability and integrity.

Recordkeeping Plan

The College continued to implement best practice records management in accordance with the State Records Act 2000. A current approved Sector Wide Record Keeping Plan (RKP) and a draft revised Sector Disposal Authority (SDA) are in place (the Sector Disposal Authority is awaiting submission and subsequent approval from State Records Office).

In 2019 the recordkeeping systems were merged into a consolidated sector wide electronic document and records management system (EDRMS) hosted by Department of Training and Workforce Development. The College maintains a dataset for records created in 2019 and continues to maintain legacy datasets from West Coast Institute of Training and Central Institute of Technology.

The new ELMO HR Training Database was introduced during the year with Record Keeping Awareness Training a key module deployed to all existing staff as 'mandatory' to complete and was included in the induction training for all new staff.

The corporate information team, delivered recordkeeping training to more than 750 staff. The training programs comprised of group presentations, online guides / cheat sheets, and one-to-one training.

Work has commenced on reviewing Information Management Policies and Procedures to ensure the College is meeting its legislative obligations.

Legislative environment

North Metropolitan TAFE complies with the following legislation:

- *Archive Act 1983, Commonwealth*
- *Classification Enforcement Act 1996*
- *Commercial Tenancy (Retail Shops) Agreements Act 1985*
- *Copyright Act 1968, Commonwealth*
- *Corruption and Crime Commission Act 2003*
- *Disability Services Act 1993*
- *Disability Discrimination Act 1992*
- *Disability Standards for Education 2005*
- *Education Service Providers (Full Fee Overseas Students) Registration Act 1991*
- *Education Services for Overseas Students Act 2000, Commonwealth*
- *Electoral Act 1907*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Government Employees Superannuation Act 1987*
- *Higher Education Support Act 2003, Commonwealth*
- *Higher Education Standards Framework (Threshold Standards) 2015*
- *Income Tax Assessment Act 1997*
- *Industrial Relations Act 1979*
- *Library Board of Western Australia Act 1951*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Privacy Act 1988, Commonwealth*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Spam Act 2003, Commonwealth*
- *Standards for Registered Training Organisations (RTOs) 2015*
- *State Records Act 2000*
- *State Supply Commission Act 1991*
- *Statutory Corporations (Liability of Directors) Act 1996*
- *Student Identifiers Act 2014*
- *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*
- *Workplace Relations Act 1996, Commonwealth*
- *Workforce Reform Act 2014*



05

Staff profile

Table 3: Staffing numbers

Staff Profile	2017	2018	2019
Number of permanent, contract staff (Head count)	1300	1320	1276
Number of casual staff	543	422	208
Number of full-time staff (perm and contract)	667	669	844
Number of part-time staff (perm and contract)	633	651	432
FTE for year	1170.8	1139.38	1119.66
Academic Delivery	692.23	678.57	691.22
Corporate Services and Support Services	475.5	456.81	428.44
Unattached/Redeployees	9	4	5

Workforce Data taken from Empower HRMIS

Note: Information provided as at 12th December 2019 for FTE. FTE figures can vary across the year by +/- 10% due to training demand fluctuations.

Equal Employment Opportunity, Equity, Access and Diversity

North Metropolitan TAFE is committed to sustaining a diverse and inclusive workforce in which all employees feel valued and respected. During the reporting period the College met its reporting obligations under equity based legislative and public sector management requirements.

A range of policies and documentation including access to training and development guidelines, access and equity policy, grievance management processes, our Code of Conduct and performance management systems all have equity and diversity principles embedded in their scope.

Our Workforce Plan integrates Equal Employment Opportunity (EEO) management initiatives, with a focus on building meaningful, respectful and mutual relationships with Aboriginal and Torres Strait Islander people and communities. It also incorporates activities to ensure our human resource management practices reflect contemporary approaches to attract and retain a diverse and skilled workforce.

Our Disability Access and Inclusion Plan aims to ensure that people with disability have access to all our services, programs and facilities.

The College has complied with the Public Sector Commission's equity and diversity reporting requirements through the Minimum Obligatory Information Requirements (MOIR).

Substantive Equality

In accordance with the Government's Policy Framework for Substantive Equality, the College has structures in place to monitor policies and processes that impact Aboriginal people, people with disabilities and ethnic minorities. This is undertaken through the roles of our Aboriginal Liaison Officer and Disability Services Officer.

Occupational safety and health and injury management

Committed to the safety and health of our staff and students, the College actively promotes occupational safety and health (OSH) information and systems within the College and provides guidance to staff and students through these systems.

Each of our local level campus-based OSH Committees has an Executive Director or Director as the chairperson, and these committees ensure staff understand their responsibilities and are trained appropriately.

Support is given to staff through the Employee Assistance Program, training opportunities including the Mental Health First Aid Program and the College's Wellness Program.

Formal mechanism for consultation with employees on occupational safety and health matters

During 2019 the College continued to embed a safety culture where individual and collective responsibilities and accountability were integrated into everyday College planning and course delivery. Mandated training for all managers and supervisors was implemented in early 2019 and 100% completed the training. In addition, 97% of all employees completed OSH refresher training.

The local level campus-based OSH Committees (10) met quarterly to discuss and resolve OSH issues, review hazard and incident reports, and evaluate progress against the Campuses' Annual OSH Safety Plan.

OSH Representatives consult with management in the investigation of incident reports and the recommendations for improvement of safety systems within their areas of responsibility and the College in general. OSH Representatives are supported by the College's OSH Team and in conjunction with the local level campus OSH Committees to ensure appropriate numbers and training are maintained.

The College's Strategic OSH Committee met quarterly during the year to identify incident trends and remedial actions, and review budgets and OSH Plans. The Committee includes membership from all local level campus-based OSH Committees, a corporate executive member and several management representatives.

Statement of compliance with injury management requirements of the Workers' Compensation and Injury Management Act 1981 including the development of return to work plans.

North Metropolitan TAFE is committed to providing injury management support to all workers who sustain a work or related injury or illness with a focus on safe and early return to meaningful work. Our injury management system is documented in accordance with the Workers' Compensation and Injury Management Act 1981.

Table 4: OSH performance against targets

Measure	Actual results			Results against Target	
	2017	2018	2019	Target	Comment on Results
Number of fatalities	0	0	0	Zero (0)	Nil
Lost time injury/disease (LTI/D) incidence rate	0	0	0	Zero (0) or 10% improvement on the previous three (3) years	Nil
Lost time injury (LTI) severity rate	50%	53.33%	81.25%	Zero (0) or 10% improvement on the previous three (3) years	Longer recovery time and increase in severe cases for LTI claims caused an increase in LTI % compared to 2018.
Percentage of injured workers returned to work within (i) 13 weeks and (ii) 26 weeks	100%	100%	100%	Greater than or equal to 80% return	Early intervention Vocational Rehabilitation within the first 2 – 5 days has ensured return to work within 13 weeks.
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	90%	7%	100%	Greater than or equal to 80%	Online training was mandated for all staff.

Note 1: Lost time injury or disease incidence rate. The number of lost time injury and/or disease claims lodged where one day or shift or more was lost from work as a factor.

Note 2: Lost time injury severity rate. The number of severe injuries (actual or estimated 60 days or more lost from work) as a factor of the total number of lost time injury and/or disease claims.



Breach of Credit Card use

There were 17 instances during the year whereby staff inadvertently used a College credit card for personal use.

Table 6: Credit Card Breaches 2019

[Reporting Period 1 January to 31 December 2019]

Personal expenditure under Treasurer's instruction 321 'Credit Cards - Authorised Use'

a) the number of instances the WA Government Purchasing Card has been used for a personal purpose;	17
b) the aggregate amount of personal use expenditure for the reporting period;	\$582.28
c) the aggregate amount of personal use expenditure settled by the due date;	\$566.65
d) the aggregate amount of personal use expenditure settled after the period required by paragraph (c);	\$7.00
e) the aggregate amount of personal use expenditure outstanding at the end of the reporting period;	\$8.63
f) the number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	0

Electoral Act 1907 Section 175ZE

Table 7: Expenditure for Advertising and Media Organisations

Class of organisation	Organisation	Amount ex GST
Advertising Agencies	-	-
Market Research Organisations	-	-
Polling Organisations	-	-
Direct Mail Organisations	Mailchimp	\$1,193.34
	Facebook	\$25,313.97
	Google AdWords	\$41,032.23
	Initiative	\$8,310.42
Media Advertising Agencies	Student Edge	\$7,000
	Sensis	\$1,081.74
	Branch Media	\$1,255.50
	Circuit Publication	\$1,800
Total Expenditure		\$86,987.20

Remuneration

Table 8: The individual and aggregate cost of remunerating Governing Council members for North Metropolitan TAFE

Position	Name	Type of remuneration	Period of membership	Gross remuneration
Chair	Emeritus Professor William Loudon AM	Per Annum	1/07/2018 – 30/06/2021	\$24,818.56
Deputy Chair	Ms Karen Jamvold	Per Annum	1/07/2018 – 30/06/2021	\$1,581.54
Member	Professor Arshad Omari	Per Annum	1/07/2018 – 30/06/2021	\$1,681.92
Member	Mr Graham Droppert	Per Annum	1/07/2018 – 30/06/2021	\$2,102.40
Member	Ms Mara West	Per Annum	1/07/2018 – 30/06/2021	\$1,261.44
Member	Ms Dianne Bianchini	Per Annum	1/07/2018 – 30/06/2021	\$1,681.92
Member	Dr Craig McLure	Per Annum	1/07/2018 – 30/06/2021	\$1,261.44
Member	Ms Cheryl Robertson	Per Annum	1/07/2018 – 30/06/2021	\$1,681.92
Member	Mr Adam Sofoulis	Per Annum	1/07/2018 – 30/06/2021	\$2,102.40
Member	Mrs Meryl Jones	Per Annum	1/07/2018 – 30/06/2021	\$1,681.92
Total				\$39,855.46

Governance Disclosures

The Governing Council operates in accordance with the protocol for conflict of interest outlined in the *'Guide for TAFE College Governing Councils'*. While acting in the capacity of a Council member, members place public interest above personal interest. If a matter being considered is identified as a potential conflict of interest, the member may not be present at the discussion of the matter and does not vote on the matter.

This includes any case where a member or associated entity may benefit from the Council's decision.

There were no declarations for 2019.

Capital Works

Capital work projects funded by Department of Training and Workforce Development and the College included:

- Extension of external structure to provide secure and sheltered storage area for Clarkson Campus trades materials;
- Phase 2 refurbishment of T Block at the McLarty Campus to consolidate and provide fit for purpose Beauty Therapy training space;
- East Perth Campus Building Management System was replaced;
- Replacement of a chiller and installation of new boiler within 19 Aberdeen Street;
- Asbestos removal and refurbishment work within 25 Aberdeen Street;
- East Perth lift replacement within Building A;
- New extraction system installed within Midland workshop;
- Toilet refurbishment within Midland campus;
- Refurbishment works within F Block heavy fabrication workshop within Midland (started in 2019 to be completed January 2020);
- Conversion of McLarty U Block from gymnasium to Senior Wellness Centre (started 2019 to be completed January 2020); and
- L Block, Balga roof replacement (started 2019, to be completed January 2020)

Independent Auditors Report



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

NORTH METROPOLITAN TAFE

Report on the Financial Statements

Opinion

I have audited the financial statements of North Metropolitan TAFE which comprise the Statement of Financial Position as at 31 December 2019, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of North Metropolitan TAFE for the year ended 31 December 2019 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.

Emphasis of Matter – Events occurring after the end of the reporting period

Attention is drawn to Note 8.1 of the financial statements that explains any impact from the COVID-19 virus and the related extended travel ban, on overseas student income in the year ending 31 December 2020 remains to be quantified. My opinion is not modified in respect of this matter.

Responsibility of the Governing Council for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

A further description of my responsibilities for the audit of the financial statements is on the Auditing and Assurance Standards Board website at www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on Controls

Opinion

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

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

In my opinion, in all material respects, the controls exercised by North Metropolitan TAFE are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 31 December 2019.

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 North Metropolitan TAFE for the year ended 31 December 2019. 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 North Metropolitan TAFE are relevant and appropriate to assist users to assess the TAFE's performance and fairly represent indicated performance for the year ended 31 December 2019.

The Governing Council's Responsibility for the Key Performance Indicators

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

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

Auditor General's Responsibility

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

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

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

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

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

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

This auditor's report relates to the financial statements and key performance indicators of North Metropolitan TAFE for the year ended 31 December 2019 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.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
9 March 2020

[illegible]

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 North Metropolitan TAFE's performance, and fairly represent the performance of North Metropolitan TAFE for the financial year ended 31 December 2019.



**Emeritus Professor
Bill Loudon AM**
Chair, Governing Council
North Metropolitan TAFE
4 March 2020



Michelle Hoad
Managing Director
North Metropolitan TAFE
4 March 2020

1. Effectiveness Indicators

Stakeholder Satisfaction

Overall Student Satisfaction Rating

In 2019 the Student Satisfaction Survey was conducted by EY Sweeney (trading name of Ernst & Young) for the Department of Training and Workforce Development (DTWD). Student Satisfaction Survey measures the extent to which students were satisfied with the training they received from the College. The survey measures the 'satisfied' and 'very satisfied' responses received from students responding to the question 'Overall how satisfied were you with your course?'

The Student Satisfaction Survey fieldwork was conducted between September and November 2019.

The usable student population for 2019 for the College was 16,061 and achieved 22.5% response rate with 3,617 students completing the survey. The student satisfaction target for 2019 was not met, with a 1.8% decline in satisfaction from the previous year. Once the full report is released a further analysis will be completed to identify areas for improvement.

Table 8: Overall Student Satisfaction

Measure	2019 Target	2019 Actual	2018 Actual	2017 Actual
North Metropolitan TAFE	85%	83.5%	85.3%	84.6%
Western Australia	-	87.5%	88.2%	87.3%

Notes:

- Source:** Department of Training and Workforce Development, 2019 WA Student Satisfaction Survey.
- Derivation:** Standard error and margin of error are calculated on N&T Satisfaction scores. Margin of error is calculated at the 95% confidence interval.

Student Outcome Survey

The Student Outcomes Survey is conducted on behalf of the National Centre for Vocational Education Research (NCVER) by the Social Research Centre. The aim of the survey is to measure vocational education and training students' employment, further study and the opinions of the training undertaken. The following indicators are calculated based on the feedback received from this survey.

- Graduate Achievement
- Graduate Destination

Graduate Achievement

Graduate achievement is a question in the Student Outcomes Survey and measures the extent to which North Metropolitan TAFE Graduates have "Achieved their main reason for doing the training". The measure demonstrates the percentage of graduates who indicated they had fully achieved or partly achieved their main reason for doing the training. The question has four response options 'Yes', 'No', 'Partly' or 'Don't know yet'.

Table 9: Graduate Achievement

Measure	2019 Target	2019 Actual	2018 Actual	2017 Actual
North Metropolitan TAFE	80%	79%	76.9%	79.6%

Graduate Destination

Graduate destination data is also taken from the Student Outcomes Survey and measures the percentage of graduates in employment. This measure indicates the extent to which the College is providing relevant, quality training that enhances student employability.

Table 10: Graduate Destination

Measure	2019 Target	2019 Actual	2018 Actual	2017 Actual
North Metropolitan TAFE	70%	61.2%	64.1%	66.1%

The 2019 target for graduate destination was not met, with 61.2% of respondents claiming to be employed after training. However, 83.4% of respondents were employed or enrolled in further study after training. Survey data indicates a statistical increase in graduates choosing to engage in higher education and further studies, to gain additional skills and potentially increase long term employability.

Notes:

- Source:** NVCE National Student Outcome Survey, 2019. SOS is managed by the National Centre for Vocational Education Research (NCVER) on behalf of the Australian Government and state and territory governments, with funding provided through the Australian Government Department of Education and Training.
- Derivation:** Measured at a confidence level of 95%, which means the probability that the confidence interval contains the true population value is 95%.
- Comment:** Outcomes of students who completed their vocational education and training (VET) in Australia during 2018, using data collected in mid-2019. Students not in Scope of this survey are international students, VET delivery in schools, students under 18 years, prison delivery and short courses.
- Waiting on full report** to be able to provide explanation of results

Achievement of College Profile

This achievement of profile delivery indicator reports the College effectiveness in meeting its Delivery and Performance Agreement (DPA) targets.

The distribution of Student Curriculum Hours (SCH) that indicates the extent to which the College is meeting its contractual obligations, as well as the training needs of the local community, individuals and industry. The College SCH delivery is translated through a range of courses that represent occupational classifications.

The original DPA contracted the College to deliver 8,600,000 SCH, with the achievement of 8,466,292 SCH (98.4%) delivered.

The Department of Training and Workforce Development provides the College with the opportunity to review and make any modifications to the original DPA targets twice a year. In 2019 the College took the opportunity to increase its initial target by 287,168 SCH in the September addendum. The College achieved 95.3% of its revised SCH target.

Table 11 below provides a comparative assessment of performance against planned DPA activity, and also actual delivery in 2019. The planning process involves predicting likely demand for training activity; whilst considering government priorities and the needs of individuals and industry. However, actual SCH delivered represents the actual demand for training across occupational areas. These variations highlight the willingness and ability of the College to accommodate changes in demand.

Profile Achievement

This performance indicator shows the percentage of SCH achieved for activities as contracted with DTWD for vocational education and training delivery through the DPA.

Table 11: Profile Achievement

2019 Target	2019 Actual	2018 Actual	2017 Actual
100%	98.4%	95.1%	91.7%

Notes:

1. **Source:** North Metropolitan TAFE, NAT files
2. **Derivation:** DPA data represents the actual achievement of SCH in respective years.
3. **Comment:** Profile achievement is calculated by the actual delivery and performance agreement SCH achieved divided by the target SCH contains with the Delivery and Performance Agreement.

Profile Analysis for North Metropolitan TAFE

The total number of Student Curriculum Hours (SCH) delivered from 1 January to 31 December 2019 under the College's Delivery and Performance Agreement, outlined below in Table 12 by major ANZSCO Groups:

Table 12: SCH major ANZSCO

Department of Training and Workforce Development ANZSCO Groups	Grand Total
1 - Managers	280,934
2 - Professionals	1,362,405
3 - Technicians And Trades Workers	1,729,249
4 - Community And Personal Service Workers	2,457,538
5 - Clerical And Administrative Workers	634,918
6 - Sales Workers	8,592
7 - Machinery Operators And Drivers	67,941
8 - Labourers	383,080
G - General Education	1,541,635
Grand Total	8,466,292

Data presented in Table 13 outlines total SCH achievement in ANZSCO sub groups.

The subgroups that were above target (+40,000 SCH) included: Arts and Media Professionals, Other Technicians and Trades Workers, Numerical Clerks, Other Clerical and Administrative Workers and Adult Literacy/ESL.

The ANZSCO sub groups that were below target (-40,000 SCH) included: Business, Human Resource and Marketing Professionals, ICT Professionals, Engineering, ICT and Science Technicians, Construction Trades Workers, Health and Welfare Support Workers, and Sales Representatives and Agents.

Table13: Achievement of 2019 Profile Delivery (DPA) by ANZSCO sub groups

Department of Training and Workforce Development ANZSCO Groups	2019 Target Profile(SCH)	2019 Actual Profile (SCH)	2018 Actual Profile(SCH)	2017 Actual Profile (SCH)
11. Chief Executives, General Managers and Legislators	14,770	10,550	12,660	17,820
12. Farmers and Farm Managers	2,545	-	-	2,545
13. Specialist Managers	118,915	83,253	154,464	128,700
14. Hospitality, Retail and Service Managers	195,904	187,131	191,637	216,249
1. MANAGERS Total	332,134	280,934	358,761	365,314
21. Arts and Media Professionals	513,950	568,903	588,193	580,011
22. Business, Human Resource and Marketing Professionals	241,660	64,675	79,210	88,885
23. Design, Engineering, Science and Transport Professionals	335,301	375,222	278,255	313,911
24. Education Professionals	28,370	19,505	20,495	15,955
25. Health Professionals	56,885	65,070	41,305	23,265
26. ICT Professionals	264,680	204,160	213,225	234,155
27. Legal, Social and Welfare Professionals	47,812	64,870	70,840	44,805
2. PROFESSIONALS Total	1,488,658	1,362,405	1,291,523	1,300,987
31. Engineering, ICT and Science Technicians	862,498	777,861	785,330	944,013
32. Automotive and Engineering Trades Workers	164,264	180,568	146,518	142,675
33. Construction Trades Workers	303,863	252,203	260,581	287,652
34. Electro technology and Telecommunications Trades Workers	167,658	152,991	192,743	158,305
35. Food Trades Workers	106,257	108,037	113,362	107,909
36. Skilled Animal and Horticultural Workers	54,021	49,220	47,083	39,106
39. Other Technicians and Trades Workers	166,375	208,369	209,565	228,750
3. TECHNICIANS AND TRADES WORKERS Total	1,824,936	1,729,249	1,755,182	1,908,410
41. Health and Welfare Support Workers	1,253,095	1,021,080	1,128,740	1,321,952
42. Carers and Aides	1,029,817	1,007,421	1,033,979	982,259
43. Hospitality Workers	56,321	53,945	65,496	65,940
44. Protective Service Workers	880	15,240	18,810	1,090
45. Sports and Personal Service Workers	325,654	359,852	383,482	393,508
4. COMMUNITY AND PERSONAL SERVICE WORKERS Total	2,665,767	2,457,538	2,630,507	2,764,749
51. Office Managers and Program Administrators	36,545	51,675	56,190	50,050
52. Personal Assistants and Secretaries	14,040	22,100	14,115	20,325
53. General Clerical Workers	151,630	186,983	211,090	227,318
54. Inquiry Clerks and Receptionists	8,950	43,820	29,275	17,635
55. Numerical Clerks	110,325	180,460	155,535	142,330
59. Other Clerical and Administrative Workers	67,755	149,880	144,220	111,550
5. CLERICAL AND ADMINISTRATIVE WORKERS Total	389,245	634,918	610,425	569,208
61. Sales Representatives and Agents	48,451	5,924	6,062	1,100
62. Sales Assistants and Salespersons	1,989	2,668	2,503	2,463
6. SALES WORKERS Total	50,440	8,592	8,565	3,563
71. Machine and Stationary Plant Operators	56,372	67,941	75,233	70,106
7. MACHINERY OPERATORS AND DRIVERS Total	56,372	67,941	75,233	70,106

Department of Training and Workforce Development ANZSCO Groups	2019 Target Profile(SCH)	2019 Actual Profile (SCH)	2018 Actual Profile(SCH)	2017 Actual Profile (SCH)
82. Construction and Mining Labourers	74,960	77,195	83,469	82,187
83. Factory Process Workers	42,858	58,061	49,495	36,936
84. Farm, Forestry and Garden Workers	33,581	44,706	50,569	37,401
85. Food Preparation Assistants	23,590	6,393	13,184	15,630
89. Other Labourers	183,756	196,725	165,758	190,081
8. LABOURERS Total	358,745	383,080	362,475	362,235
GB – Adult Literacy/ESL	1,145,601	1,279,675	1,184,560	1,174,190
GC – Languages	44,916	68,715	39,525	36,330
GE – Targeted Courses	243,186	193,245	242,945	249,905
G. General Education	1,433,703	1,541,635	1,467,030	1,460,425
Total Profile Delivery	8,600,000	8,466,292	8,559,701	8,804,997

Notes:

- Source:** North Metropolitan TAFE
- Definition:** The table indicates the target and actual achievement of SCH in the profiled Department of Training and Workforce Development Industry Group Categories. The classification of these Industry Groups is based on the occupation or outcome the course is intended to serve and highlights the College's performance in achieving industry delivery targets.
- Derivation:** DPA data represents the actual achievement of SCH in respective years. Planned data is obtained from the original DPA and actual SCH from the NAT files.

2. Efficiency indicator

The overall cost per SCH demonstrates the efficiency with which the College 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.

Table 14 presents the actual cost of SCH compared to target cost.

Overall cost per student curriculum hour

Table 14: Delivery Cost per SCH

	2019 Target	2019 Actual	2018 Actual	2017 Actual
Overall cost per student curriculum hour	\$16.08	\$18.01	\$17.68	\$15.30

Notes:

- Comments:** The total delivery cost per SCH is calculated by dividing the total cost of services by the total SCH delivered including profile and non-profile delivery.
- However, this excludes SCH:** non-assessable/non-profile units not marked as completed at the end of 2018 and 2019.

09

Financial Statements



Certification of Financial Statements

The accompanying financial statements of North 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 1 January to 31 December 2019 and the financial position as at 31 December 2019.

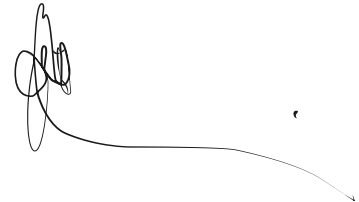
At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



**Emeritus Professor
Bill Loudén AM**
Chair, Governing Council
North Metropolitan TAFE
4 March 2020



Michelle Hoad
Managing Director
North Metropolitan TAFE
4 March 2020



Othmar Beerli
Chief Finance Officer
North Metropolitan TAFE
4 March 2020

North Metropolitan TAFE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Notes	\$	\$
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1	129,115,623	127,069,548
Supplies and services	2.3	35,231,029	37,424,464
Grants and subsidies	2.2	717	12,197
Finance Cost	6.3	40,004	-
Other expenses	2.3	11,624,259	12,552,150
Cost of sales	3.3	171,845	364,626
Loss on disposal of non-current assets	3.6	32,988	11,216
Loss on disposal of lease arrangements	3.6	419	-
Depreciation and amortisation expense	4.1, 4.2	13,687,342	13,388,805
Total cost of services		189,904,226	190,823,008
Income			
Revenue			
Fee for service	3.2	25,498,519	26,586,037
Student fees and charges	3.2	28,870,377	28,087,336
Ancillary trading	3.2	603,330	602,467
Sales	3.3	316,195	321,164
Interest revenue	3.4	898,431	1,350,882
Other revenue	3.5	1,034,577	2,916,697
Total revenue		57,221,430	59,864,583
Gains			
Gain arising from changes in fair value - land	3.6	-	4,420,000
Gain arising from changes in fair value - buildings	3.6	4,942,500	7,134,936
Total gains		4,942,500	11,554,936
Total income other than income from State Government		62,163,930	71,419,519
NET COST OF SERVICES		127,740,296	119,403,488
Income from State Government			
Grants and subsidies	3.1	109,690,431	104,775,383
Services received free of charge	3.1	5,638,968	6,831,238
Total income from State Government		115,329,399	111,606,620
DEFICIT FOR THE PERIOD		(12,410,897)	(7,796,868)
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	8.8	171,884	-
Total other comprehensive income		171,884	-
TOTAL COMPREHENSIVE DEFICIT FOR THE PERIOD		(12,239,013)	(7,796,868)

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

North Metropolitan TAFE
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6.1	31,414,596	38,752,330
Restricted cash and cash equivalents	6.1	4,483,717	4,595,501
Receivables	5.1	7,070,794	5,535,745
Inventories	3.3	169,314	237,649
Other current assets	5.2	2,076,353	1,533,095
Total Current Assets		45,214,773	50,654,321
Non-Current Assets			
Restricted cash and cash equivalents	6.1	2,203,088	1,763,071
Property, plant and equipment	4.1	414,788,825	413,489,530
Right-of-use assets	4.1	1,106,002	-
Intangible assets	4.2	25,350	-
Total Non-Current Assets		418,123,265	415,252,601
TOTAL ASSETS		463,338,038	465,906,922
LIABILITIES			
Current Liabilities			
Payables	5.3	6,904,908	7,213,824
Lease liabilities	6.2	355,645	-
Employee related provisions	2.1	19,379,153	21,502,708
Other current liabilities	5.4	7,033,102	3,747,260
Total Current Liabilities		33,672,808	32,463,792
Non-Current Liabilities			
Lease liabilities	6.2	764,762	-
Employee related provisions	2.1	4,863,818	4,150,234
Total Non-Current Liabilities		5,628,580	4,150,234
TOTAL LIABILITIES		39,301,389	36,614,026
NET ASSETS		424,036,649	429,292,896
EQUITY			
Contributed equity	8.8	472,405,231	465,422,465
Reserves	8.8	295,608	123,724
Accumulated deficit		(48,664,190)	(36,253,293)
TOTAL EQUITY		424,036,649	429,292,896

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

North Metropolitan TAFE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
CASH FLOWS FROM STATE GOVERNMENT			
Grants and subsidies - Department of Training and Workforce Development		111,287,024	105,015,050
Total Net cash provided by State Government		111,287,024	105,015,050
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(129,123,231)	(124,735,971)
Supplies and services		(31,065,563)	(31,149,887)
Finance Cost		(40,004)	-
Grants and subsidies		(717)	(12,197)
GST payments on purchases		(3,764,213)	(3,659,006)
GST payments to taxation authority			
Other payments		(11,965,695)	(11,930,959)
Receipts			
Fee for service		25,843,075	26,324,279
Student fees and charges		29,126,547	21,646,724
Ancillary trading		603,330	601,195
Interest received		1,102,914	1,381,556
GST receipts on sales		456,808	507,557
GST receipts from taxation authority		3,271,679	3,131,278
Other receipts		1,305,907	3,251,064
Net cash used in operating activities		(114,249,163)	(114,644,367)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(3,667,929)	(2,448,223)
Capital Contribution		-	(1,635,964)
Net cash provided by investing activities		(3,667,929)	(4,084,187)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal elements of lease (2018 – finance lease) payments		(379,433)	-
Net cash provided by/(used in) financing activities		(379,433)	-
Net decrease in cash and cash equivalents		(7,009,501)	(13,713,505)
Cash and cash equivalents at the beginning of period		45,110,902	58,824,408
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6.1	38,101,401	45,110,902

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

North Metropolitan TAFE
STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2019

	Notes	Contributed Equity \$	Reserves \$	Accumulated Surplus / (Deficit)	Total Equity \$
Balance at 1 January 2018		465,281,485	123,724	(28,456,425)	436,948,783
Deficit				(7,796,868)	(7,796,868)
Total comprehensive income for the period		-	-	(7,796,868)	(7,796,868)
Transactions with owners in their capacity as owners:	8.8				
Capital appropriations		1,776,944	-	-	1,776,944
Distributions to owners		(1,635,964)	-	-	(1,635,964)
Total		140,980	-	-	140,980
Balance at 31 December 2018		465,422,465	123,724	(36,253,293)	429,292,896
Balance at 1 January 2019		465,422,465	123,724	(36,253,293)	429,292,896
Deficit				(12,410,897)	(12,410,897)
Other comprehensive income	8.8		171,884	-	171,884
Total comprehensive income for the period		-	171,884	(12,410,897)	(12,239,013)
Transactions with owners in their capacity as owners:	8.8				
Capital appropriations		6,959,444	-	-	6,959,444
Other contributions by owners		23,322	-	-	23,322
Total		6,982,766	-	-	6,982,766
Balance at 31 December 2019		472,405,231	295,608	(48,664,190)	424,036,649

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 **Basis of preparation**

North Metropolitan TAFE (NM TAFE) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. NM TAFE is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Managing Director of NM TAFE on 4 March 2020

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006* (FMA)
- 2) The Treasurer's instructions (TIs)
- 3) Australian Accounting Standards (AAS) including applicable interpretations
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. 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.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and historical cost convention. Certain balances will apply a different measurement basis (such as fair value basis). Where this is the case the different measurement basis is disclosed in the associated note.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Significant judgements and estimates have been made to meet the requirements of the new standards AASB 16, AASB 15 and AASB 1058.

AASB 16:

Key judgements to be made for AASB 16 include identifying leases within contracts, determination whether there is reasonable certainty around exercising extension and termination options, identifying whether payments are variable or fixed in substance and determining the stand-alone selling prices for lease and non-lease components.

Estimation uncertainty that may arise is the estimation of the lease term, determination of the appropriate discount rate to discount the lease payments and assessing whether the right-of-use asset needs to be impaired.

AASB 15:

Key judgements include determining the timing of revenue from contracts with customers in terms of timing of satisfaction of performance obligations and determining the transaction price and the amounts allocated to performance obligations.

Estimation uncertainty include determining the transaction prices (estimating variable consideration, adjusting the consideration for the time value of money and measuring non-cash considerations), allocating the transaction price, including estimating stand-alone selling prices and allocating discounts and variable consideration.

AASB 1058:

Key judgements include determining the timing in the satisfaction of obligations and judgements used in determining whether funds are restricted.

Refer to Note 8.2 for the impact of the initial adoption and the practical expedients applied in the initial recognition.

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 transfer 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.

2 Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how NM TAFE's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by NM TAFE in achieving its objectives and the relevant notes are:

	Notes	2019	2018
Employee benefits expenses	2.1(a)	129,115,623	127,069,548
Employee related provisions	2.1(b)	24,242,971	25,652,942
Grants and subsidies	2.2	717	12,197
Other expenditure	2.3	11,624,259	12,552,150

2.1(a) Employee benefits expenses

	2019	2018
Short-term employee benefits ^(a)	114,932,240	115,020,877
Termination benefits	2,970,582	805,328
Superannuation - defined contribution plans ^(b)	11,212,801	11,243,343
Total employee benefits expenses	129,115,623	127,069,548
Add: AASB 16 Non-monetary benefits ^(c)		
Provision of vehicle benefits	66,937	-
Less: Employee Contributions	(36,141)	-
Net employee benefits expenses	129,146,419	127,069,548

^(a) Include wages, salaries and social contributions, paid annual leave and paid sick leave, and non-monetary benefits (such as medical care and cars) for current employees.

^(b) Defined contribution plans includes West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS) Government Employees Superannuation Board Schemes (GESBS) and other eligible funds.

^(c) Additional non-monetary benefits include the provision of vehicle and housing benefits measured at cost in accordance with the application of AASB 16.

Wages and salaries: Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax and leave entitlements.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when NM TAFE is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for NM TAFE purposes because the concurrent contributions (defined contributions) made by NM TAFE to GESB extinguishes NM TAFE's obligations to the related superannuation liability.

NM TAFE does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. 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 NM TAFE to the GESB.

The GESB and other fund providers 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.

2.1(b) Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2019	2018
Current		
<u>Employee benefits provision</u>		
Annual leave ^(a)	4,037,464	4,181,383
Long service leave ^(b)	13,996,283	15,830,223
Deferred salary scheme ^(c)	181,501	217,681
Purchased leave ^(d)	20,607	4,901
	18,235,855	20,234,189
<u>Other provisions</u>		
Employment on-costs ^(e)	1,143,298	1,268,519
Total current employee benefits provisions	19,379,153	21,502,708
Non-current		
<u>Employee benefits provision</u>		
Long service leave ^(b)	4,574,893	3,903,604
	4,574,893	3,903,604
<u>Other provisions</u>		
Employment on-costs ^(e)	288,925	246,630
Total non-current employee benefits provisions	4,863,818	4,150,234
Total employee benefits provisions	24,242,971	25,652,942

^(a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

^(b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as NM TAFE 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 NM TAFE has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave liabilities are calculated at present value as NM TAFE does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and 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.

^(c) **Deferred salary scheme liabilities:** Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

^(d) **Purchased leave liabilities:** Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. This leave must be used each calendar year and cannot be accrued from year to year.

^(e) **Employment on-costs:** 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.

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 Note 2.3 Other expenditure (apart from the unwinding of the discount (finance cost)) and are not included as part of NM TAFE's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'

Employment on-costs provisions

Carrying amount at start of period
Additional / (reversals of) provisions recognised
Payments / other sacrifices of economic benefits
Total Carrying amount at end of period

2019	2018
1,515,149	1,552,458
770,355	719,774
(853,281)	(757,083)
1,432,223	1,515,149

Key sources of estimation uncertainty - long service leave

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 estimates and assumptions are used in calculating NM TAFE's long service leave provision. These 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.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

2.2 Grants and subsidies**Recurrent**

Scholarships for students

Total grants and subsidies

2019	2018
717	12,197
717	12,197

Transactions in which NM TAFE provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools and community groups.

2.3 Other expenditure**Supplies and services**

Consumables and minor equipment
Communication expenses
Utilities expenses
Consultancies and contracted services
Minor works
Repairs and maintenance
Rental Cost ^(a)
Travel and passenger transport
Advertising and public relations
Staff professional development activities
Supplies and services - other
Total supplies and services expenses

2019	2018
9,350,672	9,601,952
561,312	749,531
4,329,424	4,254,394
16,720,498	17,905,307
810,654	775,830
270,277	483,104
428,222	1,122,978
166,206	127,255
184,321	211,255
181,317	175,820
2,228,127	2,017,038
35,231,029	37,424,464

Other expenditure

Audit fees
Building maintenance
Expected credit losses expense ^(b)
Employment on-costs
Student prizes and awards
Losses and write-offs
Other
Total other expenses

176,500	173,000
3,124,749	3,408,715
(451,712)	1,144,754
8,709,764	7,777,272
13,140	13,163
44,728	23,929
7,089	11,317
11,624,259	12,552,150

(a) Included within rental costs are short-term and low value leases of up to \$5,000. This excludes leases with another wholly-owned public sector entity lessor agency. Refer to Note 4.1 for aggregate short-term and low value leases expense.

(b) the assessment of expected credit losses based on experience and outcomes in 2019 resulted in a significant drop in the provision required.

Supplies and services:

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Repairs, maintenance and minor works:

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Other:

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date. NM TAFE has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Employment on-costs:

Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note 2.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

3 Our funding sources**How we obtain our funding**

This section provides additional information about how NM TAFE obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by NM TAFE and the relevant notes are:

	Notes	2019	2018
Income from State Government	3.1	115,329,399	111,606,620
User charges and fees	3.2	54,972,226	55,275,841
Trading profit	3.3	144,350	(43,462)
Commonwealth grants and contributions	3.4	-	-
Other revenue	3.5	1,034,577	2,916,697
Gains / Losses	3.6	(32,988)	(11,216)

3.1 Income from State Government

	2019	2018
Grants and subsidies ^(a)		
Delivery and Performance Agreement (DPA)	106,331,666	103,004,650
Non-DPA Grants from Department of Training and Workforce Development (DTWD)	3,353,310	1,770,733
Non-Department of Training and Workforce Development (DTWD) Grants	5,455	-
	109,690,431	104,775,383
Services received free of charge from other State Government agencies during the period:		
Department of Training and Workforce Development		
- Corporate systems support	4,793,683	6,027,851
- Marketing and publications	40,597	20,379
- Human resources and industrial relations support	79,033	71,679
- Other	678,566	652,906
Other Government (State Solicitor's Office)	47,089	58,422
	5,638,968	6,831,238
Total income from State Government	115,329,399	111,606,620

^(a) Revenue is recognised when the performance obligations are satisfied

Grants and subsidies fund the net cost of services delivered. Appropriate revenue comprises the following

- Cash component; and
- A receivable (asset).

^(b) **Transfer of assets:** Discretionary transfers of assets (including grants) and State Government agencies are reported under Income from State Government. Transfers of assets and liabilities in relation to a restructure or administrative arrangements are recognised as distribution to owners by the transferor and contribution by owners by the transferee under AASB 1004 and interpretation 1038. Other non-discretionary non-reciprocal transfers of assets and liabilities designed as contribution by owners under T1 955 are also recognised directly to equity.

3.2 User charges and fees

	2019	2018
Fee for service		
Fee for service - general	3,517,539	3,574,068
Fee for service - Department of Training and Workforce Development (DTWD)	-	1,750
Fee for service - Government (other than DTWD)	12,787,750	12,383,024
International fees	8,047,138	9,076,329
Higher education	1,146,093	1,517,791
Fee for service - other	-	33,076
Total fee for service	25,498,519	26,586,037

Student fees and charges

Tuition fees	23,511,055	22,481,410
Enrolment and Resource fees	4,980,927	4,746,849
Recognition of prior learning (RPL) fees	273,326	655,841
Incidental fees	30,739	24,140
Other College fees	74,330	179,097
Total student fees and charges	28,870,377	28,087,336

Ancillary trading

Liveworks (not a trading activity)	562,104	540,594
Other Ancillary Revenue	41,226	61,873
Total ancillary trading	603,330	602,467
Total User charges and fees	54,972,226	55,275,841

Revenue is recognised and measured at the fair value of consideration received or receivable. Student fees and charges are recognised over time as and when the course is delivered to students. Revenue from fee for service is recognised over time as and when the service is provided. Revenue from ancillary trading is recognised when the service or goods are provided.

3.3 Trading profit

	2019	2018
Bookshop		
Sales	316,195	321,164
Cost of Sales:		
Opening Inventory	(245,832)	(232,704)
Purchases	243,302	113,911
Closing Inventory	(2,531)	(118,794)
Cost of Goods Sold	(169,314)	(245,832)
Total trading profit/(loss) - Bookshop	144,350	(43,462)

Total Trading profit/(loss)

	144,350	(43,462)
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Closing Inventory comprises:**Current Inventories**

Finished goods		
At cost	169,314	245,832
Total current inventory trading activities	169,314	245,832
Provision for obsolete stock trading activities	-	(8,184)
Total current inventories	169,314	237,649

Sales

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.

Inventories

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

3.4 Interest revenue

	2019	2018
Interest revenue	898,431	1,350,882

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

3.5 Other revenue

	2019	2018
Rental and facilities fees	533,580	543,575
Other direct grants and subsidy revenue	11,772	-
Copyright and royalties revenue	332	377
Sponsorship and donations revenue	95,598	25,892
Miscellaneous revenue ^(a)	393,295	2,346,853
	1,034,577	2,916,697

(a) Miscellaneous Revenue includes the refund of Workers Compensation premiums paid to RiskCover in previous years (\$303K; \$706K in 2018). 2018 included the recoup of Voluntary Severance costs from DTWD (\$1,275K) - an additional grant was received for these costs in 2019.

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

- Sale of goods - when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.
- Provision of services - by reference to the stage of completion of the transaction.

3.6 Gains/(Losses)

	2019	2018
Net proceeds from disposal of non-current assets		
Works of art	318	-
Total proceeds from disposal of non-current assets	318	-
Carrying amount of non-current assets disposed		
Plant, furniture and general equipment	(17,342)	(2,327)
Computers and communication network	(309)	(8,889)
Works of art	(15,655)	-
Net gain/(loss)	(32,988)	(11,216)
Other gains/losses		
Loss arising from lease arrangements	(419)	-
Gain arising from changes in fair value - land	-	4,420,000
Gain arising from changes in fair value - buildings	4,942,500	7,134,936
Other gains/(loss)	4,942,081	11,554,936
Total gains/(loss)	4,942,081	11,554,936

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

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the statement of comprehensive income (from the proceeds of sale).

Asset Revaluation:

Revaluation increment is credited directly to an asset revaluation reserve, except to the extent that any increment reverses a revaluation decrement of the same class of assets previously recognised as an expense. Revaluation decrement is recognised as an expense, except to the extent of any balance existing in the asset revaluation reserve in respect of that class of assets.

4 Key assets

Assets utilised for economic benefit or service potential

This section includes information regarding the key assets NM TAFE utilised to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2019	2018
Property, plant and equipment	4.1	414,788,825	413,489,530
Right-of-use assets	4.1(b)	1,106,002	-
Total key assets		415,894,827	413,489,531

4.1 Property, plant and equipment

	Land	Buildings	Buildings under construction	Motor vehicles, caravans and trailers	Leasehold improvements	Plant, furniture and general equipment	Computer equipment, communication network	Works of art	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 31 December 2019									
1 January 2019									
Gross carrying amount	98,110,000	308,521,654	1,315,542	39,758	174,746	4,424,091	1,694,173	2,048,591	416,328,556
Accumulated depreciation	-	-	-	(20,383)	(130,726)	(1,657,600)	(1,030,317)	-	(2,839,026)
Carrying amount at start of period	98,110,000	308,521,654	1,315,542	19,375	44,020	2,766,491	663,856	2,048,591	413,489,530
Additions	98,110,000	310,501,510	430,627	39,758	174,746	5,418,679	1,702,090	2,284,323	418,661,733
Transfers (a)	-	767,881	7,668,527	-	-	998,426	33,271	82,983	9,551,088
Other disposals	-	8,519,663	(8,553,443)	-	-	30,024	-	-	(3,756)
Revaluation increments/(decrements)	-	-	-	-	-	(14,489)	(309)	(19,135)	(33,933)
Impairment losses (b)	-	4,942,500	-	-	-	-	-	171,884	5,114,384
Impairment losses reversed (b)	-	-	-	-	-	(34,566)	-	-	(34,566)
Depreciation	-	(12,250,189)	-	(4,022)	(44,020)	(692,604)	(303,089)	-	(13,293,923)
Carrying amount 31 December 2019	98,110,000	310,501,510	430,627	15,353	-	3,053,283	393,729	2,284,323	414,788,825
Gross carrying amount	98,110,000	310,501,510	430,627	39,758	174,746	5,418,679	1,702,090	2,284,323	418,661,733
Accumulated depreciation	-	-	-	(24,405)	(174,746)	(2,330,831)	(1,308,361)	-	(3,838,343)
Accumulated impairment losses	-	-	-	-	-	(34,566)	-	-	(34,566)

Initial recognition

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. 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).

Assets transferred as part of a machinery of government change are transferred at their fair value.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of land and buildings.

Land is carried at fair value.

Buildings are carried at fair value less accumulated depreciation and accumulated impairment losses. All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuations and Property Analytics) 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.

Land and buildings were revalued as at 31 December 2019 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 31 December 2019 and recognised at 31 December 2019. In undertaking the revaluation, fair value was determined by reference to market values for land: \$2,370,000 (2018: \$2,370,000) and buildings :\$200,000 (2018: \$200,000). For the remaining balance, fair value of buildings was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

Revaluation model:

a) Fair Value 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.

b) Fair value in the absence of market-based evidence:

Buildings are specialised or where land is restricted: Fair value of land and buildings is determined on the basis of existing use.

Existing use buildings: Fair value 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 is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

Restricted use land: Fair value 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).

c) Works of art are revalued every 3 years by an independent artwork valuer to ensure The carrying amount does not differ materially from fair value.

Significant assumptions and judgements: 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 economic 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.

4.1(b) Right -of-use assets

Buildings

Vehicles

Total Right -of-use assets:

Notes	2019	2018
	781,605	-
	324,397	-
	1,106,002	-

4.1(c) Depreciation charge of right-of-use assets

Buildings

Vehicles

Total right-of-use asset depreciation

Lease interest expense (included in 6.3 Finance cost)

Short-term leases (included in 2.3 Other Expenditure)

Low-value leases (included in 2.3 Other Expenditure)

The total cash outflow for lease in 2019 was

	260,535	-
	132,884	-
	393,419	-
	40,004	-
	77,605	-
	93,447	-
	182,363	-

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset.

Right-of-use assets are generally depreciated on a straight line basis over the shorter of the asset's useful life and the lease term. If the agency is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

4.1(d) Depreciation and impairment Charge for the period

	2019	2018
Depreciation		
Buildings	12,250,189	12,262,700
Leasehold improvements - buildings	44,020	48,022
Motor vehicles, caravans and trailers	4,022	5,643
Plant, furniture and general equipment	692,604	731,651
Computers and communication network	303,089	340,789
Right of Use Asset	393,419	-
Total depreciation for the period	13,687,343	13,388,805
	2019	2018
Impairment		
Plant, furniture and general equipment	34,566	-
Total impairment for the period	34,566	-

All surplus assets at 31 December 2019 have either been classified as assets held for sale or written-off.

Finite useful lives

All property, plant and equipment 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. The exception to this rule includes items under operating leases.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life: years
Building	40 years
Leasehold improvements	1 year
Motor vehicles, caravans and trailers	3 to 20 years
Plant, furniture and general equipment	3 to 20 years
Computer and communication equipment	3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Land and works of art, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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 its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As NM TAFE is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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

4.2 Intangible assets

	Work in progress (internally developed software)	Total
Year ended 31 December 2019		
Carrying amount at start of period	-	-
Additions	25,350	25,350
Carrying amount at 31 December 2019	25,350	25,350

Initial recognition

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised.

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.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
 - (b) An intention to complete the intangible asset and use or sell it;
 - (c) The ability to use or sell the intangible asset;
 - (d) The intangible asset will generate probable future economic benefit;
 - (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
 - (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.
- Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

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

5 Other assets and liabilities

This section sets out those assets and liabilities that arose from NM TAFE's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2019	2018
Receivables	5.1	7,070,794	5,535,745
Other assets	5.2	2,076,353	1,533,095
Payables	5.3	6,904,908	7,213,824
Other liabilities	5.4	7,033,102	3,747,260

5.1 Receivables

	2019	2018
Current		
Receivables - Trade	1,157,558	1,408,313
Receivables - Students	3,466,700	2,474,949
Allowance for impairment of receivables	(767,671)	(1,628,631)
Accrued revenue	2,665,763	2,620,732
GST receivable	548,444	660,381
Total current	7,070,794	5,535,745
Total receivables	7,070,794	5,535,745

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net receivables is equivalent to fair value as it is due for settlement within 30 days.

5.2 Other assets

	2019	2018
Current		
Prepayments	2,056,777	1,363,572
Other	19,575	169,523
Total current	2,076,353	1,533,095
Balance at end of period	2,076,353	1,533,095

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.3 Payables

	2019	2018
Current		
Trade payables	312,002	46,012
Accrued expenses	3,816,600	5,563,964
Accrued salaries and related costs	2,768,752	1,595,108
Paid parental leave payable	7,554	8,740
Total current	6,904,908	7,213,824
Balance at end of period	6,904,908	7,213,824

Payables are recognised at the amounts payable when NM TAFE 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.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. NM TAFE considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see Note 6.1 Cash and cash equivalents) consists of amounts paid annually from NM TAFE appropriations for salaries expense, into a suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26 pay days. No interest is received on this account.

5.4 Other liabilities

	2019	2018
Current		
Income received in advance	3,097,516	957,084
Grants and advances (provision for under-delivery in Government funded courses)	2,894,384	2,244,833
Grants and advances other	478,041	-
Monies/deposits held in trust	549,382	535,994
Other current liabilities	13,779	9,349
Balance at end of period	7,033,102	3,747,260

6 Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of NM TAFE.

	Notes
Cash and cash equivalents	6.1
Leases	6.2
Finance costs	6.3
Commitments	6.4
Non-cancellable operating lease commitments	6.4.1
Capital commitments	6.4.2
Other expenditure commitments	6.4.3

6.1 Cash and cash equivalents

	2019	2018
Current		
Cash and cash equivalents		
Cash On Hand	13,430	18,530
Cash At Bank	31,401,166	38,733,800
Total cash and cash equivalents	31,414,596	38,752,330
Restricted cash and cash equivalents current		
DPA funds due to DTWD ^(a)	2,894,384	2,244,833
Commonwealth specific purpose	-	64,147
Capital works program ^(b)	1,040,111	1,751,824
Other ^(c)	549,222	534,697
Total restricted cash and cash equivalents current	4,483,717	4,595,501
Total current	35,898,313	43,347,832
Non-current		
Restricted cash and cash equivalents non-current ^(d)	2,203,088	1,763,071
Total non-current	2,203,088	1,763,071
Balance at end of period	38,101,401	45,110,902

^(a) Monies refundable for under delivery of SCH

^(b) Ongoing building works and other capital projects

^(c) Money bestowed on the College by private companies or individuals for the provision of awards to students

^(d) Funds held for the purpose on meeting the extra (27th) pay period in 2026.

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets 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.

6.2 Leases

a. The statement of financial position shows the following amounts relating to lease liabilities:

6.2.1 Lease liabilities

	2019	2018
Current	355,645	-
Non-current	764,762	-
Balance at end of period	1,120,407	-

b. NM TAFE leasing activities and how these are accounted for:

Lessees were required to classify leases as either finance leases or operating leases until 31 December 2018.

From 1 January 2019, at the commencement date, lessees are required to recognise leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

c. Extension and termination options

Periods covered by extension or termination options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

d. Short-term and low-value leases

Payments associated with short-term and low-value leases are recognised as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets that are individually valued less than \$5,000 at cost. This excludes leases with another wholly-owned public sector entity lessor agency. These expenses are included within note 2.3 Other Expenditure.

6.3 Finance costs

	2019	2018
Finance costs		
Lease interest expense	40,004	-
Finance costs expensed	40,004	-

'Finance cost' includes the interest component of lease liability repayments.

6.4 Commitments

6.4.1 Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

	2019	2018
Within 1 year	-	602,675
Later than 1 year and not later than 5 years	-	1,165,587
Later than 5 years	-	9,221
Balance at end of period	-	1,777,483

From 1 January 2019, the agency has recognised the right-of-use assets and corresponding lease liability for all non-cancellable operating lease commitments, apart from short term and low value leases. Refer to Note 6.2.

6.4.2 Capital commitments

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

	2019	2018
Within 1 year	820,795	87,161
Balance at end of period	820,795	87,161

The totals presented for capital commitments are GST inclusive.

6.4.3 Other expenditure commitments

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

	2019	2018
Within 1 year	2,104,624	1,837,955
Balance at end of period	2,104,624	1,837,955

The totals presented for capital commitments are GST inclusive.

7 Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of NM TAFE.

	Notes
Financial Instruments	7.1
Contingent assets	7.2.1
Contingent liabilities	7.2.2

7.1 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:

	2019	2018
Financial assets		
Cash and cash equivalents	31,414,596	38,752,330
Restricted cash and cash equivalents	6,686,805	6,358,572
Receivables ^(a)	6,522,350	4,875,364
Total financial assets	44,623,750	49,986,267
Financial liabilities		
Financial liabilities measured at amortised cost	6,904,908	7,213,824
Total financial liabilities	6,904,908	7,213,824

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

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

NM TAFE has no contingent assets.

7.2.2 Contingent liabilities

NM TAFE has no contingent liabilities.

8 Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related parties	8.4
Related bodies	8.5
Affiliated bodies	8.6
Remuneration of auditors	8.7
Equity	8.8
Supplementary financial information	8.9
Explanatory statement	8.10

8.1 Events occurring after the end of the reporting period

Subsequent to the reporting period, the impact of the Covid-19 virus and the related extended overseas travel ban on future student income remains to be quantified. There is no material impact from the event on the 2019 financial position of the TAFE.

8.2 Initial application of Australian Accounting Standards**AASB 15 Revenue from Contract with Customers and AASB 1058****Income of Not-for-Profit Entities**

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue and AASB 111 Construction Contracts for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and is based upon the transfer of control rather than transfer of risks and rewards.

AASB15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers.

Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, the agency derives income from appropriations which are recognised under AASB 1058. AASB 1058 is applied to Not-for-Profit Entities for recognising income that is not revenue from contracts with customers. Timing of income recognition under AASB 1058 depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) recognised by an agency.

The agency will adopt the modified retrospective approach on transition to AASB 15 and AASB 1058.

No comparative information will be restated under this approach, and the agency will recognise the cumulative effect of initially applying the standard as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 January 2019).

Under this transition method, agency may elect to apply the Standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Refer to Note 3.1, 3.2 and 3.3 for the revenue and income accounting policies adopted from 1 January 2019.

The effect of adopting AASB 15, AASB 16 and AASB 1058 as at 1 January 2019 was, as follows:

	Adjustments	1 January 2019
Assets		
Right of use asset	8.2(b)	<u>1,322,225</u>
Total Assets		<u>1,322,225</u>
Liabilities		
Lease liabilities	8.2(b)	<u>1,322,225</u>
Total Liabilities		<u>1,322,225</u>
Total adjustments on Equity		
Accumulated surplus/(deficit)		<u>-</u>
		<u>-</u>

(a) AASB 15 Revenue from Contracts with Customers

When either party to the contract has performed the obligation, the agency shall present the contract in the statement of financial position as a contract asset or a contract liability. The agency shall present any unconditional rights to consideration separately as a receivable.

(a) A receivable is the agency's right to consideration that is unconditional and only passage of time is required before payment of the consideration is due.

(b) A contract asset is recognised if the agency transfers goods or services to a customer before the customer pays consideration or the payment is due.

(c) A contract liability is recognised if a customer pays consideration before the agency transfers a good or service to the customer.

For reporting periods that include the date of initial application, the agency shall provide both the following additional disclosures if this Standard is applied retrospectively in accordance with paragraph C3(b):

- The amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 111, AASB 118 and related Interpretations that were in effect before the change; and

- An explanation of the reasons for significant changes identified in the above comparison.

(b) AASB 16 Leases

From 1 January 2019, AASB 16 Leases supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The main changes introduced by the new Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as a right-of-use asset and lease liability, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.

The agency has applied the modified retrospective approach on initial adoption. As permitted under the specific transition provisions in the standard, comparatives have not been restated. The cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings. Lease liabilities recognised are measured at present value of the remaining lease payments, discounted using the incremental borrowing rate.

The agency is permitted on a lease-by-lease basis to apply the following practical expedients.

- (a) A single discount rate may be applied to a portfolio of leases with reasonably similar characteristics.
- (b) Agency relies on its assessment of whether leases are onerous applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets immediately before 1 Jan 2019 as an alternative to performing an impairment review, the agency shall adjust the right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application.
- (c) Exclusion of initial direct costs from the measurement of right-of-use asset at the date of initial application.
- (d) Use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

AASB 16 takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- a) Right of use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 January 2019.
- b) Depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income.
- c) The total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the statement of cash flows.

For leases previously classified as finance leases in 2018, the carrying amount of the lease asset and lease liability immediately before transition has been used as the carrying amount of the right-of-use asset and the lease liability as of 1 January 2019.

Measurement of lease liabilities

Operating Lease Commitments disclosed as at 31 December 2018	1,777,483
Discounted using incremental borrowing rate at date of initial application	1,513,529
(Less): Short term leases not recognised as liability	85,068
(Less): Low value leases not recognised as liability	106,237
Lease liability recognised at 1 January 2019	1,322,224
Current lease liabilities	341,938
Non-current lease liabilities	980,286

8.3 Key management personnel

NM TAFE has determined key management personnel to include the Accountable Authority, senior officers of NM TAFE and the Minister that NM TAFE assists. NM TAFE does not incur expenditures to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of NM TAFE for the reporting period are presented within the following bands:

Compensation of Members of the Accountable Authority		
Compensation Band (\$)	2019	2018
270,001 - 280,000	1	1
20,001 - 30,000	1	1
1 - 10,000	9	12
Compensation of Senior Officer		
Compensation Band (\$)	2019	2018
200,001 - 210,000	1	-
190,000 - 200,000	1	3
180,001 - 190,000	2	3
170,001 - 180,000	1	-
160,001 - 170,000	-	1
140,001 - 150,000	-	1
110,001 - 120,000	1	-
90,001 - 100,000	1	-
80,001 - 90,000	1	-
70,001 - 80,000	1	-
50,001 - 60,000	1	-
30,001 - 40,000	1	-
20,001 - 30,000	2	-
Short-term employee benefits	1,435,414	1,426,056
Post-employment benefits	159,484	158,430
Other long-term benefits	169,146	170,524
Total compensation of key management personnel	1,764,044	1,755,010

In 2019, there have been a number of movements in Executive Directors with subsequent acting arrangements. There was also a new Chief Finance Officer appointed part way through the year. This has had the impact of a higher number of officers spread across lower compensation bands. There is no increase in the number of permanent positions. Total compensation includes the superannuation expense incurred by NM TAFE in respect of senior officers.

8.4 Related parties

NM TAFE is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of NM TAFE include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Material transactions with other related parties

Outside of normal citizen type transactions with NM TAFE, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.5 Related bodies

NM TAFE has no related bodies.

8.6 Affiliated bodies

NM TAFE has no affiliated bodies.

8.7 Remuneration of auditors

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

	2019	2018
Auditing the accounts, financial statements, controls and key performance indicators	176,500	173,000

8.8 Equity

	2019	2018
Contributed equity		
Balance at start of period	465,422,465	465,281,485
<i>Contributions by owners</i>		
Capital appropriation	6,959,444	1,776,944
<i>Transfer of net assets from other agencies</i>		
Transfer of assets from other government agencies	23,322	-
Total contributions by owners	472,405,231	467,058,429
<i>Distributions to owners</i>		
Transfer of net assets to other agencies:		
Net assets transferred to Government:	-	(1,635,964)
Total distributions to owners	-	(1,635,964)
Transfer of debit balance in contributed equity to accumulated surplus	-	-
Balance at the end of period	472,405,231	465,422,465
Asset revaluation surplus		
Balance at start of period	123,724	123,724
Net revaluation increments / (decrements)		
Works of art	171,884	-
Balance at end of period	295,608	123,724

8.9 Supplementary financial information

(a) Write-offs

During the financial year \$440,656 (2018: \$141,753) of debts due to NM TAFE were written off and \$87,518 (2018: \$204,472) was written off the asset register under the authority of:

	2019	2018
The accountable authority	543,239	346,225
	543,239	346,225

(b) Losses through theft, defaults and other causes

	2019	2018
Losses of public money and public and other property through theft or defaults	4,985	3,335
Amounts recovered	(8,463)	(2,303)
	(3,478)	1,032

8.10 Explanatory statement (Controlled Operations)

All variances between estimates (original budget) and actual results for 2019, and between the actual results for 2019 and 2018. Narratives are provided for key major variances, which are generally greater than:

- 5% and \$3.8 million for the Statements of comprehensive income and cash flows, and
- 5% and \$9.1 million for the Statement of financial position.

8.10.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2019 \$	Actual 2019 \$	Actual 2018 \$	Variance between estimate and actual \$	Variance between actual results for 2019 and 2018 \$
Expenses						
Employee benefits expense		130,493,181	129,115,623	127,069,548	(1,377,558)	2,046,075
Grants and subsidies		20,000	717	12,197	(19,283)	(11,480)
Finance cost		-	40,004	-	40,004	40,004
Supplies and services		36,189,643	35,231,029	37,424,464	(958,615)	(2,193,436)
Other expenses		11,970,320	11,624,259	12,552,150	(346,061)	(927,891)
Cost of sales		338,970	171,845	364,626	(167,125)	(192,782)
Loss on disposal of non-current assets		16,500	32,988	11,216	16,488	21,772
Loss on disposal of lease arrangements		-	419	-	419	419
Depreciation and amortisation expense		13,899,259	13,687,342	13,388,805	(211,916)	298,537
Total cost of services		192,927,873	189,904,226	190,823,008	(3,023,647)	(918,781)
Income						
<i>Revenue</i>						
Fee for service	1	29,460,302	25,498,519	26,586,037	(3,961,783)	(1,087,519)
Student fees and charges		30,916,608	28,870,377	28,087,336	(2,046,231)	783,041
Ancillary trading		621,436	603,330	602,467	(18,106)	863
Sales		362,917	316,195	321,164	(46,722)	(4,969)
Interest revenue		1,300,000	898,431	1,350,882	(401,568)	(452,450)
Other revenue		1,099,343	1,034,577	2,916,697	(64,765)	(1,882,120)
Total revenue		63,760,605	57,221,430	59,864,583	(6,539,176)	(2,643,154)
<i>Gains</i>						
Other gains	2, A	-	4,942,500	11,554,936	4,942,500	(6,612,436)
Total gains		-	4,942,500	11,554,936	4,942,500	(6,612,436)
Total income other than income from State Government		63,760,605	62,163,930	71,419,519	(1,596,675)	(9,255,590)
NET COST OF SERVICES		129,167,268	127,740,296	119,403,488	(1,426,972)	8,336,808
Income from State Government						
Grants and subsidies		109,601,611	109,690,431	104,775,383	88,820	4,915,048
Services received free of charge		5,713,039	5,638,968	6,831,238	(74,071)	(1,192,269)
Total income from State Government		115,314,650	115,329,399	111,606,620	14,749	3,722,779
SURPLUS/(DEFICIT) FOR THE PERIOD		(13,852,618)	(12,410,897)	(7,796,868)	1,441,721	(4,614,029)
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		-	171,884	-	171,884	171,884
Total other comprehensive income		-	171,884	-	171,884	171,884
TOTAL COMPREHENSIVE DEFICIT FOR THE PERIOD		(13,852,618)	(12,239,013)	(7,796,868)	1,613,605	(4,442,145)

Major Estimate and Actual (2019) Variance Narratives

1 The number of International students studying at NMT has decreased significantly in 2019, resulting in a revenue reduction of \$1.2 M. There was also a drop in the number of Higher Education students and Commercial Revenue across most areas against original expectations.

2 Building valuations increased by \$4.9M in 2019, whilst land values stayed at the same level. The increase is significantly lower than in 2018. The increase is spread across all campuses, but principally relates to the Northbridge campus.

Major Actual 2019 and Comparative (2018) Variance Narratives

A In 2019, the valuation of NMT's buildings increased by \$4.9M which was not budgeted.

8.10.2 Statement of Financial Position Variances

Variance Note	Estimate 2019 \$	Actual 2019 \$	Actual 2018 \$	Variance between estimate and actual \$	Variance between actual results for 2019 and 2018 \$
ASSETS					
Current Assets					
Cash and cash equivalents	36,854,774	31,414,596	38,752,330	(5,440,178)	(7,337,735)
Restricted cash and cash equivalents	7,833,623	4,483,717	4,595,501	(3,349,906)	(111,784)
Receivables	7,030,028	7,070,794	5,535,745	40,766	1,535,048
Inventories	225,456	169,314	237,649	(56,142)	(68,335)
Other current assets	1,209,474	2,076,353	1,533,095	866,879	543,258
Total Current Assets	53,153,355	45,214,773	50,654,321	(7,938,582)	(5,439,548)
Non-Current Assets					
Restricted cash and cash equivalents	2,229,580	2,203,088	1,763,071	(26,492)	440,017
Property, plant and equipment	400,403,115	414,788,825	413,489,530	14,385,710	1,299,295
Right of Use Assets	-	1,106,002	-	1,106,002	1,106,002
Intangible assets	-	25,350	-	25,350	25,350
Total Non-Current Assets	402,632,695	418,123,265	415,252,601	15,490,570	2,870,664
TOTAL ASSETS	455,786,050	463,338,038	465,906,922	7,551,988	(2,568,884)
LIABILITIES					
Current Liabilities					
Payables	7,844,237	6,904,908	7,213,824	(939,329)	(308,916)
Lease Liabilities	-	355,645	-	355,645	355,645
Employee related provisions	22,249,467	19,379,153	21,502,708	(2,870,314)	(2,123,554)
Other current liabilities	6,997,063	7,033,102	3,747,260	36,039	3,285,842
Total Current Liabilities	37,090,767	33,672,808	32,463,792	(3,417,959)	1,209,016
Non-Current Liabilities					
Lease liabilities	-	764,762	-	764,762	764,762
Employee related provisions	3,962,140	4,863,818	4,150,234	901,678	713,584
Total Non-Current Liabilities	3,962,140	5,628,580	4,150,234	1,666,440	1,478,346
TOTAL LIABILITIES	41,052,907	39,301,389	36,614,026	(1,751,518)	2,687,363
NET ASSETS	414,733,143	424,036,649	429,292,896	9,303,506	(5,256,247)
EQUITY					
Contributed equity	474,358,128	472,405,231	465,422,465	(1,952,897)	6,982,766
Reserves	123,724	295,608	123,724	171,884	171,884
Accumulated surplus / (deficit)	(59,748,710)	(48,664,190)	(36,253,293)	11,084,520	(12,410,897)
TOTAL EQUITY	414,733,142	424,036,649	429,292,896	9,303,507	(5,256,247)

8.10.3 Statement of Cash Flows Variances

Variance Note	Estimate 2019 \$	Actual 2019 \$	Actual 2018 \$	Variance between estimate and actual \$	Variance between actual results for 2019 and 2018 \$
CASH FLOWS FROM STATE GOVERNMENT					
Grants and subsidies - DTWD 3, B	105,601,611	111,287,024	105,015,050	5,685,413	6,271,974
Total Net cash provided by State Government	105,601,611	111,287,024	105,015,050	5,685,413	6,271,974
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Employee benefits	(130,025,649)	(129,123,231)	(124,735,971)	902,418	(4,387,260)
Supplies and services	(30,453,593)	(31,065,563)	(31,149,887)	(611,970)	84,324
Finance Cost	-	(40,004)	-	(40,004)	(40,004)
Grants and subsidies	(20,000)	(717)	(12,197)	19,283	11,480
GST payments on purchases	(3,387,716)	(3,764,213)	(3,659,006)	(376,497)	(105,207)
GST payments to taxation authority	(59,614)	-	-	59,614	-
Other payments	(11,903,430)	(11,965,695)	(11,930,959)	(62,265)	(34,736)
Receipts					
Fee for service	29,101,486	25,843,075	26,324,279	(3,258,411)	(481,204)
Student fees and charges C	30,921,426	29,126,547	21,646,724	(1,794,879)	7,479,823
Ancillary trading	621,436	603,330	601,195	(18,106)	2,135
Interest received	1,300,000	1,102,914	1,381,556	(197,086)	(278,642)
GST receipts on sales	2,430,110	456,808	507,557	(1,973,302)	(50,749)
GST receipts from taxation authority	1,012,887	3,271,679	3,131,278	2,258,792	140,401
Other receipts	1,409,670	1,305,907	3,251,064	(103,763)	(1,945,157)
Net cash used in operating activities	(109,052,988)	(114,249,163)	(114,644,367)	(5,196,175)	395,204

CASH FLOWS FROM INVESTING ACTIVITIES					
Payments					
Purchase of non-current physical assets	(2,900,000)	(3,667,929)	(2,448,223)	(767,929)	(1,219,706)
Capital Contribution	-	-	(1,635,964)	-	1,635,964
Net cash provided by investing activities	(2,900,000)	(3,667,929)	(4,084,187)	(767,929)	416,258
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments					
Principal elements of lease (2018 – finance lease) payments	-	(379,433)	-	(379,433)	(379,433)
Net cash provided by/(used in) financing activities	-	(379,433)	-	(379,433)	(379,433)
Net increase in cash and cash equivalents	(6,351,377)	(7,009,501)	(13,713,504)	(658,124)	6,704,003
Cash and cash equivalents at the beginning of period	53,269,354	45,110,902	58,824,408	(8,158,452)	(13,713,505)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	46,917,977	38,101,401	45,110,902	(8,816,577)	(7,009,502)

Major Estimate and Actual (2019) Variance Narratives

3 DPA Funding increased in 2019 to reflect a higher level of SCH (187K). Additional grant funding was received from DTWD for a number of purposes, including Voluntary Severance payments, IT Replacement and Metronet

Major Actual 2019 and Comparative (2018) Variance Narratives

B See note 3 above. DPA funding and special purpose grant funding were above that received in 2018

C Student Fees and Charges are higher in 2019 due to the decrease in student debt at the end of 2019



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