



TAFE NSW ANNUAL REPORT 2019-2020

TAFENSW.EDU.AU



TAFE NSW

Notes on the data presented in this report

The annual report predominantly uses TAFE NSW data, however, data related to Student outcomes is sourced from the National Centre for Vocational Education Research (NCVER) Student Outcome Survey.

Vocational Education and Training enrolment data is collected by calendar year. The enrolment, completion and student outcomes data provided in the 2019–20 annual report are for the 2019 calendar year.

The data within this report covers all vocational education and training and higher education courses and qualifications delivered by TAFE NSW, including course and qualifications that are government funded, fee-for-service, delivered offshore and delivered on behalf of other Registered Training Organisations.

Some previous annual report data may not be comparable, due to the use of different business rules in prior years.

LETTER TO THE MINISTER

The Hon. Dr Geoff Lee, MP
Minister for Skills and Tertiary Education
52 Martin Place
SYDNEY NSW 2000

Dear Minister

On behalf of the Technical and Further Education Commission, I am pleased to submit the TAFE NSW 2019–20 Annual Report to you for presentation to Parliament in your capacity as Minister for Skills and Tertiary Education.

The annual report and the accompanying financial statements have been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*.

Following its tabling in Parliament, the annual report will be available to the public on the TAFE NSW website at www.tafensw.edu.au/about-tafensw/annual-report.

Yours sincerely

Steffen Faurby
Managing Director
TAFE NSW
30 November 2020

Managing Director's Message

I am pleased to report on the financial and operational performance of TAFE NSW in 2019–20.

Against a backdrop of a ferocious bushfire season, and a global pandemic, we continued to make significant progress towards completing the One TAFE modernisation reforms, and positioning TAFE NSW to remain the number one training provider in Australia.

In July 2019, Ms Kerry Penton, stepped into the role of Acting Managing Director, leading the organisation while a global search for a new Managing Director was underway. During this period, Ms Penton drove a focus on prioritising the consistent planning of training delivery across the state, ensuring TAFE NSW has a clear plan that outlines how and where we will use our training resources.

In September, following a lengthy audit of our training products, assessments, and student support, the national regulator re-registered TAFE NSW as an RTO until 1 September 2025. This decision speaks to the quality and excellence that exists within our organisation, and reaffirms our position as a trainer of choice.

During the year, TAFE NSW invested in a comprehensive and ongoing capability development program to support teachers and assessors to demonstrate their VET currency and competency – a requirement under the national standard. At the core of this investment, is ensuring every employee understands their roles and responsibilities in ensuring quality delivery.

TAFE NSW plays an important role in responding to immediate and emerging skills needs in communities. In February, we took the decision to offer more than 270 fee-free short courses designed to specifically respond to the immediate skill needs of bushfire affected communities across the state.

In April, we again responded to community needs, by offering a suite of fee-free courses to help people and businesses affected by the COVID-19 pandemic to enable reskilling and upskilling.

COVID-19 has also required TAFE NSW to make major changes to its training delivery. In March, following a four week pause, a range of online and connected delivery methods were deployed to ensure both teachers and students could continue their study programs safely and effectively.

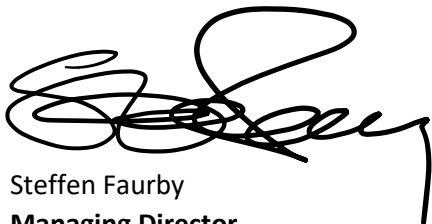
Continuity of training delivery was a whole-of-business endeavour, involving additional investment in teacher training, the development of new teaching and learning resources, and provision of additional ICT support for both teachers and students.

In 2019-20, TAFE NSW continued to invest in modern facilities that are adaptable, industry-leading and digitally-enabled, officially opening three new Connected Learning Centres and commencing the development of a further eight centres in regional areas. TAFE NSW also delivered major upgrades to facilities including multi-trades hubs in Miller and Gunnedah, and commenced construction of another two multi-trades hubs in Coffs Harbour and Bega. TAFE NSW also announced the design for the Meadowbank Multi-Trade and Digital Hub, which will become a Centre of Excellence for Digital Technology upon opening in 2022.

As Managing Director, I'm focused on ensuring that the leadership team is engaged with staff right across the organisation. We have now introduced a series of all-staff live events, called Be Engaged, to seek input and provide an overview of the actions we're taking to improve organisational health. With the technology now in place, TAFE NSW has also embarked on a monthly senior leadership briefing, and quarterly all staff updates to improve employee understanding about organisational priorities and developments.



TAFE NSW looks forward to continuing its progress towards completing the One TAFE model to transform the organisation into the gold standard of vocational education and training, not only in Australia, but around the world.

A handwritten signature in black ink, appearing to read 'Steffen Faurby', with a large, stylized initial 'S'.

Steffen Faurby
Managing Director
TAFE NSW
30 November 2020

CONTENTS

Notes on the data presented in this report.....	i
LETTER TO THE MINISTER	ii
Managing Director’s Message	iii
1. About TAFE NSW.....	1
1.1 Our Legislation	1
1.2 Our Footprint	1
1.3 Our Commitment to Industry	3
1.4 Our Business Environment.....	3
2. Performance and Achievements.....	5
2.1 Achievements against the Strategic Plan 2016-22	5
SHOWCASE	6
2.2 Skilling the Workforce of the Future.....	7
2.3 SkillsPoints – Resources and Engagement to Meet Industry Needs.....	7
2.4 Training that Leads to Jobs	9
2.5 National Disability Insurance Scheme.....	9
2.6 Pre-employment Programs.....	9
2.7 Apprenticeship Commencements.....	10
2.8 VET Student Loans	11
2.9 Higher Education.....	11
2.10 Customer Satisfaction and Improvements	13
2.11 Awards	13
3. Serving Our Students and Local Community	16
3.1 Our Students	16
3.2 Our Products	16
3.3 Enrolments by Students	17
3.4 Community Service Obligation	18
3.5 Categories of Students Facing Disadvantage.....	18

SHOWCASE	20
SHOWCASE	21
SHOWCASE	22
4. Becoming Contemporary, Commercial and Sustainable.....	23
4.1 TAFE Digital	23
4.2 Commercial Delivery	25
4.3 Risk Management, Insurance and Internal Audit	30
4.4 Vocational Education and Training Compliance and Quality Audits	32
4.5 Insurance.....	32
4.6 Complaints and Improvements.....	33
4.7 Research and Development.....	34
5. Senior Executives	38
5.1 Management Structure.....	38
5.2 NSW TAFE Commission Board	38
5.3 Current Board Member Qualifications and Terms of Appointment.....	39
5.4 Meeting Attendance	45
5.5 TAFE NSW Commission (Senior Executive) Staff Agency.....	45
5.6 Number of Senior Executive Breakdown by Band	45
5.7 Average Remuneration by Band	46
5.8 Senior Executive Positions and Qualifications	47
5.9 Functional Responsibilities.....	49
5.10 Organisational Chart	51
6. Human Resources	52
6.1 Number of Employees	52
6.2 One TAFE People and Safety Strategy	53
6.3 Developing a Quality Workforce.....	53
6.4 Workforce Diversity and Achievements	56
6.5 Workplace Relations	61

6.6	Work Health and Safety	62
7.	Budget and Expenditure.....	64
7.1	Funds Granted to Non-Government Community Organisations.....	64
7.2	Technical and Further Education Commission Independent Auditors Report.....	65
7.3	Financial Statements.....	68
7.4	Land Disposal	120
7.5	Major Works	120
7.6	Consultants Costing \$50,000 or more	123
7.7	Consultants Costing less than \$50,000	124
7.8	Timely Payment of Accounts	125
7.9	Work Related Overseas Travel.....	127
7.10	Budget Outline for 2020-2021	128
8.	Appendices	131
8.1	Changes in Legislation and Significant Judicial Decisions	131
8.2	Government Information (Public Access) Act 2009.....	131
8.3	Privacy and Personal Information Protection Act 1998.....	136
8.4	Public Interest Disclosures	137
8.5	Internal Audit and Risk Management Attestation.....	138
8.6	Digital Information Security Attestation.....	139
8.7	Contact Details.....	140

1. About TAFE NSW

1.1 Our Legislation

TAFE NSW is the NSW Government's public provider of vocational education and training (VET).

The New South Wales Technical and Further Education Commission (trading as TAFE NSW), was established as a statutory agency by the *Technical and Further Education Commission Act 1990* (NSW).

Under this legislation, TAFE NSW performs a number of functions, including:

- Providing technical and further education services to meet the skills needs of individuals and the workforce, in ways that recognise the changing nature of workplaces and the need for new skills and retraining
- Consulting with industry and the community to ensure technical and further education services are relevant to industry, business, students and other groups
- Providing educationally or vocationally disadvantaged groups with access to technical and further education and other specialised services
- Providing students with the maximum opportunity to progress to further education and training by linking their studies to further TAFE NSW courses or those of other education and training providers.

1.2 Our Footprint

TAFE NSW delivers VET and higher education in metropolitan, regional and remote areas of NSW, interstate and overseas, including online by distance education and in the workplace.

In 2019-20, TAFE NSW delivered education and training at the following locations across NSW.

1.3 Our Commitment to Industry

TAFE NSW also delivers enterprise solutions for customised training. This is designed for employers seeking to upskill their workforce at times and places that suit their business needs.

TAFE NSW has a future-focused and customer-centric plan to contribute to the NSW economy and support industry through:

- Creating jobs
- Building infrastructure
- Boosting apprenticeships
- Delivering strong budgets
- Protecting the vulnerable

TAFE NSW is committed to skilling the workforce of the future by providing quality, job-ready graduates to business and industry throughout NSW, Australia and internationally.

TAFE NSW designs courses in consultation with industry to ensure they are current, relevant and respond to emerging trends and technological advancements.

We collaborate with over 25,000 employers to help grow a productive NSW economy and ensure our students get jobs.

1.4 Our Business Environment

External Environment

The 2019-20 year was marked by a number of challenges including the devastating summer bushfires and the COVID-19 pandemic. These events have significantly disrupted the tertiary sector with many institutions adapting to virtual delivery, deferring practical lessons or temporarily closing campuses. Despite these challenges, the COVID-19 pandemic is also driving innovation and greater responsiveness in the sector. TAFE NSW was able to promptly adapt its training delivery to the new ways of working and learning and was successful in responding to the market through its fee-free short course initiative which has attracted over 115,000 enrolments.

While operating in a challenging environment, TAFE NSW continues to adapt its learning environment to the new reality by implementing safety measures aligned to the evolving public health orders and increasing flexible delivery where appropriate, including skills upgrading 5,000 teachers, over 100,000 resources for connected delivery and putting in place social distancing and robust hygiene measures for all face to face delivery, which was supported by the \$29 million cleaning stimulus fund provided by the NSW Government.

A Vision for TAFE NSW

TAFE NSW is committed to achieving the NSW Government's Vision for TAFE NSW, which outlines the ambition for TAFE NSW to be "strong, innovative, flexible and responsive to the community and industry as the State's publicly-owned vocational education and training provider."¹

The Vision confirms the leading role of TAFE NSW in setting the benchmark for training quality, training the workforce for the jobs of the future and in areas of high demand, and supporting disadvantaged or disengaged groups to take up vocational training.

The Vision also made it clear that TAFE NSW needs to make significant changes to how it operates to remain competitive in a changing environment, and specified key reform directions and accountabilities.

¹ NSW Government, *A Vision for TAFE NSW* (2016)

TAFE NSW Strategic Plan and Operational Plan

Strategic Plan

In 2019-20 TAFE NSW continued its transition to One TAFE and its efforts to realise the NSW Government's Vision for TAFE NSW and the goals outlined in the TAFE NSW Strategic Plan 2016-22. The Strategic Plan focuses on four goals:

1. Skill the State's workforce of the future as the provider of choice
2. Being a contemporary, commercial and sustainable business
3. Serve our local communities
4. Develop a customer-driven, proud and productive TAFE NSW team.

The TAFE NSW Strategic Plan 2016-22 provides a series of milestones for the purpose of tracking progress against the Strategic Plan goals.

TAFE NSW's progress towards these milestones is set out under the heading titled "Achievements against the Strategic Plan 2016-22 milestones".

Operational Plan

To support achievement of the Strategic Plan goals, TAFE NSW has also developed a two-year Operational Plan 2020-22 to renew our competitive strengths and position TAFE NSW as the leading Skills provider of choice for learners from all backgrounds. The Plan establishes our commitment to be:

- Responsive & connected to our customers
- Flexible & engaging place to learn and work
- Strong & sustainable organisation.

Together, the Strategic and Operational Plans will ensure that TAFE NSW continues to deliver training that meets the current and future skills needs of students, employers, industry and community.

Smart and Skilled

The NSW Government's reform of the state's VET system, Smart and Skilled, commenced in January 2015.

Smart and Skilled is intended to increase choice and make the NSW VET system more responsive to the needs of industry and students. It provides government subsidies for entitlement qualifications up to Certificate III level plus selected higher-level qualifications, to support people to gain the skills they need to get a job, advance their career or continue on to further study. Fee-free training is available for apprenticeship qualifications, foundation skill qualifications and, from 1 January 2020, traineeship qualifications. Fee-free training is also made available to Aboriginal and Torres Strait Islander students, students with disability, and other categories of students experiencing disadvantage.

Additionally, from 1 January 2020, TAFE NSW commenced the implementation of the NSW Government's Mature Aged Worker Scholarship program that provides 30,000 TAFE NSW places over four years for mature aged workers looking to reskill.

TAFE NSW competes with private and community training providers for contestable government training funds, delivering qualifications on the NSW Skills List and targeting delivery to meet the needs of students and the priorities of industry and the NSW economy.

The NSW Government pays a fixed price for each qualification on the NSW Skills List. Students pay the same fee for government-subsidised training, regardless of whether they study at TAFE NSW or another approved training provider.

Besides competing with private providers for a share of contestable funding, TAFE NSW plays a vital role in delivering non-commercial training to meet government policy objectives such as fee free courses in areas of skill shortages.

2. Performance and Achievements

2.1 Achievements against the Strategic Plan 2016-22

Achievements in supporting bushfire and COVID-19 recovery

The 2019 bushfires across NSW had a devastating impact on our State. Those communities have now additionally been impacted by COVID-19.

TAFE NSW has provided significant support to the communities and businesses impacted by bushfire through delivery of many fee-free courses in South, North and West regions.

In line with community feedback, TAFE NSW identified additional specific courses to be offered on a fee-free basis at bushfire-affected campuses to support recovery.

On 3 April 2020, the Minister for Skills and Tertiary Education approved the launch of a first tranche of 21 fee free courses offered by TAFE NSW. A second tranche of fee free short courses, including 13 new courses, was announced on 30 April 2020. The courses offered in Tranche 2 ensure that training does not create an oversupply in any skills area in the post COVID-19 environment.

TAFE NSW continues to play a strong role in the rebuilding and recovery process working with other agencies, and is well-positioned to support regions and communities affected by fires through responses tailored to individual impacts.

These significant achievements are contributing to building on TAFE NSW's role as a public provider serving local communities in line with the strategic plan goals.

Selected achievements to enhance service delivery and customer experience:

- Launched a Customer Experience Strategy and implemented a Customer Voice program to enable customer feedback and support improved customer experience
- Received re-registration following the Australian Skills and Quality Agency audit
- Continuation of the delivery of a real-time, whole of business, integrated student management system that will improve effectiveness and efficiency of operations
- Enhanced brand experience through continuous improvements to TAFE NSW websites and customer relationship management systems
- Launched innovative course offerings and delivery models such as the Cyber Security microlearning modules developed in partnership with the NSW Cyber Security Innovation Node and the Women in Business online program for women looking to establish a micro or small business or already operating a business
- Developed a state-wide Multicultural Plan 2020-22 to further TAFE NSW's commitment to people of culturally and linguistically diverse backgrounds, including students, employees and communities in NSW
- Released a three-year Aboriginal Employment Strategy, *Be Empowered: Empowering Aboriginal People through Employment*, to improve representation of Aboriginal people within the TAFE NSW workforce and career development, as well as cultural capability and accountability and community engagement.

SHOWCASE

CLX PROJECT

During Semester 2 2019 the Customer Experience (CX) Team successfully undertook a pilot to test an innovative approach to connecting students with teachers and peers within virtual classrooms called The Connected Learning Experience (CLX) Project. Connected Learning is where a teacher actively leads students in different locations in real time. Unlike online training the teacher is continuously present to offer students guidance within a virtual classroom.

The CLX Project used Human Centred Design methodology to bring together a cross functional team comprised of teachers, campus staff and education quality staff to identify how to improve the experience of Connected Learning.

The project team developed a set of resources and practices that focused on developing better experiences using the existing technology and spaces. The testing focused on materials and in class behaviors that support a greater sense of equity and guidance within the class which resulted in more confident engaged students, excited teachers and improved completion rates.

"I was really stressed at first because I didn't know what to expect but after a few classes, I'd rather learn through this way than in a face to face classroom"

"I guess it's just, I don't know, more calmer. I can't explain it. But yeah, I do prefer it how I'm doing it now than the other (face to face)."

The CLX Pilot insights were critical in supporting teachers and students to make the rapid transition from on-campus Face to Face training to off-campus Connected Learning, due to COVID-19.

Table 1: *Our Performance* reports against key areas of the TAFE NSW Strategic Plan 2016–22.

Area	Outcome
Course enrolments	428,000 +
Course completions	164,000 +
Online subject enrolments	98,000 +
VET graduates satisfied with training	89.8%
VET graduates employed or in further study	84.2%
NSW apprentice commencements	76%
NSW apprentice completions	9,300 +
Higher Education course enrolments	2,300 +
Higher education graduate satisfied	81.0%

2.2 Skilling the Workforce of the Future

Planning Mechanisms in 2019-20

TAFE NSW remains focused on developing and offering qualifications that deliver improved job outcomes for students.

TAFE NSW is dedicated to ensuring that training remains relevant to students and employers. Courses which are no longer relevant in terms of student demand and industry need are either adapted to better address current need or replaced with courses that better match demand and need.

TAFE NSW is committed to continuing to be a flexible and agile public training provider, including through the development and introduction of new courses that meet the changing employment needs and growth markets. As part of this process, TAFE NSW consults with industry bodies to ensure the identified skill requirements are met. TAFE NSW also undertakes analysis of the latest market and industry demand intelligence to inform training delivery planning. TAFE NSW also works closely with community organisations and groups to support disadvantaged students to take up Vocational Education and Training and move into jobs and higher level training.

One TAFE Education and Training Strategy

The TAFE NSW Education and Training Strategy 2018-22 sets out how TAFE NSW will deliver education and training over five years. It clearly explains the direction and goals for the provision of vocational education and training and higher education and will guide the actions of our business as we transition to a modern, innovative organisation that realises commercial success.

The Education and Training Strategy:

- Sets the education and training direction and priorities for the whole of TAFE NSW for five years
- Supports all four goals of our Strategic Plan and provides direction for the Corporate, Regional and Digital Delivery teams
- Enhances the customer journey wherever and whenever a customer interacts with us
- Identifies significant changes ahead for the way we design and deliver education and training to ensure quality teaching and learning and good job outcomes

2.3 SkillsPoints – Resources and Engagement to Meet Industry Needs

The nine SkillsPoint Headquarters (HQs) provide dedicated, industry specific point of contact for employers.

Working with TAFE Digital, the nine SkillsPoint teams are developing high-quality training products for specific industry sectors.

SkillsPoints ensure compliance in learning product design, development and assessment. Nationally recognised qualifications adhere to national training package specifications and satisfy regulatory and licensing requirements. SkillsPoints also ensure consistency across training products so that students have the same learning experience regardless of the mode of delivery or their location.

Ongoing market analysis and industry consultation ensure TAFE NSW adapts its education and training offerings to meet new and emerging industry and employer needs. SkillsPoints also develop higher education courses, commercial and non-accredited courses to meet specific customer needs.

Consistent, High-Quality Training Products across NSW

SkillsPoints and TAFE Digital are working together to develop training products that meet new and emerging skill needs more efficiently.

Over time, state-of-the-art digital learning materials will be embedded into SkillsPoint product development and shared across all TAFE NSW training delivery points, including the use of advanced simulation, virtual and augmented reality.

SkillsPoints locations in regional and metropolitan areas

REGIONAL



NEWCASTLE

Innovative Manufacturing, Robotics and Science

The planning, design and production of goods including machinery and equipment, vehicles, textiles, fashion and clothing.



GRIFFITH

Agribusiness

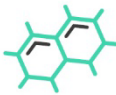
Food, fibre production and processing and associated industries.



TAMWORTH

Career Pathways, Aboriginal Languages and Employability Skills

Employment and study preparation, foundation skills, Aboriginal languages and language proficiency.



QUEANBEYAN

Health, Well-being and Community Services

Medical and allied health care and the associated support services; children's services; well-being and fitness.



DUBBO

Supply Chain and eCommerce

Retail, vehicle service and repair, transport, distribution and logistics. Digital and online business and electronic transactions.



COFFS HARBOUR

Tourism and Experience Services

Provision of services to customers including: food preparation and food service, hospitality, personal services, tourism, funeral services, visitor economy and travel.

METRO



ULTIMO

Technology and Business Services

Business, financial, commercial and professional services including banking, administration, real estate, leadership, education, local government and public sectors. Technology including: cloud, digital data, communication, digitisation, cyber security and networks.



PARRAMATTA

Creative and Design Ideation

Cultural, creative, digital media, design, fashion and artistic pursuits and processes.



MOUNT DRUITT

Infrastructure, Energy and Construction

Construction, building, energy and utilities, property and public safety.

2.4 Training that Leads to Jobs

Enrolments

TAFE NSW had 428,000 enrolments in 2019².

Emerging Industry Needs

The economic and skills landscape is changing rapidly. Technology is having a profound impact on the nature of work and workforce requirements. The economy needs new skills to support jobs growth and infrastructure investment in NSW, and to support economic recovery following the impacts of the COVID-19 pandemic. Workers will increasingly be required to engage in lifelong learning, including upskilling and reskilling throughout their career, to ensure their skills remain in-demand and keep pace with technological changes and other emerging trends. TAFE NSW is modernising to meet these challenges and prepare the people of NSW for the future.

2.5 National Disability Insurance Scheme

In 2019, TAFE NSW had 15,000 enrolments in qualifications that contribute to the National Disability Insurance Scheme workforce, including:

- Certificate III in Individual Support
- Certificate IV in Disability
- Diploma of Community Services
- Advanced Diploma of Community Sector Management
- Graduate Certificate in Client Assessment and Case Management
- Certificate III in Allied Health Assistance
- Certificate IV in Allied Health Assistance
- Certificate III in Fitness
- Certificate IV in Fitness.³

2.6 Pre-employment Programs

Prevocational and Part Qualifications

TAFE NSW delivers prevocational and part qualifications to help students develop early foundation and vocational skills, so that they can transition successfully into full qualifications or employment. Students include school leavers, the unemployed and other people facing disadvantage.

In 2019 over 35 per cent of enrolments were in part qualifications (Australian Qualifications Framework (AQF) Statements of Attainment or non-AQF level courses), the majority of which were government subsidised. Part qualifications include national training package and Registered Training Organisation skill sets.

TAFE NSW also delivers pre-apprenticeship and pre-employment programs in partnership with government and non-government agencies, including delivery of workplace-based training.

There were also over 16,700 commencing enrolments in Smart and Skilled AQF foundation skills qualifications in 2019. Foundation skills include learning, reading, writing, numeracy, oral communication, study skills and employability skills such as communication, teamwork and problem solving.

² TAFE NSW data.

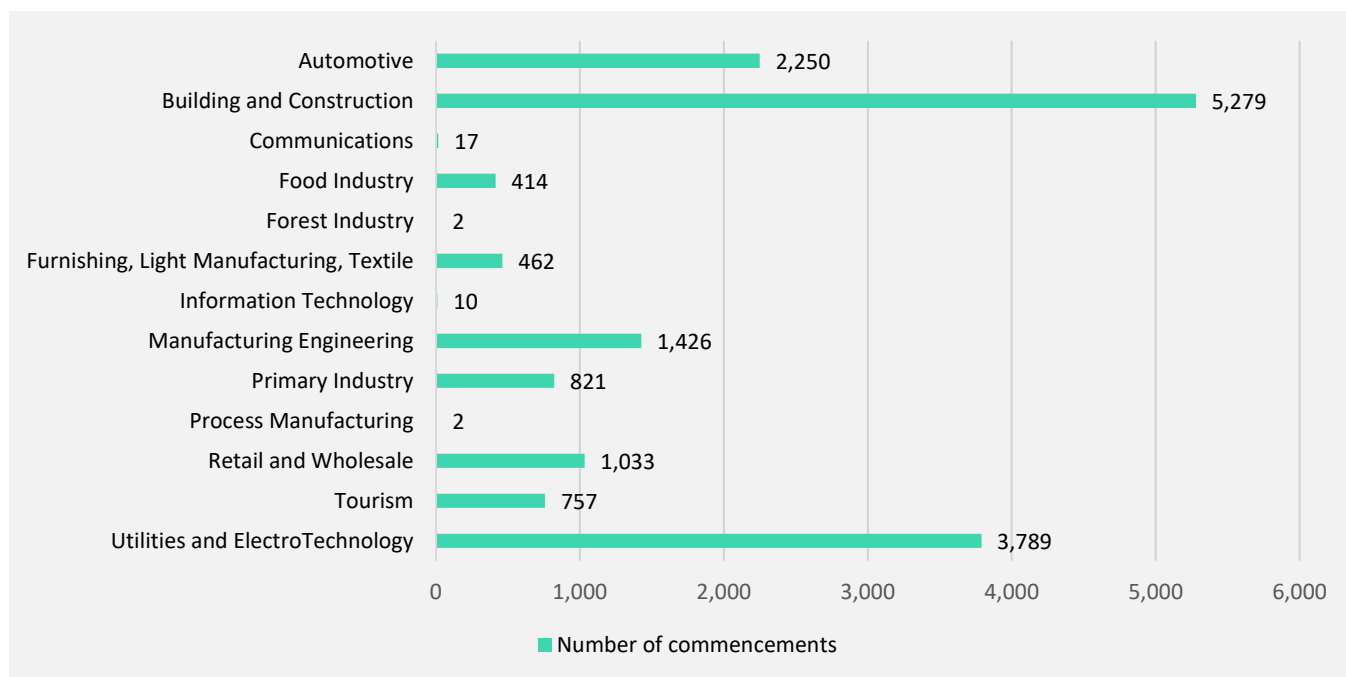
³ TAFE NSW data.

2.7 Apprenticeship Commencements

In 2019, TAFE NSW had more than 16,200 apprenticeship approvals, 76 per cent of the total for NSW. ⁴

Building and Construction had the highest number of commencements, followed by Utilities and ElectroTechnology.

Figure 1: TAFE NSW 2019 number of apprenticeship commencements by industry



Source: TAFE NSW, based on Training Services NSW figures (December 2019)

Certificate IV Level and above Enrolments

In 2019, there were over 107,600 enrolments in qualifications at Certificate IV level and above. These figures include qualifications that were subsidised under Smart and Skilled, supported by the Commonwealth VET FEE-HELP student loan scheme or delivered as fee-for-service commercial enrolments to domestic and international students.

Completions

Completions for all TAFE NSW students in Certificate IV and above qualifications were over 31,400 in 2019.

These qualification completions included over 40 per cent at Diploma level and above in 2019. ⁵

Completions measure where students have met all the requirements for the completion of the qualification, course or skill set, including on-the-job requirements. Completions for Australian Qualifications Framework qualifications and courses are achieved when the student becomes eligible for the award to be conferred.

⁴ Training Services NSW (December 2019)

⁵ TAFE NSW data.

2.8 VET Student Loans

Commonwealth Government VET Student Loans allows eligible students to use an income-contingent loan to pay their tuition fees for VET qualifications at the diploma level and above. Students are only required to repay a loan when their income exceeds a minimum threshold.

There were 10,500 unique TAFE NSW students who accessed a loan through VET Student Loans to pay for their studies in 2019. Of the students, 9,100 used the loan to pay the student fee for a course subsidised by the NSW Government and 1,300 for a commercial course.⁶

VET Student Loans predominantly supported students in the following courses:

- Diploma of Nursing
- Diploma of Community Services
- Diploma of Early Childhood Education and Care
- Diploma of Building Design
- Diploma of Beauty Therapy
- Diploma of Project Management
- Diploma of Business
- Diploma of Visual Arts
- Diploma of Business Administration
- Diploma of Youth Work

VET Student Loan fee exemption for COVID-19

The Commonwealth Government has introduced a six-month exemption of the 20 per cent loan fee for full fee-paying VET Student Loan students. This applies for all VET Student Loan amounts incurred on census days between 1 April 2020 and 30 September 2020. The exemption will be automatically applied and be reflected on the Australian Taxation Office's debt records from early June 2020.

2.9 Higher Education

Industry needs

TAFE NSW started delivering higher education programs in 2011. Since then, TAFE NSW has responded to demand for higher level skills within the labour market by developing higher education courses that meet industry needs, have a strong vocational emphasis and are delivered by industry experts.

TAFE NSW designs its degree programs to align to industry workforce standards and requirements and respond to industry needs and identified gaps in training. This ensures that TAFE NSW Higher Education produces graduates that are competent and industry-ready.

All TAFE NSW Higher Education programs focus on applied teaching and learning and include work integrated learning and blended learning delivery methods.

Since 2016, in partnership with industry, TAFE NSW Higher Education students have conducted applied research projects that help students to develop problem-solving skills by working on practical industry problems.

⁶ TAFE NSW data.

Enrolments

During 2019, TAFE NSW delivered 18 Higher Education qualifications. TAFE NSW Higher Education combined domestic and international enrolments were 2399 in 2019.⁷ This continued growth was due in part to additional delivery locations and a growth of 37 per cent in enrolments by international students.

Enrolments in higher education qualifications by international students numbered 1,207 in 2019, forming 50 per cent of the overall cohort of higher education students.⁸

Growth

From 1 July 2019 to 30 June 2020 TEQSA accredited two new TAFE NSW Higher Education programs.

These additional courses bring the number of TEQSA accredited TAFE NSW Higher Education programs to 31.

In addition to the 31 TAFE NSW developed and accredited degree programs, TAFE NSW is delivering six (6) other higher education programs on behalf of university partners.

Quality Assurance

TAFE NSW Higher Education employed quality assurance practices and mechanisms to improve the quality, relevance and delivery of TAFE NSW Higher Education courses.

Governance Model

The TAFE NSW Higher Education Academic Council ensures TAFE NSW Higher Education fulfils its responsibilities and meets its obligations as a higher education institution.

The Academic Council oversees curriculum development and quality assurance processes to ensure TAFE NSW Higher Education achieves its educational objectives and meets the 'Higher Education Threshold Standards'.

The Dean's Committee monitors the quality assurance processes for teaching and learning across TAFE NSW Higher Education courses and campuses.

Review and Benchmarking

The TAFE NSW Higher Education review and improvement process incorporates course advisory committees, teaching and learning committees, campus reference groups, moderation and external benchmarking.

TAFE NSW convenes advisory committees for each higher education course on an annual basis. These committees have a majority of external members including employers. The committees review the content, curriculum, learning outcomes and structure of courses.

TAFE NSW also convenes teaching and learning committees to monitor and report on the quality of teaching and learning of higher education courses to ensure consistency in delivery and assessment across different classes and campuses.

TAFE NSW also conducted many benchmarking exercises with external academic partners to improve aspects of course delivery such as student support and assessment design.

⁷ TAFE NSW – Commonwealth Higher Education Information Management System. Please note that the higher education data presented in this section is a subset of all TAFE NSW data.

⁸ Australian Education International

Student transitions to employment or further study

The NCVER Student Outcomes Survey⁹ found that 68.1 per cent of TAFE NSW and other government provider vocational graduates in NSW were employed after completing training in 2019. The Survey also found that 39.3 per cent of 2019 TAFE NSW and other government provider vocational graduates were enrolled in further study.

TAFE NSW Higher Education provides a streamlined and supportive pathway for vocational students to continue on to higher education in their chosen field.

Students may enter a TAFE NSW Higher Education degree directly, or they may choose to transition into one from either a vocational or a higher education qualification such as Diplomas.

The Quality Indicators of Learning and Teaching (QILT) Graduate Destination Survey indicated that in 2018-2019, TAFE NSW Higher Education students' rate of transition to employment after completing their course was 78.3 per cent of 2019 graduates.

Of the students who graduated, 61.5 per cent were working full or part-time by the time they were surveyed. 12.1 per cent of TAFE NSW Higher Education graduates also went on to further study.¹⁰

2.10 Customer Satisfaction and Improvements

The satisfaction rate of TAFE NSW VET graduates was higher than the averages for NSW and national VET providers.

The NCVER Student Outcomes Survey¹¹ found that 90.3 per cent of 2019 TAFE NSW and other government VET graduates in NSW were satisfied with the overall quality of training. The TAFE NSW and other government graduate satisfaction rate was higher in NSW than the national average for all TAFE and government providers across Australia (89.8 per cent) and higher than the rate for government-funded VET providers across Australia (88.6 per cent).

The 2019 NCVER survey of employers' use and views of the VET system¹² found that 81.9 per cent of employers were satisfied with the overall quality of TAFE NSW nationally recognised training. The TAFE NSW employer satisfaction rate was close to the national average for all TAFE Institutes in Australia 77.1 per cent.

The QILT Graduate Destination Survey of 2018-2019 graduates conducted by the Commonwealth Government found that TAFE NSW Higher Education graduate satisfaction had increased. The results showed that 70.9 per cent of students were satisfied with teaching practices compared to the national average of 63.3 per cent. In the national Student Experience Survey, 84.2 per cent of current TAFE NSW Higher Education students were positive about their skills development compared to the national average of 81.3 per cent.

2.11 Awards

Our students receive recognition from employers and the community for their job-ready skills and knowledge. They are also consistently awarded for their levels of skills and dedication to their learning and their careers. Equally, TAFE NSW staff and the organisation as a whole are acknowledged and recognised for excellence in delivering vocational education and training.

⁹ Conducted in December 2019.

¹⁰ Conducted in October 2019.

¹¹ Conducted in December 2019.

In 2019, TAFE NSW students, staff and TAFE NSW itself as an organisation combined to win over 50 external awards, helping to confirm our reputation as a leader in the industry.

These awards were contested on state, national and international stages, and ranged from state-wide Student of the Year Awards and the NSW Minister for Tourism Student Achiever Awards to medals at the 45th WorldSkills International Championship in Russia.

A selection of these awards is detailed below.

NSW Training Awards and Australian Training Awards

The NSW Training Awards are the peak state awards for vocational education and training, recognising and celebrating achievement, excellence and innovation in the nation's largest training sector. TAFE NSW students featured strongly, winning twenty-six regional awards across NSW and 3 awards at the state level as follows:

Table 2: 2019 NSW Training Awards Winners

Category	Winner
Apprentice of the Year	Nelson Florimo
Trainee of the Year	Samuel Heffernan
Phil Darby Memorial Encouragement Award for an Apprentice or Trainee	Troy Ward

The TAFE NSW winners of the Apprentice and Trainee categories in the 2019 NSW Training Awards progressed to competing as finalists in the 2019 Australian Training Awards.

Table 3: 2019 Australian Training Awards Finalists

Category	Finalists
Apprentice of the Year	Nelson Florimo
Trainee of the Year	Samuel Heffernan

Other State Awards

Four TAFE NSW tourism students from across the state were awarded Student Achiever Awards by the NSW Minister for Tourism, Stuart Ayres. The students were Tara Martin, Steven Green, Gabrielle Bombara and Sophie Scriven.

Angus Beasley from TAFE NSW Kurri Kurri won the Graduate of the Year – Vince Church Award at the 2019 NSW Golf Course Superintendents Association annual awards, then went on to win the Australian Graduate of the Year award.

Three TAFE NSW international students won awards in the 2019 International Study Sydney Student Awards: Daniel Carpentier, from Chile, won the ELICOS Award, while Janet Herrera, from Argentina and Gustavo Martins from Brazil won VET Awards.

Wines produced at TAFE NSW Kurri Kurri won three gold medals at the 2019 NSW/ACT Small Winemakers Show.

Trina Storey-Hollis, Beauty Teacher at TAFE NSW Ultimo, won the Best Individual Beauty Educator of the Year category in the 2019 Australian Beauty Industry Awards.

TAFE NSW Ultimo won both Training Restaurant of the Year and Best Food Services Outlet in the 2019 Tourism Training Australia Awards.

Other National/International Awards

Eight of the TAFE NSW National medallists in 2018 made the 15-strong Australian Skillaroo team competing in 2019 in the WorldSkills International Championship in Kazan, Russia.

TAFE NSW International medallists were:

- Clinton Larkings from TAFE NSW Orange (Silver medal in Industrial Mechanics Millwright)
- Maxine Colligan from TAFE NSW Campbelltown (Bronze medal in Car Painting & Best In Nation Award).

There were also Medallions of Excellence awarded to four TAFE NSW students: Nathan Kettle (Jewellery), Indy Griffiths (Graphic Design Technology), Cristopher Matkowski (Cookery) and Anthony Ters (Automobile Technology).

Certificates of Participation were awarded to Hayden Dillon (Carpentry) and Courtney New (Fashion Technology).

3. Serving Our Students and Local Community

3.1 Our Students

TAFE NSW is committed to our students and the role we play in changing lives and opening up opportunities through learning.

TAFE NSW caters to a range of students from school students starting a VET course whilst still at school, to those choosing their first career and seeking technical, trade and specialist skills development, through to career upgraders or mature learners, who want to update their skills or change careers.

In 2019, TAFE NSW enrolled students in more nationally recognised VET qualifications than any other VET provider and offered students customised courses, TEQSA accredited Higher Education programs and university programs delivered on behalf of partner universities.¹³

TAFE NSW also delivers enterprise solutions for customised training for employers, seeking to upskill their workforce at times and places that suit their business needs.

3.2 Our Products

TAFE NSW products, services and delivery methods are continually evolving to meet the changing needs of students, industry and the community.

TAFE NSW products range from short courses and skill sets through to Australian Qualifications Framework Certificate I, to Graduate Diploma level qualifications, including apprenticeships, traineeships and higher education programs.

TAFE offers the best of campus-based delivery as well as flexible online delivery and work-based learning, continuing to expand the use of advanced digital courseware such as virtual reality, animation, simulations and augmented reality. Courses are available full-time or part-time, or students can access flexible learning to progress at their own pace.

This year, TAFE NSW offered qualifications and courses in the following fields of education:

- Agriculture, environmental and related studies
- Architecture and building
- Creative arts
- Education
- Engineering and related technologies
- Food, hospitality and personal services
- Health
- Information technology
- Management and commerce
- Natural and physical sciences
- Society and culture.¹⁴

TAFE NSW Vocational Education Training (VET) courses are generally but not exclusively based on nationally recognised training packages. Training packages and higher education programs are developed to meet the identified training needs of specific industry sectors.

We support our students through personalised learning solutions, flexible education and training options, and also through a range of student support services. Those include career counselling, disability services, library services, Aboriginal support services, International Student support, Student Associations, Children's Centres, language, literacy and numeracy services and many more, to help students engage successfully

¹³ TAFE NSW data.

¹⁴ TAFE NSW data.

with education and training. We are committed to supporting our students through to course completion and or achieving their goals.

Additionally, in response to the impact on employment due to the COVID-19 pandemic in 2020, the NSW Government through TAFE NSW has taken the initiative to support people in transition by offering a range of fee-free short courses via online delivery, with a focus on Health, Business and IT.

3.3 Enrolments by Students

TAFE NSW continues to improve access for our rural and regional students through improved learning platforms and innovative facilities.

In 2019, there were over 145,200 enrolments by students living in regional or remote areas, comprising 34 per cent of total enrolments.¹⁵

TAFE NSW continue to expand regional and remote access to education and training by establishing Connected Learning Centres (CLCs) across regional NSW. These centres provide multi-purpose, digitally enabled learning spaces in accessible locations to provide regional areas with skills critical to the NSW economy.

There are fourteen CLCs in operation, working with mobile education units to bring equipment and tools to the students to provide hands-on, practical training with another eight to be delivered by 2023. This assists TAFE NSW to expand the range of courses offered in regional areas.

Table 4: 2019 TAFE NSW Enrolment Breakdown

39,500 + enrolments by Aboriginal Students	97,100 + enrolments by unemployed students
96,100 + enrolments by students from a language background other than English	145,200 + enrolments by students in regional and remote areas
170,300 + enrolments by students aged 15-24 years old	50,000 + enrolments by students with a disability
88,000 + enrolments by mature aged students	230,600 + enrolments by female students

Source: TAFE NSW data (2019). Note: 'Mature aged' is defined as being 45 years and older.

¹⁵ TAFE NSW data.

3.4 Community Service Obligation

TAFE NSW plays a critical role in promoting equity and access to education in NSW. As a public VET provider TAFE NSW has an obligation to the NSW Government to serve the people and communities of NSW, including those who face significant barriers to education and employment.

TAFE NSW provides additional support to Aboriginal and Torres Strait Islander students, students with disability and other learners experiencing disadvantage, and services all areas of New South Wales, to ensure the benefits of VET are available to all.

Community Service Obligation (CSO) funding is provided to TAFE NSW in recognition of the organisation's legislated obligations to provide those experiencing disadvantage with access to "technical and further education services, including a range of appropriate specialised services" as outlined in the *Technical and Further Education Commission Act 1990* (NSW).

3.5 Categories of Students Facing Disadvantage

TAFE NSW uses CSO funding to support individuals facing disadvantage including:

- Aboriginal and Torres Strait Islander people
- People with disability
- People who are unemployed
- People living in a regional or remote area
- People from Language Backgrounds Other Than English
- Welfare recipients
- People with lower language, literacy and numeracy ability
- People with a lower socio-economic status
- Young people at risk of not making a successful transition to higher-level qualifications or employment
- People who have not completed Year 12 or post-school qualifications
- People facing other barriers to learning.

Table 5 below shows TAFE NSW enrolments in some of the most common categories of disadvantage:

Category	2019 course enrolments
Aboriginal students ¹⁶	39,500 +
Students with disability ¹⁷	50,000 +
Unemployed students ¹⁸	97,100 +
Regional / remote students ¹⁹	145,200 +
Students from Language Backgrounds other than English ²⁰	96,100 +

Source: TAFE NSW data. Note: Students may meet the criteria for multiple categories of disadvantage.

¹⁶ Aboriginal students are students who self-identified on their enrolment form as Aboriginal, Torres Strait Islander or both.

¹⁷ Students with disability are students who asked for help with their disability or who specified a type of disability on their enrolment form.

¹⁸ Unemployed students are students who self-identified on their enrolment form as being unemployed and seeking part-time or full-time work.

¹⁹ Regional/Remote students are based on Accessibility/Remoteness Index of Australia (ARIA), 2011.

²⁰ Language Background other than English students stated on their enrolment form that the main language they speak at home is not English.

Types of Support Provided

In 2019, TAFE NSW continued to provide support services to learners facing barriers to education and employment under CSO funding. This included:

- Helping students overcome barriers to learning through: foundation skills development, language, literacy and numeracy support and learning materials tailored to the individual's needs
- Providing personal supports such as counselling, mentoring and pre-training assistance
- Specialist support services, including support and services for people with disability such as note taking, interpreters and adjustment of learning and assessment materials
- Career services to facilitate pathways to employment through practical supports, such as interview preparation, and linking students to job providers
- Services that support transitions from school to TAFE NSW, and from TAFE NSW to further education
- Access to study facilities and services such as computers with specific software packages at library and learning resource centres
- Engagement with low socioeconomic status communities and with youth at risk of disengaging from school, to promote greater engagement in education and employment.

Aboriginal Students

TAFE NSW is committed to improving the educational and employment outcomes of Aboriginal students.

In 2019, there were 39,500 enrolments by Aboriginal students.²¹

TAFE NSW develops customised programs for cohorts of Aboriginal and/or Torres Strait Islander students and learning plans for individual students to support their participation in vocational education and training.

The enrolments of Aboriginal students in Certificate IV and Diploma in the past five years are:

- Certificate IV level and above:
 - 7,900 Aboriginal students in 2015 to 10,400 Aboriginal enrolments in 2019, an increase of 32 per cent
 - 24 per cent of Aboriginal enrolments in 2015 to 26 per cent of Aboriginal student enrolments in 2019.
- Diploma level and above:
 - 4,100 Aboriginal enrolments in 2015 to 4,000 Aboriginal enrolments in 2019, a decrease of 2 per cent
 - A decrease from 12.6 per cent of Aboriginal enrolments in 2015 to 10.3 per cent per cent in 2019.

A trend towards enrolling in higher-level qualifications was evident in the 25 to 29-year student age group. Over the five-year period to 2019, TAFE NSW enrolments by Aboriginal students in the 25 to 29 year age group increased in:

- Certificate IV and from 600 Aboriginal enrolments in 2015 to 1,200 in 2019, an increase of 100 per cent
- Diploma and above from 600 in 2015 to 800 in 2019 an increase of 3 per cent.²²

In 2019, there were over 11,500 enrolments by Aboriginal students in part qualifications (Statements of Attainment or non-AQF level courses) a decrease of 7 per cent from the previous year (over 12,300).

²¹ TAFE NSW data.

²² TAFE NSW data.

Course completions by Aboriginal students at TAFE NSW increased by 27 per cent from 2015 to 2019, particularly in higher-level qualifications. Completions in qualifications at Certificate IV level and increased from 700 in 2015 to 900 in 2019 (29 per cent).

The TAFE NSW Aboriginal Engagement team have successfully raised the profile of TAFE NSW through regular and ongoing engagement with local Aboriginal communities and business across the region.

The team have paved the way for Aboriginal students to feel culturally safe at TAFE NSW by:

- Promoting cultural safety/content through course design and delivery;
- Embedding Aboriginal culture in everyday practices and service delivery through Aboriginal Cultural Awareness training, art, storytelling, awards ceremonies and celebrating cultural events;
- Support services provided by Aboriginal Student Support Officers;
- Attending community events and meetings;
- Conducting community based training needs analysis to identify barriers to training, type of skills and qualifications required by Aboriginal communities and assist with future planning of targeted or tailored courses for community.

SHOWCASE

Connecting to culture through Aboriginal languages

West Region's Aboriginal Languages Program has been delivering Aboriginal languages courses in Gamilaraay and Wiradjuri for many years, providing connection to culture for Aboriginal students.

Dedicated TAFE NSW teachers have travelled the region to deliver languages courses into community, sharing knowledge and heritage and ensuring the continuation of important cultural links to local languages.

With COVID-19, the teaching section swiftly adopted connected delivery. This quick transition reaped dividends with many students who had previously not been able to study their culture through language joining connected classes for the Certificate I in Fundamental Languages for Personal Use and the Certificate II in Basic Aboriginal Languages for Social Use.

Teacher Auntie Iris Reid was thrilled to be able to share her teaching and culture with more students. She delivers both in and outside of normal working hours to reach as many students as possible, currently teaching students from Dubbo, Condobolin, Trangie, Mudgee, Lithgow and Canowindra.

Students have responded well to the new connected learning environment, valuing the culture and stories Auntie Iris brings to her classes. Students have commented that Auntie Iris "taught me so much, not only about language, but about my culture. I am forever thankful for her and can't wait to continue learning with her in the Certificate II" and she "needs to be commended on her knowledge and her determination to keep language alive and for helping all of us through to the end".

With connected delivery complementing face to face delivery in the future, many more people will have the opportunity to learn Aboriginal languages and culture, which will be invaluable for individuals and communities across West Region.

SHOWCASE

Indigenous Fire and Rescue Employment Strategy (IFARES)

The IFARES program is a pre-vocational program which creates a pathway for Aboriginal and Torres Strait Islander people into employment with Fire and Rescue NSW. The program is a collaboration between TAFE NSW and Fire and Rescue NSW and equips participants with skills and qualifications required to become a fire fighter.

More than 50 people from Aboriginal and Torres Strait Islander backgrounds have gained employment as fire fighters, since the program was established in 2013.

TAFE NSW has also developed Tracks to IFARES, a short training program providing prospective IFARES candidates an opportunity to learn more about Fire and Rescue. The program is designed to complement and support the selection of the high volume of applications for IFARES.

Students with a Disability

Students with a disability present with a wide range of complex issues including mental health issues and Teacher Consultants ensure that the adjustments support these ongoing conditions and assist in linking with Counselling and Career Development Services where appropriate. Some students have two or more disabilities and this requires close liaison between Teacher Consultants to enable the student to receive support across a range of disability areas.

TAFE Disabilities Services ensures that students with a disability have access, support and equal opportunities while studying in TAFE NSW. These may be either prospective or current students who require some reasonable adjustment which may include tutorial support, assistive and adaptive technology, in class support such as notetakers, Auslan interpreters and/or class notes in alternative form, examination modifications.

An Individual Education Plan is developed in consultation with the student with a disability and it records the negotiated types of reasonable adjustment based on the individual needs of each student.

There were 50,000 enrolments by students with disability in 2019.²³ Out of these enrolments, 15,000²⁴ contributed to the National Disability Insurance Scheme workforce.

Developing a TAFE NSW Disability Inclusion Action Plan 2020-2022

One of the key objects of the [Disability Inclusion Act 2014](#) (DIA) is to acknowledge that people with disability have the same human rights as other members of the community and that the State and the community have a responsibility to facilitate the exercise of those rights. The Act aims to promote ongoing commitment of the NSW Government to building a strong, equitable and inclusive community across NSW.

TAFE NSW is committed to supporting the rights.

From there, we will begin to drive the mutually beneficial partnerships and programs that work towards closing the prosperity, education and employment gaps. TAFE NSW is committed to this long-term investment in reconciliation, healing and respect.

²³ TAFE NSW data.

²⁴ TAFE NSW data.

SHOWCASE

North Region

The Bushfoods Program is a contextualised program to produce bushfoods. More than 60 people have graduated from this program with many developing Enterprises of their own or working in bushfoods production.

South Region

The South Regional Aboriginal Engagement Team held a series of virtual yarning circles to increase awareness and knowledge of culturally appropriate methods and practices when engaging Aboriginal communities. A total of nine 2 hour sessions were delivered to TAFE NSW Staff across the state. Sessions covered, engagement in times of COVID, Email Management, Emotional Intelligence, Domestic Violence, Mental Health, Cultural Awareness, Accidental Counselling and Conflict Resolution. The yarning circles engaged more than 400 staff across TAFE NSW. Surveys were forwarded to participants at the end of each session, with 95% of surveys completed commenting about the value, worth and delivery of content as an effective tool to raise cultural awareness through the use of traditional customs such as a yarning circle. The Aboriginal Engagement team will now host monthly yarning sessions to Region South staff as an open invitation to build awareness and relationships.

West Region

Local Aboriginal students have embraced a skills program that has equipped them with hands-on job-ready skills and provided pathways to careers.

TAFE NSW Aboriginal Engagement Coordinator, Robbie Olsen, said the TAFE NSW iConnect program provided participants with a taste of various vocational areas, Aboriginal culture and assistance with pathway choices for further study. "Students participated in the program for five weeks and learnt practical hands-on skills in farming, fencing, construction, employability skills, Aboriginal culture, language and art. Whilst completing carpentry skills, the students designed a mural structure that they wanted to use to showcase their own art. They spent their time in the art classes designing and creating a mural that represents the Warren community both past, present and emerging."

TAFE NSW Warren iConnect graduate, Heidi Gale took part in the program and said the program took her out of her comfort zone and helped her develop a passion for agriculture. "Since completing the iConnect program, I'm now studying a Certificate III in Animal Studies and a Certificate II in Agriculture. Once I finish this course, I plan on working in the agriculture industry."

TAFE NSW Aboriginal Studies Teacher, Johanna Parker added: "The students also learnt Aboriginal Language in Ngiyampaa tongue. They have absorbed Aboriginal cultural knowledge of the land, plants, animals and people really well and the artwork is now a community feature at TAFE NSW Warren."

Sydney Region

Shanae's journey started when she was encouraged by her high school teacher to complete the YES program at TAFE NSW Sydney Region when she left school at the age of 16. The YES program is a vocational, hands-on learning opportunity for young students aged 15-17 years who have become disengaged from their senior school education. The relationship TAFE NSW has with schools enables students like Shanae, who are unable to complete their Year 10 at school, to see new pathway opportunities to either re-engage with school or pursue vocational education.

The YES program enabled Shanae to undertake the TAFE NSW Under 17's Year 10 equivalent program, where she worked very hard to achieve a Year 10 equivalent Certificate II in Retail.

4. Becoming Contemporary, Commercial and Sustainable

TAFE NSW is modernising how we do business so we can continue to compete successfully as a government owned education and training provider that delivers sustainable public value for the people and enterprises of NSW.

In 2019-20, the team received TAFE NSW delivered a series of initiatives to modernise the organisation and transform it into a contemporary and commercial government-owned business:

- Simplified the way TAFE NSW buys by replacing manual processes with an online one-stop-shop procurement solution, giving people time back in their day to focus on our students
- Consolidated identity records for all of the organisation's staff and contractors across all TAFE NSW systems and applications
- Adopted a Single Touch Payroll solution to report all employee pay, tax and superannuation information directly to the Australian Taxation Office, bringing TAFE NSW in line with Commonwealth legislation
- Introduced an online Safety Risk Management System to help staff easily identify and report incidents and hazards from any location at any time, which means a safer environment for all staff and students
- Consolidated 11 separate institute systems into a single enterprise-wide budget planning solution
- Updated our printers and scanners by rolling out 1,300 new print devices with secure printing capability, while decommissioning 1,600 outdated devices across 119 locations
- Strengthened the TAFE NSW SAP system, resulting in improved financial reporting and management of staff records
- Delivered an enterprise physical asset register to enhance the performance, maintenance and replacement of assets across all TAFE NSW locations
- Made further enhancements to ensure the TAFE Digital Campus, TAFE NSW's single Learning Management System continues to meet the needs of teachers and students.

4.1 TAFE Digital

TAFE Digital is Australia's largest provider of online vocational education and training and is also achieving high satisfaction ratings from its students.

Digital Delivery

During the past year the Digital Delivery team have provided training to over 100,000 students across Australia. Additionally, the COVID Fee Free Short Course initiative in early 2020 provided an opportunity for people impacted by the pandemic to upskill during the disruption with a suite of accredited short course products across industry areas including medical administration, digital literacy and coding, health, leadership and business, with over 115,000 active enrolments on 3 August 2020, when new enrolments were closed.

Furthermore, during the first six months of 2020, more than 5000 women were provided with training under the Women in Business program, a NSW Government and TAFE NSW initiative to support women establishing and expanding businesses across NSW.

Digital Learning Lab

The Digital Learning Lab is focussed on exploring and managing applications of emerging technologies in learning such as x-API, virtual and augmented reality, AI and nudge techniques to empower our students in their training journeys. During this year, the Digital Learning Lab developed the framework required to enable deep interrogation of learning data, aimed at the early identification of opportunities to better support our students.

In 2019-20, the team received Platinum Learning Impact Award (one of eight awarded globally) by IMS Global Learning Consortium, for the research, development and implementation of virtual and augmented reality training components into practical training to overcome educational safety challenges and to evaluate the impact on learning outcomes (resulting in demonstrated learning improvement of over 64 per cent and increased student engagement of 88 per cent).

Digital Design

Digital Design is a collaborative centre that builds and designs leading edge, digital training materials for TAFE NSW and commercial clients. The team is comprised of experts in learning design, universal design and accessibility, graphic design, virtual and augmented reality, video production, digital courseware authoring, writing and editing and computer programming.

In 2019-20 the Digital Design Team built over 17,859 digital assets in over 70 courses for TAFE NSW to use in its classroom, blended and online training.

4.2 Commercial Delivery

TAFE NSW is seeking opportunities to grow commercial revenue, focusing on areas that deliver economic and social value to NSW communities. This includes:

- National and international commercial partnerships, consultancies or licensing arrangements
- Growing education export opportunities in Australia and offshore
- Increasing its share of the international student market
- Expanding higher education opportunities
- Increasing fee-for-service offerings to individuals and industries not eligible for government-subsidised training.

Domestic Commercial Delivery

Domestic commercial enrolments in TAFE NSW qualifications were 68,500 in 2019.²⁵

TAFE NSW secured commercial contracts with approximately 77 per cent being with private sector clients. In the public sector, TAFE NSW secured contracts with over 147 government departments and agencies, including 110 councils.

International Education

The number of international students enrolled at TAFE NSW for 2019 were:

- 1,160 in Higher Education qualifications²⁶
- 2,977 in VET qualifications
- 573 in English Language Intensive Courses for Overseas Students (ELICOS).

The international education sector is subject to significant external influences, including changes in Commonwealth government policy regarding visas and skilled migration.

In 2019-20, TAFE NSW promoted its educational offerings to new international students by attending education exhibitions in Sydney, Nepal, China, the Philippines, Vietnam, Colombia, Brazil, Indonesia, South Korea, Japan and India.

Some of the most popular courses for international students include Information Technology, early Childhood Education and Care, Hospitality Management, Nursing, Building and Construction, and Business.

TAFE NSW has implemented measures and is exploring further opportunities to support international students during COVID-19.

An international student support plan was launched on 4 April 2020, offering real time contact support to all international students. All enrolled students have been given a 3 instalment payment option. In addition, requests for customised instalment plans are being considered based on individual circumstances. Students facing extreme hardship are being given support in the form of grocery vouchers.

²⁵ TAFE NSW data.

²⁶ Australian Education International (December 2019) is the source of all data in this section.

Offshore Education Projects

TAFE NSW works with foreign governments, industry or educational partners to deliver programs overseas. Programs include accredited courses and non-accredited programs, with of Delivery focus on Asia.

TAFE NSW maintained the following partnerships in 2019-20:

Table 6:

Overseas Partner Organisation	Location
Anshan Xilianguangbo Education & Consulting Services Co., Ltd (T/A Unistar)	China
Beijing College of Politics and Law	China
Caretek (China) Medical PLC	China
Chengdu Industrial Vocational Technical College	China
Guangdong Industry and Technical College	China
Guangdong Mechanical and Engineering College	China
Hunan Environment Biological Polytechnic	China
Jiangsu Agri-animal Husbandry Vocational College	China
Kunming Metallurgy College	China
Liaoning Agricultural Technical College	China
Ningbo City College of Vocational Technology	China
Ningbo Foreign Affairs School	China
Renji Hospital	China
Shanghai AXGZ Education Training Co. Ltd	China
Shanghai Commercial School	China
Shanghai Municipal Education Commission	China
Shenzhen Polytechnic	China
Shunde Polytechnic	China
Zhangjiagang Vocational Education Centre	China
Fiji National University	Fiji
INTI International College Penang	Malaysia
Global Academy of Tourism and Hospitality Education	Nepal

Assets

TAFE NSW is transforming the way it delivers training with next generation learning environments that are adaptable, industry-standard and digitally enabled. These facilities will make it possible for students to access training when, where and how it suits them.

The TAFE NSW Strategic Asset Management Plan 2018/19 – 2027/28 details asset management objectives to ensure changes to the asset portfolio align to future learning needs and existing assets are safe and efficiently managed to support the effective and efficient delivery of teaching and learning for students across NSW.

TAFE NSW has committed to align to the International Asset Management Standard ISO 55000 in the TAFE NSW Asset Management Policy and has a Strategic Asset Management Framework to support implementation.

TAFE NSW continues to develop a 20 Year Infrastructure Strategy(20YIS) in response to an Infrastructure NSW recommendation in the *NSW State Infrastructure Strategy (SIS) 2018-2038: Building Momentum*.

The fundamental purpose of the 20YIS is to efficiently plan for flexible, student-oriented and technologically enabled infrastructure in the right locations to support TAFE NSW's future operational needs. It does this by setting out the investment priorities for TAFE NSW over the next 5, 10 and 20 years.

These priorities align with and support the broader strategic objectives of TAFE NSW, as well as the NSW Government's vision for the organisation and its ambitious growth agenda for the NSW economy.

Throughout 2019-20, TAFE NSW developed its network of facilities across NSW by investing in:

- Campus facilities in areas of high demand and in accessible locations
- Dedicated specialist training facilities, developed in consultation with industry
- Student centred, digitally enabled Connected Learning Centres (CLCs)
- Dedicated, purpose built Mobile Training Units (MTUs) to bring equipment and tools to students to provide hands-on, practical training
- Digital and mobile platforms to improve connectivity and accessibility.

In 2020-21, TAFE NSW will continue to expand the types of courses available across regional and rural NSW through digitally enabled facilities including CLCs and connection to Centres of Excellence (CoE).

Connected Learning Centres

In July 2016, the then Minister for Skills, the Hon. John Barilaro, MP announced a commitment to establish Connected Learning Centres (CLCs) across regional NSW.

The CLCs are a key component of the Interconnected Training Network (ITN) for regional and rural NSW and aim to:

- improve access to a wider range of TAFE NSW courses and services in rural and regional NSW, allowing students to learn in a method and at a pace that suits their needs
- enhance access to teachers, both on and offsite by allowing students to study locally while connecting to campus based teaching delivery points
- provide multipurpose, digitally enabled learning spaces in accessible locations, integrated with MTUs to provide the practical components of course delivery at CLCs

The first approved concept design was announced in December 2016 and TAFE NSW has already delivered 14 CLCs in two tranches across regional NSW in:

- Coonabarabran, Glen Innes, Quirindi and Tenterfield (Tranche 1 completed in 2017-18)

- Corowa, Deniliquin, Bega, Narrandera, Bourke, Grenfell, Murwillumbah, Scone, Singleton and Yamba (Tranche 2 completed in 2018-19)

In March 2019, the NSW Government committed to building an additional eight Connected Learning Centres as part of Tranche 3 in Batemans Bay, Byron Bay, Cobar, Hay, Jindabyne, Nambucca Heads, Tomaree and West Wyalong which are due to be completed by February 2023.

Centres of Excellence

With the support of the NSW Government, TAFE NSW is establishing Centres of Excellence (CoEs) as flagship educational centres to offer specialist training programs that are designed and delivered in partnership with industry, universities and other partners. Each CoE will be a specialist centre for vocational training in high-demand skills in growing and evolving industries such as health, digital technology and construction.

The CoEs will utilise state-of-the-art facilities and the latest learning technologies and establish innovative training ecosystems within or close to education and employment precincts or industry growth hubs. This will complement and build on TAFE NSW's existing Interconnected Training Network across the State.

Through the CoE program, TAFE NSW will transform the current approach to education by breaking down sectoral divides between schools, VET, higher education and industry to create seamless learning pathways and bridge the growing skills gap into the future. Key features will include:

- partnerships with industry to co-invest, co-design and co-deliver skills programs of the future
- an integrated education model delivering work integrated learning, multidirectional pathways and co-created programs
- future-focused curriculum of cutting-edge qualifications, micro-credentials and short courses aligned to industry needs and emerging careers
- innovative teaching practices to create immersive experiences based on in-depth understanding of student preferences and industry needs
- flexible and adaptable learner spaces to promote experiential learning, project collaboration and support professional development.

The CoE program will position TAFE NSW as the leading provider of VET and the lifelong skilling partner of students, employers and community. The program will also ensure that the next generation of students can access skills training aligned to industry needs of the future, and will support existing workers through cutting edge reskilling and upskilling programs so that they can adapt and thrive in the rapidly changing environment.

The Minister for Skills and Tertiary Education launched the first initiative of the CoE program, the **Digital Technology Centre of Excellence** at the TAFE NSW Meadowbank campus. The Centre will be TAFE NSW's signature training hub for future technologies and digitalisation - creating an agile and adaptive education ecosystem to address the rapidly growing and evolving skills gaps in the digital economy.

The Minister has also launched the **Construction Skills Centre of Excellence** at TAFE NSW Nepean Kingswood. This Centre will equip the next generation of trades workers with advanced and cross-disciplinary construction and digital skills that are fundamental to building smart cities.

On 15 November 2020 The Treasurer and Minister announced the 2020-21 NSW Budget would invest \$2.5 million into developing a business case for a **Residential Aged Care Centre of Excellence** training facility, at a location to be determined. The will deliver skills training needed to help meet national demand for up to an additional one million aged care workers by 2050.

Information and Communications Technology (ICT) Services

In 2019-20, TAFE NSW continued to recognize the central role of the Student Management Services (SMS) program, and the agency's need for a secure, standardized and simpler ICT environment, to achieve its strategic directions.

Work continued in development and deployment of the SMS program to ensure TAFE NSW achieves the key objectives of a fit for purpose, contemporary student management solution that supports TAFE NSW's broader transformation and digitalisation strategy.

Importantly the SMS program finalised its transition in-house to TAFE NSW in December 2019 and was reset with the establishment of a new team, phased approach to delivery and governance structure. Since that time, the program has delivered on a revised schedule including an improved enterprise Identity Management (IDM) solution for employees and an upgraded EBS as it transitions from eleven separate instances to a single EBS instance.

Further gains in the 2019-20 year to deliver a simpler and secure ICT environment includes:

- development and release of the TAFE NSW Moodle to provide a consistent and accessible platform for blended and fact-to-face courses
- appointment of TAFE NSW's first Chief Information Security Officer (CISO) in September 2019
- establishment of a single service desk function across the state for employees (November 2019) and students (April 2020).

Driven by the COVID-19 pandemic, an accelerated adoption of digital and connected learning technologies and practices supported the delivery of digital services in an increasingly cyber secure environment. TAFE NSW was able to maintain business continuity as a result of:

- Employees' ability to work remotely and collaboratively using the right technology including a TAFE Virtual Desktop (TVD) and Virtual Private Network (VPN).
- Enhanced and extended service capability using Office 365 and Adobe applications.
- Ability to employ internal expertise and scale services including websites, platforms and infrastructure.
- Increased monitoring and detection of cyber security threats, and the progressive implementation of Multi-factor Authentication (MFA).

A new ICT Strategic Business Plan 2020-24 was noted by the TAFE NSW Board in April 2020. This provides the strategic roadmap for the ongoing transformation of TAFE NSW's technology services and will be pivotal to the digitalisation of TAFE NSW and its ability to design and deliver next-level, user-centric digital services to our customers in the coming years.

4.3 Risk Management, Insurance and Internal Audit

TAFE NSW is committed to quality assurance and risk management in its delivery of services.

Enterprise Risk Management

Sound risk management underpins the success of TAFE NSW in providing excellent customer outcomes. The TAFE NSW Enterprise Risk Management Framework sets the foundations and organisational arrangements for risk management across TAFE NSW. The framework adopts the key ERM principles of:

- Create and protect value
- Integrate with planning processes, decision-making structures and operational procedures
- Be systematic, structured and timely
- Be based on best available information
- Be dynamic, iterative and responsive to change

During the year, TAFE NSW completed a number of improvements including a refresh of the ERM Policy and a significant rewrite and simplification of the ERM Manual. This was supported by expanding the ERM Intranet pages to provide a self-help resource for all staff who manage risk.

Key stakeholders remained active in risk management, including the TAFE NSW Board, the TAFE NSW Audit and Risk Committee (the ARC) and senior executives.

The effective management of risk requires an understanding of risk management principles as well as knowledge and skills in the processes applied by TAFE NSW. This was evidenced by regular cyber security presentations made at ARC meetings. The Risk Management Unit supports ongoing training and capability development for risk owners, control and action owners and other employees involved in risk management.

Audit and Risk Committee

The Audit and Risk Committee oversees and monitors TAFE NSW governance, risk and control frameworks and external accountability requirements. Between 1 July 2019 and 30 June 2020, the Audit and Risk Committee undertook its duties and responsibilities as prescribed by Treasury Policy Paper *TPP15-03 Internal Audit and Risk Management Policy for the NSW Public Sector*.

The Audit and Risk Committee comprises one independent chair and two independent members. During 2019-2020, the Audit and Risk Committee met on seven occasions. Attendance details are contained in the Table 7 below.

Name	Position	Eligible Meetings Attended	Membership during 2019-20
Carolyn Burlew	Independent Chair	7 of 7	Current
Gregory Fletcher	Independent Member	7 of 7	Current
Allan Cook	Independent Member	6 of 6	Current ²⁷
Ralph Kelly	Independent Member	2 of 2	Retired ²⁸

Internal Audit

An internal audit capability is established within TAFE NSW to undertake internal audits of TAFE NSW operational systems and controls.

TAFE NSW resources its internal audit function using a co-sourced model, led by a Chief Audit Executive and a small internal audit team. The organisation uses various third party internal audit service providers to provide access to specialised skills as needed.

The Audit and Risk Committee receives regular status reports on the progress of audits and implementation of audit recommendations.

TAFE NSW completed the 2019-20 Internal Audit Plan. This Plan was developed through consultation, consideration of TAFE NSW risk registers and prior internal audit coverage and findings.

TAFE NSW developed a strategic three-year plan (2020–2023) and tactical annual audit plan (2020-2021). These plans were endorsed by the Audit and Risk Committee in August 2020.

²⁷ Commenced in September 2019.

²⁸ Retired in September 2019.

4.4 Vocational Education and Training Compliance and Quality Audits

Regular communication with our regulators is ensuring that TAFE NSW will continue to maintain compliance with regulatory requirements that underpin quality.

On 1 January 2019, TAFE NSW commenced operating as one Registered Training Organisation (RTO). Registration allows the RTOs to provide vocational education and training (VET), pursuant to the *National Vocational and Education and Training Regulator Act 2011* (Commonwealth), regulated by the national VET regulator, the Australian Skills Quality Authority (ASQA).

Registration and Compliance Audits

The national VET regulator, ASQA, undertakes two distinct types of audits: registration audits and compliance audits.

TAFE NSW RTO 90003 underwent a re-registration audit in October-November 2018. TAFE NSW RTO 90003 has been re-registered to 1 September 2025.

ASQA also conducts compliance audits on a proactive basis to assess an RTO's ongoing compliance with the standards required for registration. No audits of this nature occurred in 2019-20.

Higher Education Compliance

The NSW TAFE Commission manages its registration with the Tertiary Education Quality and Standards Agency (TEQSA) as a single legal entity trading as TAFE NSW Higher Education.

In July 2015, TAFE NSW Higher Education successfully re-registered as a higher education provider until March 2023 without any conditions.

Overseas Students Service Compliance

TAFE NSW is registered as a Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) provider to deliver education services to students on a student visa in NSW, including English Language Intensive Courses for Overseas Students (ELICOS), VET and higher education programs. TAFE NSW is registered as the Technical and Further Education Commission, trading as TAFE NSW Technical and Further Education Commission and TAFE NSW Higher Education, CRICOS provider code 00591E.

TAFE NSW successfully underwent a re-registration process as a vocational education and training and higher education CRICOS provider in March 2020 and was successfully re-registered by ASQA, and by TEQSA to 1 September 2025.

4.5 Insurance

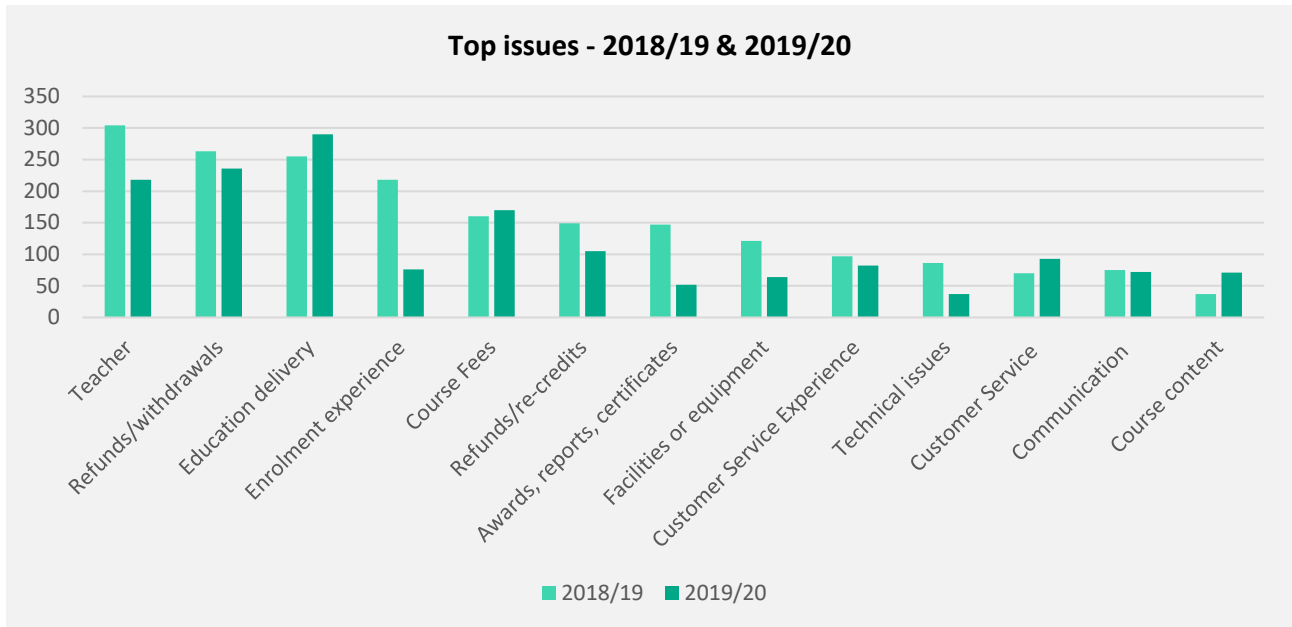
TAFE NSW is part of the NSW Treasury Managed Fund Scheme that provides a range of cover for many NSW government agencies. The Fund provides broad protection for asset and liability exposures including:

- Workers compensation cover according to NSW statute for TAFE NSW employees,
- Property and motor vehicle cover for loss or damage to buildings, contents, equipment and motor vehicles,
- Liability cover including public liability, products liability and professional indemnity, and
- Miscellaneous cover which includes voluntary workers, students on work experience, and international travel.

4.6 Complaints and Improvements

TAFE NSW received 1,825 complaints for the period 1 July 2019 to 30 June 2020, less than the 2,326 received for the period 1 July 2018 to 30 June 2019.

Improvements in two areas (enrolment processes and awards, reports and certificates) saw a noticeable drop in complaints with the previous period.



4.7 Research and Development

Table 10: TAFE NSW conducted the following research projects to develop new products and/or inform future delivery:

Name of project	Conducted by	Nature and purpose of project	Total cost over life of project (\$ excluding GST)	Completion date
The false juxtaposition of introversion and extroversion in early childhood leadership – A call for more inclusivity and fluidity in leadership practices	TAFE NSW Higher Education	<p>This study critiqued conventional models of early childhood leadership that favour extroversion, in response to the biases and barriers that these models create for early childhood educators. Using a mixed methods approach, specifically exploratory design, this study utilised a survey and in-depth interview with early childhood educators. Findings revealed that:</p> <ul style="list-style-type: none"> ▪ there was a less apparent attraction to extroversion, and fluidity of traits and themes of collaboration ▪ contextuality in early childhood leadership indicated potential for inclusiveness of more introverted educators to undertake leadership roles ▪ there are barriers for potential leaders. <p>These findings are useful for early childhood educators. This information may also inform pre-service teaching courses surrounding leadership.</p>	N/A	May 2020
'What is the opportunity for renewable energy on Willis Island'	TAFE NSW Higher Education	The challenging environmental conditions of the island (eg: bird-life, corrosion, remoteness, diesel expense/impact) provided a unique situation which required an innovative solution to achieve multiple project objectives.	N/A	December 2019

Name of project	Conducted by	Nature and purpose of project	Total cost over life of project (\$ excluding GST)	Completion date
‘What is the potential for cost effectively improving the electrical switch rooms environment at EarthPower’?	TAFE NSW Higher Education	EarthPower is an innovative waste-to-energy anaerobic biodigester plant in Sydney’s west. From food and other organic waste it produces electricity and liquid fertiliser. The plant has multiple electrical switch rooms which contain sensitive equipment which must operate in a cool and dust-free environment. EarthPower currently runs several reverse-cycle air conditioners (ACs) to keep the switch room temperatures at approximately 25degC. These ACs are costly to run. The project investigated a better cost-effective method to keep the temperatures and dust at optimal levels with a view to installing such a system at the end-of-life of the existing system.	N/A	December 2020 (Phase 1)
Shortage of male educators in the early childhood industry and the impacts that masculinity places on identity, education and care	TAFE NSW Higher Education	In response to the lack of male educators in the early childhood education industry, this project aimed to explore the barriers faced by male early childhood educators in Western Sydney, through the lens of feminist theory and social constructivism. Through the distribution of mixed-method surveys and in-depth, qualitative interviews, findings reinforced the need for more male early childhood educators overall, and revealed obstacles faced by male early childhood educators, including gender discourse, gender stereotyping and historical and political factors. These findings have implications for pre-service teachers, early childhood educators and early childhood management. It also highlights the need for shifts in discourses surrounding male educators in early childhood, which may inform pre-service teaching courses.	N/A	October 2019

Name of project	Conducted by	Nature and purpose of project	Total cost over life of project (\$ excluding GST)	Completion date
Air Conditioning Refrigeration and Building Services (ARBS) Stand Alone Solar Powered Air-Conditioning System	TAFE NSW Higher Education	In the Associate Degree of Applied Engineering (Renewable Energy Technologies) a research project was developed in collaboration with ARBS Education Foundation to determine the practicality of an off grid air conditioning prototype powered by solar PV system integration with a battery. This project developed systems that can effectively integrate renewable energy in small scale Air-Conditioning systems.	N/A	November 2019
Innovative / Emerging / Optimised solutions for the rapid deployment of Ground Mounted Systems	TAFE NSW Higher Education	In the Associate Degree of Applied Engineering (Renewable Energy Technologies) a student research team conducted an analysis of Innovative / Emerging / Optimised solutions for the rapid deployment of Ground Mounted Systems at effective \$/W for the total Design and Construction life-cycle cost. It included an innovative 100MW solar PV system using Bifacial and Optimiser (demonstrating a superior solution against the price and performance of a standard system of equal size).	N/A	November 2019
Maintenance optimisation of Solar PV System via Remote Monitoring – 100MW to 300MW systems	TAFE NSW Higher Education	In the Associate Degree of Applied Engineering (Renewable Energy Technologies) a student research team conducted a study into the maintenance optimisation of Solar PV System via Remote Monitoring. It focused on remote inland high temperature (extreme environmental conditions) large solar farm installations ranging from 100MW to 300MW.	N/A	November 2019

Name of project	Conducted by	Nature and purpose of project	Total cost over life of project (\$ excluding GST)	Completion date
Maintenance optimisation of Solar PV System via Remote Monitoring - off-grid commercial systems up to 200kW	TAFE NSW Higher Education	In the Associate Degree of Applied Engineering (Renewable Energy Technologies) a student research team conducted a study into the maintenance optimisation of Solar PV System via Remote Monitoring, specifically for off-grid commercial systems up to 200kW.	N/A	November 2019
Comparison of 'best' Battery Technology Storage for Solar PV system of different sizes	TAFE NSW Higher Education	In the Associate Degree of Applied Engineering (Renewable Energy Technologies) a research project compared Battery Technology Storage for Solar PV system of different sizes (e.g. Lead Acid, versus Lithium-Ion, versus CSIRO UltraBattery).	N/A	November 2019

5. Senior Executives

5.1 Management Structure

The TAFE NSW management structure is determined by sections 11 to 14 of the *Technical and Further Education Commission Act 1990* (NSW) (TAFE Act).

5.2 NSW TAFE Commission Board

The functions of the NSW TAFE Commission Board (TAFE NSW Board) are set out in section 12 of the TAFE Act. The TAFE NSW Board reviews and makes recommendations to the Minister on:

- Policies related to the technical and further education services provided by TAFE NSW
- The efficiency and effectiveness of the operation and management of the technical and further education services provided by TAFE NSW
- The corporate plans prepared by TAFE NSW
- The relationship between TAFE NSW and other education sectors, including schools, higher education and adult and community education.

The Minister appoints members of the TAFE NSW Board under section 11 of the TAFE Act. Appointed members hold office for a period (as specified in their respective instrument of appointment) of up to four years and are eligible for re-appointment.

5.3 Current Board Member Qualifications and Terms of Appointment

Table 11: the following people served as TAFE NSW Board members during the period from 1 July 2019 to 30 June 2020. Details of positions held and qualifications are as at 30 June 2020.

Board member	Term of appointment	Positions held	Qualifications and professional development	Declared positions
Terry Charlton	1 June 2018 to 31 May 2022	Chairperson	Master of Science (Psych.), University of Newcastle Bachelor of Commerce (Economics and Accounting), University of Newcastle	Member, Monaro Early Intervention Service Board
Karalee McLiesh	28 September 2018 to 30 June 2019. Resigned from the role of Managing Director effective from 16 August 2019.	Ex officio member of the Board as A/Managing Director (from 28 September 2018 to 5 December 2018) Managing Director (from 5 December 2018 to 16 August 2019)	Bachelor of Economics (Honours), Australian National University Doctor of Philosophy (Finance), University of Melbourne	
Kerry Penton	22 July 2019 to 10 January 2020	Ex officio member of the Board as A/Managing Director	Graduate, Institute of Company Directors Graduate Certificate in Management Development, Victoria University Bachelor of Education (BEd), TAFE, University of Melbourne Diploma of Teaching, TAFE, University of Newcastle	

Board member	Term of appointment	Positions held	Qualifications and professional development	Declared positions
Steffen Faurby	From 13 January 2020	Ex officio member of the Board as Managing Director, TAFE NSW (from 13 January 2020)	Graduate Diploma in Business Administration (International Business), Copenhagen Business School (CBS) Bachelor of Science, B.Sc. (Mechanical Engineering), Aarhus College of Engineering Graduate, Australian Institute of Company Directors, GAICD Graduate Diploma, Organisational Psychology, Macquarie University	
Craig Pudig	1 January 2018 to 31 December 2019 (Resignation effective 30 November 2019)	Deputy Chair	Bachelor of Laws, University of Sydney	Board member, Australian Centre for International Commercial Arbitration Senior Advisory Counsel, Macquarie Group
Hilary Jessie Borthwick	14 October 2019 to 13 August 2022	Member	BA (Asian Studies) Australian National University Diploma of Arts and Design, Prahran CAE	Mr Davies & HJ Borthwick Partners

Board member	Term of appointment	Positions held	Qualifications and professional development	Declared positions
Carolyn Burlew	1 January 2018 to 31 December 2020	Member	<p>Master of Public Administration, University of Queensland</p> <p>Bachelor of Arts, University of Queensland</p> <p>Diploma of Applied Science, University of Queensland</p> <p>Company Directors Course, Australian Institute of Company Directors</p>	<p>Chair, Audit and Risk Committee, TAFE NSW</p> <p>Member, Pharmacy Council of NSW</p> <p>Independent Chair, Audit and Risk Committee, Department of Communities and Justice</p> <p>Independent Chair, Audit and Risk Committee, Crown Solicitor's Office</p> <p>Independent Chair, Audit and Risk Committee, Transport for NSW</p> <p>Independent Chair, Audit and Risk Committee, Far West Local Health District</p> <p>Independent Member, Audit and Risk Committee, Western Local Health District</p>
Ero Coroneos	1 January 2016 to 31 December 2020	Member	<p>Master of Arts (Communications and Cultural Studies), University of Western Sydney</p> <p>Bachelor of Laws (Honours), University of Technology Sydney</p> <p>Bachelor of Arts, University of Sydney</p> <p>Bachelor of Commerce (Land Economics), University of Western Sydney</p> <p>Diploma of Applied Corporate Governance, Governance Institute of Australia</p> <p>Company Directors Course, Australian Institute of Company Directors</p>	<p>Supply Chain Risk, Lendlease Corporation</p> <p>Chair, Social Sustainability Committee, Property Council of Australia</p> <p>Member, UN Global Compact Network Australia – Modern Slavery Working Group</p> <p>Associate Member, Australian Property Institute</p> <p>Associate Member, Governance Institute of Australia</p> <p>Graduate Member, Australian Institute of Company Directors</p> <p>Member, Modern Slavery Expert Advisory Group, Department of Home Affairs</p>

Board member	Term of appointment	Positions held	Qualifications and professional development	Declared positions
Greg Fletcher	1 August 2016 to 31 December 2020		Bachelor of Commerce, University of New South Wales Chartered Accountant Member, Institute of Chartered Accountants	Chair, SMEG Australia Pty Ltd Vice-Chairman and Chair, Audit and Risk Committee, Yancoal Australia Limited Independent Director, Chair of the Audit and Risk Committee and Member of the Remuneration Committee, Saunders International Limited Member, Audit and Risk Committee, TAFE Member, Audit and Risk Committee, Railcorp Member, Audit and Risk Committee, NSW State Transit Authority Chair, Audit and Risk Committee, NSW Electoral Commission Member, Audit and Risk Committee, NSW Health Infrastructure Chair, HealthShare NSW/eHealth Audit and Risk Committee

Board member	Term of appointment	Positions held	Qualifications and professional development
Morris lemma	1 January 2016 to 31 December 2019	Member	<p>Chair, NSW Cancer Institute Chair, Southern Expansion Football Club (Bid Group) Chair, Districts Cricket Association (NSW) National Chair, Miracle Babies Foundation Chair, Kingsgrove Cricket Club President, Kingsgrove Cricket Club Deputy Chair, St George Cricket Association Vice President, St George Cricket Association Member, Roberts/Pizzarotti Constructions Advisory Board Chair, Campbelltown/Camden Cricket Club Committee Member, Campbelltown/Camden Cricket Club Community Manager, Lantern Club (Mingara Leisure Group) Shareholder, Clean Tech Partnerships (C.T.P.) CEO/Founder, I.P.P.A (lemma/Patterson Advisory) Gen. Consulting Firm Chair, Consolidated TIN Mines Greyhounds NSW Board Member, Ingham Institute (Medical Research) Clean Energy Partnerships (CEP) Chair, Usman Khwaja Foundation Chair, MPXI Pharma Chair, Sparke Helmore Lawyers/Consulting (Advisory Board) Chair, Asclepius Health Board Member, Settle Easy Conveyancing Commissioner South District, Greater Sydney Commission Member, Riverwood Community Centre Board</p> <p>Bachelor of Economics, University of Sydney Bachelor of Laws, University of Technology, Sydney</p>

Board member	Term of appointment	Positions held	Qualifications and professional development	
Duncan Taylor	1 January 2016 to 31 December 2019	Member	Graduate Diploma of Applied Legal Practice Bachelor of Laws (First Class Honours) Bachelor of Economics	Shareholder, Growth Farms Australia Group Funding Partner, Farm Partnerships Australia Director, Bobingah Pty Ltd Director, Fairross Pty Ltd Committee Member, Monaro Early Intervention Service Associate Member, Law Society of NSW Volunteer, Country Universities Centres (CUC)
Todd Williams	1 January 2016 to 31 December 2020	Member	Master of Business Administration, University of Newcastle Executive Leadership Program, Harvard Business School Bachelor of Business (Industrial Relations and Human Resources), University of Newcastle Diploma of Project Management (Engineering), Deakin University Blue Ocean Strategy, INSEAD	Fellow, Australian Institute of Company Directors Director, NSW Cyber Security Network Director, Newcastle, Grammar School Associate Director, Place – Australian Infrastructure Plan, Infrastructure Australia Adjunct Fellow to the European Union (EU) Centre RMIT University Director, Howard Partners Director, TWPartners Member, Advisory Panel for the analysis of efficiency measures for the Murray-Darling Basin

5.4 Meeting Attendance

The TAFE NSW Board convened six meetings and three extraordinary meetings during the period from 1 July 2019 and 30 June 2020.

TAFE NSW Board members' attendance for that period is set out in Table 12 below.

Board Member	Eligible to attend	Attended
Terry Charlton (Chairperson)	9	9
Craig Pudig (Deputy Chairperson)	4	4
Kerry Penton	4	4
Steffen Faurby	5	5
Hilary Jessie Borthwick	7	7
Carolyn Burlew	9	7
Ero Coroneos	9	9
Greg Fletcher	9	9
Morris Iemma	4	3
Duncan Taylor	4	2
Todd Williams	9	9

The quorum for a TAFE NSW Board meeting is seven members (clause 11, Schedule 1 of the TAFE Act).

5.5 TAFE NSW Commission (Senior Executive) Staff Agency

The TAFE NSW Commission (Senior Executives) Staff Agency (the Staff Agency) is a controlled entity of the NSW Technical and Further Education Commission.

It has been dormant for three years and TAFE NSW has an exemption for reporting on the Staff Agency.

5.6 Number of Senior Executive Breakdown by Band

TAFE NSW employed the following senior executives in 2018-19 and 2019-20. These figures include the Managing Director and senior executives reporting directly to the Managing Director at the end of the reporting year.

Table 13: As at 30 June 2019

Band	Female	Male	Total
Band 4 or equivalent	-	-	-
Band 3 or equivalent	2	2	4
Band 2 or equivalent	2	1	3
Band 1 or equivalent	-	-	-
Total	4	3	7

Source: NSW Public Sector Workforce Profile

Table 14: As at 30 June 2020

Band	Female	Male	Total
Band 4 or equivalent	-	-	-
Band 3 or equivalent	1	3	4
Band 2 or equivalent	2	1	3
Band 1 or equivalent ²⁹	1	1	2
Total	4	5	9

Source: NSW Public Sector Workforce Profile

5.7 Average Remuneration by Band

Table 15: 2018-2019 Average Remuneration by Band

Band	GSE Act remuneration range (\$) ³⁰	TAFE NSW average remuneration (\$)
Band 4 or equivalent	475,151 - 548,950	-
Band 3 or equivalent	337,101 - 475,150	428,955
Band 2 or equivalent	268,001 - 337,100	366,952
Band 1 or equivalent	187,900 - 268,000	-

Source: NSW Public Sector Workforce Profile

Table 16: 2019-20 Average Remuneration by Band

Band	GSE Act remuneration range (\$)	TAFE NSW average remuneration (\$) ³¹
Band 4 or equivalent	487,051 - 562,650	-
Band 3 or equivalent	345,551 - 487,050	461,671 ³²
Band 2 or equivalent	274,701 - 345,550	393,209
Band 1 or equivalent	192,600 - 274,700	215,945

Source: NSW Public Sector Workforce Profile

In 2018-19, 0.26 per cent of the TAFE NSW employee-related expenditure was related to senior executives. This compares to 0.29 percent in 2018-19.

This percentage includes the Managing Director and employees in substantive, relieving or acting roles who were reporting directly to the Managing Director as at 30 June 2020. This treatment is consistent with figures reported in previous TAFE NSW annual reports.

²⁹ The two additional positions previously exist in the TAFE NSW structure being reported to the Managing Director. Refer to section 5.9.

³⁰ Remuneration ranges are set by the Statutory and Other Offices Remuneration Tribunal (SOORT).

³¹ The average remuneration for TAFE NSW senior executives may fall outside the remuneration range for the relevant senior executive service band. Apart from the Managing Director who was appointed under the GSE Act, all TAFE NSW senior executives were employed under the Technical and Further Education Commission Act 1990 (NSW). TAFE NSW senior executives are attributed to an equivalent GSE Act band based on an evaluation of work value points. Remuneration under the GSE Act and the TAFE Commission Act do not directly align.

³² The TAFE NSW Managing Director is classified at the level of PSSE Band 3. This average includes the remuneration of the TAFE NSW Managing Director, which exceeds the total remuneration package range for a PSSE Band 3 and is as per the Special Determination by the SOORT.

5.8 Senior Executive Positions and Qualifications

TAFE NSW employed the following senior executives in 2019-20. This includes the Managing Director and senior executives reporting directly to the Managing Director during that time (see Table 17 below).

Senior executive	Position title	Qualifications and professional development
Caralee McLiesh	Managing Director (to 16 August 2019)	Bachelor of Economics (Honours) Doctor of Philosophy (Finance)
Steffen Faurby	Managing Director (from 13 January 2020)	Graduate Diploma in Business Administration (International Business) Bachelor of Science. (Mechanical Engineering) Graduate, Australian Institute of Company Directors, GAICD Graduate Diploma, Organisational Psychology
Kerry Penton	A/Chief Delivery Officer (to 21 July 2019) A/Managing Director (from 22 July to 12 January 2020) A/Chief Delivery Officer (from 13 January 2020)	Graduate Certificate in Educational Leadership Bachelor of Education Diploma of Vocational Education and Training Certificate IV in Workplace Training and Assessment Company Directors Course, Australian Institute of Company Directors
Lucy Arundell	Chief Education and Training Officer	Bachelor of Arts Graduate Diploma of Information Management
Glen Babington CSC	Chief Operating Officer	Master of Business Administration Bachelor of Arts (Honours) Company Directors Diploma, Australian Institute of Company Directors Diploma of Applied Indonesian Language Diploma of Executive Coaching
David Backley	Chief Information Officer	Master of Professional Practice (Information Technology)
Mark Easson	Chief Financial Officer	Master of Business Administration Bachelor of Commerce Chartered Accountant Company Directors Course, Australian Institute of Company Directors

Senior executive	Position title	Qualifications and professional development
Catherine Grummer	General Manager, People and Safety (to 29 September 2019) A/Chief Strategy People and Change Officer (from 30 September 2019 to 30 June 2020)	Bachelor of Science (Biology) Master of Business Administration (Strategy, Analytical Consulting, Technology Management) Advanced Human Resource Executive Program NSW Leadership Academy
Susie George	A/ Chief Delivery Officer (from 22 July 2019 to 17 January 2020 and from 13 May 2020 to 5 June 2020)	Bachelor of Business (Human Resources) Graduate Certificate of Management Company Directors Course, Australian Institute Company Directors
Ben Turner	Chief of Staff (from 1 June 2020)	Bachelor of Business (with Distinction) Bachelor of Laws Chartered Accountant Solicitor admitted to the Supreme Court of New South Wales
Gabrielle Crittenden	Head of Corporate Communication (reporting directly to Managing Director from 20 April 2020)	Bachelor of Arts Graduate Diploma of Human Resource Management, TAFE NSW

5.9 Functional Responsibilities

Managing Director

It is the statutory responsibility of the Managing Director to manage and control the affairs of TAFE NSW subject to the direction of the Minister responsible for administering the *Technical and Further Education Commission Act 1990* (NSW) (the Minister for Skills).

The Managing Director leads, drives and shapes TAFE NSW strategic direction to ensure the effective delivery of the Government's strategic objectives, including implementation of government policy and strategic agenda on VET in NSW.

The Managing Director leads the TAFE NSW Executive Leadership Team and manages diverse interests and priorities across TAFE NSW and corporate business units. The Managing Director is a member of the TAFE NSW Board and works closely with the Chair of the Board to shape the strategic focus and directions of the Board and its advice to the Minister.

The following senior executive positions reported to the Managing Director for part or all of 2019-20.

Chief Delivery Officer

The Chief Delivery Officer oversees the delivery of all TAFE NSW education and training products and services. They are responsible for ensuring these products and services are delivered in a way that unequivocally puts the customer at the centre; meets the required educational, regulatory and safety standards; aligns to the One TAFE model, and appropriately balances TAFE NSW's commercial interests with its community and social responsibilities.

Chief Operating Officer

The Chief Operating Officer is responsible for the enhancing the customer's experience and organisation's performance through the functions of marketing and communications; business development; governance, legal and risk; property and logistics; business development; and student administration and support services.

Chief Financial Officer

The Chief Financial Officer is responsible for the provision of specialist financial services and business development advice to support the TAFE NSW Board, Managing Director, and the Executive Leadership Team in meeting the TAFE NSW Strategic Plan 2016–2022. The role is also responsible for Annual Business Plan outcomes and satisfying its legislative, governance and regulatory requirements and procurement services. The role undertakes policy, strategy and procurement services analysis, performance monitoring, and coordination of the financial input for business planning and change initiatives, with a key focus on implementing best practice financial and associated enterprise resource planning systems within TAFE NSW.

Chief Education and Training Officer

The Chief Education and Training Officer role is responsible for providing a systematic and consistent approach to provision of high-quality teaching and learning outcomes across TAFE NSW at all award levels. The role leads TAFE NSW teaching and learning strategies through SkillsPoints, works with peak industry partners and employers, ensures compliance with training and academic requirements, and advises on customer experience strategy, innovation and future directions for training.

Chief Information Officer

The Chief Information Officer provides strategic leadership and advice with respect to systems, technology and information, and ensures appropriate governance and management of the ICT function and digital ecosystem for TAFE NSW.

General Manager People and Safety

This role was a direct report to the Managing Director until 30 September, after which time it was a direct report to the Chief Strategy, People and Change Officer.

The General Manager People and Safety leads human resources strategies and initiatives to ensure the effective management and development of TAFE NSW employees. This position provides leadership and resources on workforce planning, organisational development, change management, safety, performance management, procedures, payroll, recruitment and workplace relations matters. The position maintains a culture focused on delivery of high standards of customer service, continuous operational efficiency and improvement, and a safe environment based on prevention, holistic health and wellbeing strategies and injury prevention. This role leads organisational health programs and supports line management to maximise employees' potential. The role is responsible for developing a comprehensive workforce strategy to ensure TAFE NSW is a competitive quality provider in a contestable market.

Chief Strategy, People and Change Officer

This role was established on 30 September 2019, as a direct report to the Managing Director. It is a temporary position that operated until 30 June 2020.

The Chief Strategy, People and Change Officer leads the Strategy and Policy, Enterprise Performance Excellence, People and Safety, Modernisation Portfolio and Enterprise Change functions, in the development and execution of TAFE NSW's strategy, people and change programs that enable TAFE NSW to deliver against its strategic plans and transformation initiatives.

Chief of Staff

This previously existing role was reappointed as a direct report to the Managing Director from 1 June 2020.

The Chief of Staff is responsible for providing expert and trusted advice to the TAFE NSW Managing Director and Executive with respect to matters of public sector accountability and responsibility. The role also leads a team responsible for the research, preparation, consultation and delivery of Ministerial and Government correspondence, briefings and recommendations.

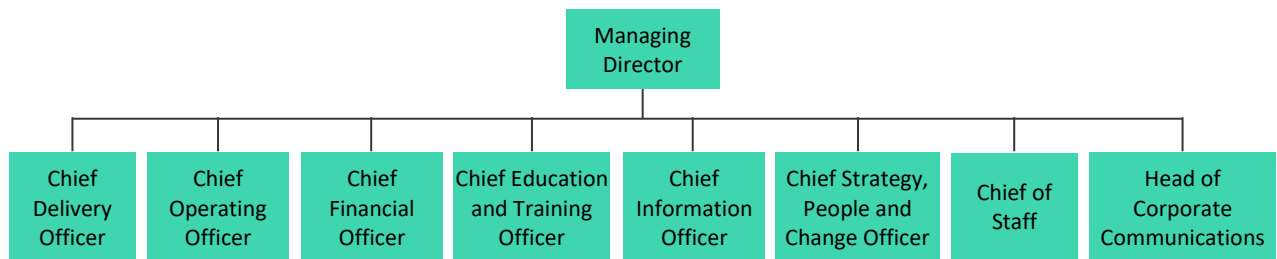
Head of Corporate Communications

This previously existing role was reappointed as a direct report to the Managing Director from 20 April 2020.

The Head of Corporate Communications is responsible for ensuring TAFE NSW's corporate communications enhance TAFE NSW's brand and reputation; effectively engage TAFE NSW employees, the community, industry, other external stakeholders and the media; and support the achievement of TAFE NSW's strategic and operational objectives.

5.10 Organisational Chart

As at 30 June 2020, the following senior executive positions reported to the Managing Director.



6. Human Resources

6.1 Number of Employees

Table 18: TAFE NSW employed the following employees (full-time equivalent)*:

Service group	June 2016	June 2017	June 2018	June 2019	June 2020
Teachers	5,667	5,670	5,730	5,914	5,919
Support Services including Educational support	4,332	4,226	4,587	4,623	4,505
Total	9,999	9,896	10,317	10,537	10,424

Source: TAFE NSW Payroll Report (average for June)

Service group categories shown include the following:

- Teachers – Head teachers, teachers, assessors, education support officers, outreach coordinators, disability consultants
- Support Services – specialised disabilities support, class support, librarians, student and customer services, educational compliance, security, project resources for the One TAFE Modernisation Program and support functions such as finance, human resources, IT, legal and marketing.

Notes:

- *The calculation method for employee full-time equivalent was changed from 1 July 2019, to more accurately reflect TAFE NSW employee working hours. Employee full-time equivalent numbers previously published in Annual Reports from June 2016 have been recalculated using the new method for comparative purposes. Previously published numbers are below.
- Full-time equivalent includes all permanent, temporary and casual employees active on census period, which occurs in the last month in the financial year (June month average of hours worked and paid).
- Due to rounding, the figures may not add up to the totals shown.
- The number of full-time equivalent teachers may fluctuate from one year to the next, as part-time and casual teachers may not have been working during the census period, which is typically impacted by 'non-attendance' weeks.
- The total number of employees reported above is different to the NSW Budget papers. The budget figure calculation is based on an average number of employees for the year, whereas the annual report figure is based on workforce data collected during a particular census period (June month average of hours worked and paid).

For reference, the Table below shows TAFE NSW employees by the former calculation method:

Service group	June 2016	June 2017	June 2018	June 2019
Teachers	5,488	5,482	5,458	5,827
Support Services including Educational support	4,254	4,194	4,568	4,324
Total	9,742	9,676	10,026	10,151

6.2 One TAFE People and Safety Strategy

The One TAFE People and Safety Strategy 2017–22 (the People Strategy) plays a key role in achieving the TAFE NSW strategic goals of modernisation, and ensuring a sustainable future in an increasingly competitive environment.

The People Strategy contains five priorities to address the TAFE NSW Strategic Plan 2016–22 goal to ‘develop a customer driven, proud and productive TAFE NSW team’:

1. Create a One TAFE values-based culture
2. Operate safely
3. Establish a One TAFE team
4. Develop a quality workforce for the future
5. Deliver operational efficiency.

6.3 Developing a Quality Workforce

During 2019-20, TAFE NSW developed an Operational Workforce Planning Tool which was initially trialled in the Infrastructure Energy and Construction skills teams across a number of disciplines including Building Design, Surveying, Carpentry, and Electrotechnology. Support was provided for further trials with other skills teams in the disciplines of Metal Fabrication, Agriculture, Automotive, Panel Beating, and Business.

A Strategic Workforce Plan was also developed to support the delivery of the Training and Assessment qualification aligned to the Technology and Business Services SkillsPoint.

Workforce plans aim to maximise the likelihood of TAFE NSW having the right number of teaching staff, with the right capabilities, in the right locations and at the right time to provide quality education to students. Workforce Plan development involves significant engagement with teaching sections around the state.

TAFE NSW Academy

Originally launched in April 2018, this financial year the TAFE Academy has delivered leadership programs to 62 Head Teachers and 44 TAFE Managers who are senior leaders. Currently, a virtual-only Academy program is being piloted to 123 Managers and Head Teachers with the view of becoming an ongoing program.

Each Academy program runs for nine months and focuses on building leadership capabilities. Programs include virtual monthly masterclasses that are based on emergent and strategic topics aligned with organisational priorities. The programs also include the development of Individual Leadership Action Plans, mentoring and coaching, and 360 reviews. Programs are based on the 70:20:10 framework.

Feedback from all of the programs has been overwhelmingly positive, and is being used to inform future programs. 90 per cent of participants rate the programs positively.

Mandatory Training

In January 2020, eight online mandatory training modules were made available to all TAFE NSW employees. The topics included:

- Child Protection
- Code of Conduct
- Workplace Health and Safety
- Public Interest Disclosure (PID)
- Bullying and Harassment
- Cybersecurity Awareness
- Risk Management
- Working in Education and Training.

Performance Development and People@TAFE

The Performance Development and Review Plan (PDRP) process continues to support growth and development of TAFE NSW employees, with regular, quality performance conversations being promoted as part of best practice. To support this process, a number of resources have been developed including “How to” conversation guides, a performance development video, and a practical Leader Toolkit which has been well received.

People@TAFE continues as the capability and performance development system which supports the embedding of TAFE NSW’s performance development framework after its launch in the 2019-19 year. The system now has over 1 million user hits per month.

The People@TAFE system continues to undergo changes to improve the user-experience including the Individual Delivery Profile (a tool to collate evidence of what an individual teacher is qualified to teach and assess). People@TAFE has now captured over 110,000 pieces of competency and currency evidence from over 10,000 teachers and assessors. It has also supported over 7,000 capability uplift activities, with over 86,000 attendances from staff.

Quality Teaching and Learning

The 2019-20 year saw a continuation of the development and implementation of consistent processes and practices for quality teaching and learning. Demonstrating VET Currency and Competency workshops continued to be delivered with more than 6881 educational employees having completed the training. Recordings are now available to provide ongoing access to this information.

These workshops have formed one component of a broader suite of programs that have been implemented to support and focus on quality teaching and learning. Examples of other initiatives that have supported educational quality across the year include the roll out of Regionally based vocational competency mapping workshops as well as development of a comprehensive Regulatory and Contractual Requirements (RaCR) online resource. The introduction of customised induction and targeted on-boarding resources for Head Teachers and Teachers and updating of the TVET Teacher induction provides tailored information and support to teachers who may be new to their role or delivering to a specific cohort. These programs have been complemented by the creation of a consolidated repository for resources to support delivery.

The Flexible Working and Connected Delivery program was initiated to support teachers to transition to connected delivery as part of the response to COVID-19. A program of five modules were delivered as virtual sessions with recordings and resources made available to provide ongoing support. Over 6,000 teachers attended the sessions. The Teaching with Technology program further extended the technology capability uplift for teachers by building skills in integrating a variety of educational technologies to enhance the student learning experience.

The Learning Express program also provides a vehicle for ongoing capability development for teachers on a range of topics related to quality teaching and teaching currency. The Spotlight Series has been initiated in 2020 to provide teachers with an opportunity to maintain their industry currency and ensure their delivery reflects current industry practices. Industry activities and events are delivered in real time as well as recorded to create a library of resources that can be accessed by teachers.

Professional Standards for Teachers

The Professional Standards for Teachers support TAFE NSW to deliver relevant, high-quality, practical and creative training to support trainees and employers, and grow the NSW economy.

The Professional Standards for Teachers were finalised in 2019 after 12 months of development and consultation. The Standards provide a clear and agreed vision of what effective teaching looks like, which can be used as a framework to guide and review capability development for teachers at each stage of their career.

Implementation of the Professional Standards for Teachers began in 2019/20 and will be ongoing throughout 2020-21.

Staff Rewards and Recognition Program

After the success of the TAFE NSW Recognition Awards in 2018, the scope in 2019 expanded to include a seventh award category and award both individuals and teams across each category (with the exception of Teaching Section of the Year, which is a team only award). Judging and acknowledgement occurred at two levels, regional and state. 277 nominations were received which was a 94 per cent increase on 2018.

Professional Development

Capability Central is a central repository for all professional development resources. The repository links to the Learning Management System (Staff Moodle) which can track completion of e-learning programs.

Additions to Capability Central during the year included cultural inclusion and safety related resources for employees, for example Aboriginal Cultural Inclusion, Disability Awareness and Inclusion, Due Diligence & Duty of Care, Mobile Training Units, Workers Compensation, Logistics Safety - Stores and Safe Driving, in addition to a comprehensive suite of resources for educational employees.

First Aid for TVET Teachers, Designated First Aid Officers and Teachers of high risk courses continues to be supported. TAFE NSW also provided a number of staff professional development options, face-to-face and virtually across the organisation to build capability. In addition to Flexible Working and Connected Delivery opportunities include Teaching with Technology, Crucial Conversations, Electronic Personal Effectiveness Planning (ePEP), Team Building, and Managing a Dispersed Team as well as LunchBytes, Learning Dives and Learning Express, which are interactive online sessions to build capability for all employees.

Survey of Organisational Health

The 2019 Organisational Health Survey (OHS) was conducted in September. A total of 6,773 TAFE NSW employees participated (a response rate of 42%). This survey focused on Organisational Health using employee alignment and engagement measures.

The Regional and Senior Leadership Team conducted meetings and roadshows to better understand the results, and develop and implement plans for achieving improvements.

The Executive Leadership Team supported the following two objectives as a focus for improvement:

- Developing and Supporting our People
- Enabling Team Effectiveness and Leadership

In March an Organisational Health engagement channel 'BE Engaged' has been established as a way for senior leaders to directly communicate the results, as well as inform employees about the actions and invite them to engage in the solutions and changes through topical Deep-Dives.

6.4 Workforce Diversity and Achievements

In 2019-20 TAFE NSW continued the implementation of the Diversity and Inclusion Plan. This focused on developing processes and procedures that enable full participation and inclusion for diverse groups in the workplace. The Diversity and Inclusion Plan supports TAFE NSW's efforts to reflect the diversity of NSW communities and TAFE NSW student population.

Representation of equal employment opportunity groups in the workforce

The following equal employment opportunity groups were employed as a proportion of the total headcount of employees as at 30 June 2020 (Table 19):

Workforce diversity group	Target	2018-19	2019-20
Female employees	50.0%	62.7%	62.9%
Aboriginal and Torres Strait Islander people	3.3%	2.2%	2.0%
People whose first language spoken as a child was not English	23.2%	11.7%	10.5%
People with disability	N/A	2.4%	2.0%
People with disability requiring work-related adjustment	N/A	0.7%	0.7%

Notes:

1. Representation of Equal Employment Opportunity (EEO) groups is calculated as the actual number of staff in each group divided by the total headcount of staff as at June.
2. The benchmark of 50 per cent for representation of females across the sector is intended to reflect the gender composition of the NSW community.
3. The NSW Public Sector Aboriginal Employment Strategy 2014–17 introduced an aspirational target of 1.8 per cent by 2021 for each of the sector's salary bands. If the aspirational target of 1.8 per cent is achieved in salary bands not currently at or above 1.8 per cent, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3 per cent.
4. A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2 per cent is the percentage of the NSW general population born in a country where English is not the predominant language.
5. Work is underway to improve the reporting of disability information in the sector to enable comparisons with population data. For this reason, no benchmark has been provided for the category 'People with Disability or for People with Disability Requiring Work-Related Adjustment'.

TAFE NSW achieved the following index of distribution of equal employment opportunity groups across salary levels (Table 20):

Workforce Diversity Group	Target	2018	2019
Females	100	93	93
Aboriginal and Torres Strait Islander people	100	100	101
People whose first language spoken as a child was not English	100	96	93
People with disability	100	94	94
People with disability requiring work-related adjustment	100	95	95

Source: NSW Public Sector Workforce Profile as at 30 June each year.

Note: Data on the reported numbers of staff who are Aboriginal, staff whose first language spoken as a child was not English or staff with disability was obtained by self-disclosure, therefore may be an underrepresentation of the actual number.

Notes:

1. A distribution index score of 100 indicates that the distribution of members of the workforce diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the workforce diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the workforce diversity group tend to be more concentrated at higher salary bands than is the case for other staff.
2. The distribution index is not calculated when the number of employees in the workforce diversity group is less than 20 or when the number of other employees is less than 20.
3. 2020 data becomes available in late 2020.

Identified workforce diversity strategies for 2019–20

The *Government Sector Employment Act 2013* (NSW) requires NSW public sector agencies to integrate workforce diversity into broader workforce planning processes.

In 2019–20, TAFE NSW continued its commitment to create a workplace that is fair, inclusive, free of discrimination, and reflects the diversity of NSW communities.

TAFE NSW undertook the following workforce diversity strategies during 2019–20.

Aboriginal Employment Strategy

Be Empowered: Empowering Aboriginal People Through Employment

TAFE NSW has released a three year Aboriginal Employment Strategy, “Be Empowered: Empowering Aboriginal People Through Employment”. The Strategy was launched in January 2019. The strategy progresses TAFE NSW’s commitment to be a diverse, inclusive and culturally safe employer of choice. The strategy has six targets:

- Double Aboriginal employee headcount
- Diversify Aboriginal employment across functional areas grades and roles with an aim to exceed the NSW target at each grade
- A workplace that values Aboriginal culture, skills and perspectives of Aboriginal employees and communities
- Create understanding of the elements required to retain Aboriginal employees and ensure retention rates equal or better the retention rates reported by the NSW Public Service Commission

- Increase applications from Aboriginal people from roles at TAFE NSW year on year over the next three years
- Ensure all Aboriginal employees complete the Performance Development Review Plan and have a capability development plan through People@TAFE.

Progress towards these targets will be achieved through four (4) Key Action Areas:

1. Attraction and Recruitment
2. Retention, Engagement, Career Development and Progression
3. Cultural Capability and Accountability
4. Community Engagement.

TAFE NSW has established Aboriginal Employment Advisor roles in each region to support the retention and career development of Aboriginal employees as well as increasing the capability of the recruitment team to support Aboriginal applicants through the recruitment process. TAFE NSW will build cultural awareness across TAFE NSW through the provision of a Cultural Competency Framework supported by Aboriginal cultural awareness training.

Increase employment of Aboriginal People

The One TAFE People and Safety Strategy 2017–2022, approved in June 2017, included commitments to double the number of Aboriginal people employed by TAFE NSW by 2022. As of 2017 TAFE NSW employed 178 Aboriginal people and as of June 2020 the number of Aboriginal people employed is 297, an increase of 119 people or 67 per cent.

Aboriginal staff currently employed by TAFE NSW

While TAFE NSW has increased the total number of Aboriginal people employed since 2017, in the past year, the proportion of Aboriginal people employed by TAFE NSW decreased slightly by 0.2 per cent (Table 21).

Aboriginal employees	30 June 2019	30 June 2020
Headcount of Aboriginal employees	305	297
Percentage of total headcount ³³	2.2%	2.0%

Source: TAFE NSW data, reported to Commonwealth Indigenous Participation Plan.

Aboriginal Cultural Inclusion online resource

The Aboriginal Cultural Inclusion reference group has been a strong and positive collective to guide the content, direction and implementation of an immersive Aboriginal Cultural Inclusion online resource for internal staff training. The resource was launched during Reconciliation Week in May 2020 and has served as an important program to inform and enhance Aboriginal engagement and inclusion in the workforce. 707 employees have engaged with the resource as at June 2020.

³³ Percentage based on total headcount using TAFE NSW Payroll Report (average for June).

Other diversity initiatives

Staff with disability

In 2019-20 TAFE NSW implemented the reasonable adjustment process and has completed over 30 reasonable adjustments for existing and new employees. These reasonable adjustments have removed barriers for employees. In addition to this process TAFE NSW is offering reasonable adjustment for all mandatory meetings and training and during the recruitment process.

TAFE NSW has also created a Disability Employment Network that is chaired and organised by an employee with disability. Employees were asked what they wanted the purpose of the network to be and the content they wanted to see. These meetings have commenced and the group have discussed accessibility issues, technology and reasonable adjustment. TAFE NSW also continues to develop a Disability Inclusion Action Plan in conjunction with Disability Teacher Consultants.

Equity and diversity awareness activities

In 2019-20 TAFE NSW implemented a new procedure to prevent and manage unacceptable workplace behaviours as well as a procedure to prevent discrimination. These procedures support TAFE NSW's commitment to have a workplace where dignity, trust, respect and the promotion of diversity and inclusion is valued. Mandatory training was updated with the new content to build the capability of employees.

TAFE NSW promoted and celebrated events to raise diversity awareness and to encourage inclusive practices, such as Reconciliation Week, World Refugee Week, Mardi Gras, Harmony Day, Ramadan and International Women's Day. TAFE NSW campuses involved students, staff and community members in the celebrations to raise awareness of equity and diversity.

NSW Carers (Recognition) Act 2010

The *NSW Carers (Recognition) Act 2010* (NSW) requires public sector agencies to:

- Ensure that staff and agents have an awareness and understanding of the *NSW Carers' Charter*
- Ensure that staff reflect the *NSW Carers' Charter* principles in their daily work
- Consult with bodies representing carers when developing policies that impact upon carers
- Develop internal human resources policies with due regard to the *NSW Carers Charter*.

Carers are defined as providing ongoing help to someone who needs it because of their disability, long-term or life-limiting illness, mental illness, dementia or ageing.

Implementation of the Carers' Charter

Students

As a human services and public sector agency under the *Carers (Recognition) Act 2010* (NSW), TAFE NSW provides flexible delivery and assessment options to allow students to study and undertake assessment at a time and place to suit their personal circumstances.

TAFE NSW makes personal, career and study counselling services available to students, including those with carers and those who are carers. TAFE NSW employs specialist staff where required, to identify and provide for the needs of students including referral to TAFE NSW and external services and resources.

TAFE NSW promoted the availability of the Commonwealth Government's [Young Carer Bursary Program](#) on websites, the intranet and social media. The aim of the bursary program is to support young carers to remain in or return to education or training, leading to improved employment opportunities.

Staff

TAFE NSW offers flexible work arrangements to help staff balance work and carer responsibilities. Flexible work options include permanent and temporary part-time work, job sharing, leave without pay, flexible working hours, personal carer's leave and short-term leave to attend to family and community responsibilities. TAFE NSW provides information to carers about the flexible arrangements available in response to inquiries.

During 2019–20, up to 4,395 TAFE NSW staff (71 per cent of whom were female staff) accessed flexible work options. These include up to 2,981 staff taking short-term absences to meet family and community responsibilities.

Staff with carer responsibilities were able to access the TAFE NSW Employee Assistance Program, an independent, confidential and free professional counselling service to support the health and wellbeing of employees, and flexible and family-friendly work practices.

Human Resources Policies Supporting Carers including Working Flexibly

TAFE NSW supports employees who are carers through existing human resource policies including sick leave, FACS leave, leave without pay and part-time work policies.

This year TAFE NSW developed the Working Flexibly framework to redefine the when, where and how work is completed. The framework is inclusive and provides all employees the opportunity to apply for a flexible working arrangement.

A Working Flexibly pilot ran from 1st November 2019 to 31st March 2020. The pilot group of approximately 2400 employees included the Corporate Services Group and the Health, Wellbeing and Community Services Skills Team. Sixty formal flexible working arrangements were approved during the pilot.

Participants from the pilot were surveyed at the completion. Employees advised that they were able to work without distraction, spend more time with family, and spend less time travelling.

Lessons learned from the pilot will inform the broader launch of Working Flexibly to all TAFE NSW employees in 2020.

TAFE NSW will utilise existing systems to record and report on all formal flexible working arrangements and transition to retirement programs.

6.5 Workplace Relations

TAFE NSW workplace relations practices comply with Commonwealth and NSW legislation and government policy requirements by providing terms and conditions of employment that are fair under enterprise agreements

Enterprise Agreements

TAFE NSW completed negotiations and bargaining with the Community Public Sector Union, the Australian Education Union NSW Teachers Federation, other Unions and self-nominated bargaining representatives under the *Fair Work Act 2009* (Cth) for two enterprise agreements that cover more than 5,500 employees. The new *TAFE Administrative, Support and Related Employees Enterprise Agreement 2019* received approval from the Fair Work Commission on 15 October 2019 and covers nearly 5,000 employees. The ballot had a voting participation of over 68 per cent and endorsement by more than 94 per cent of employees that cast a vote. Similarly, the new *TAFE Managers Enterprise Agreement 2019* received approval from the Fair Work Commission on 10 February 2020 and covers more than 500 employees. The ballot had a voting participation of over 68 per cent and endorsement by more than 90 per cent of managers that cast a vote.

TAFE NSW commenced negotiation and bargaining with the Australian Education Union NSW Teachers Federation and self-nominated bargaining representatives under the *Fair Work Act 2009* (Cth) for its largest enterprise agreement for a new *TAFE Teachers and Related Employees Enterprise Agreement 2020* that covers more than 12,000 employees.

The enterprise agreements enable and support TAFE NSW to continue to be the leading vocational education training (VET) provider in NSW and also compete more effectively in the higher education market to promote and foster learning and develop NSW and Australia's workforce of the future.

Consultation with Trade Unions

TAFE NSW and representatives from the two major trade unions, the Australian Education Union NSW Teachers Federation and the Community Public Sector Union, regularly met throughout the year to discuss strategic and operational issues affecting TAFE NSW and its employees. TAFE NSW values the constructive relationship with those trade unions to foster and promote conciliatory workplace relations to achieve the common goal of maintaining TAFE NSW as the leading vocational education training (VET) provider for students.

Alternative Dispute Resolution

Alternative dispute resolution (ADR) continues to be an important and effective way for TAFE NSW to resolve interpersonal conflict and issues in the workplace in a collaborative and efficient way that avoids a lasting negative impact on employees. ADR also provides the opportunity for employees to undergo coaching to support them in the workplace and build their capability that empowers them to successfully address workplace issues and disputes in a timely manner. In the three years since its inception, the organisational benefits of ADR that have been realised are maintaining staff engagement levels, discretionary effort and productivity.

6.6 Work Health and Safety

Our Focus on Wellbeing

The Employee Wellbeing Plan was established to continue to build on our 2020 strategic commitment to 'improve health & wellbeing of employees'. Mental health and employee resilience was a particular focus during 2019–20, with the launch of several specific initiatives available to all employees, including:

- 'Headspace' mental health program which offered our staff free downloads of their headspace app as an easily accessible support for their mental wellbeing;
- 'Be Your Best' Series, a mental health program to continue supporting teams under pressure and stress. 95 sessions were delivered to priority teams, regions and functional areas, with focussed topics including Bullying and Harassment, Managing Pressure, Thriving Through Change and Enhancing Employee Interactions. High participation was recorded for these sessions and feedback from employees was positive, indicating an improved impact on how they perform at work.

As part of our focus on wellbeing, TAFE NSW has prioritised 'wellbeing as a way of working' and is integrating this state-wide across teams. Specific initiatives included:

- the introduction of the Conversations about Wellbeing guide, which equips line managers to have open and honest wellbeing conversations with their teams;
- providing specific intranet webpages offering webinars, 'toolbox talks' resources and advice on enhancing mental health and wellbeing at work (with nearly 18,500 unique visits in the 2019-20 financial year)

Significant crisis management support was provided to assist employees through the bushfire crises in our North and South regions, including critical incident onsite support at 17 impacted campuses through EAP, as well as additional vicarious trauma' training for our regional leaders on building resilience in self and their teams and on responding to a natural disaster.

WHS Performance

TAFE NSW has seen a 20 per cent reduction in total number of injuries compared to the 2018-19 financial year.

2019-20 also saw a reduction of 23 per cent in reportable claims and a 54 per cent reduction in total cost paid to date than the previous financial year

The TAFE NSW Workers Compensation Contribution for 2019-20 was calculated on a number of factors including the amount of claims, the duration of claims on benefits (receiving regular payments), the proportion of psychological claims, the level of Work Injury Damages (WID) intimations (lump sum payments) and the expected overall claims costs.

There was an increase in contributions for 2019/20 compared with the previous year. This was driven by an increasing proportion of psychological injury claims being reported leading to higher weekly benefits, and higher payment amounts for medical benefits.

Each year a three and five year adjustment may be payable or refundable to TAFE NSW for the respective deposit contribution year based on actual claims performance. *(For example 2020-21 adjustments will be based on 2017-18 and 2015-16 claims performance).*

(Note: the annual claims data for each financial year will continue to change as active ongoing claims grow and develop in each measure listed in the table below).

Table 22: Source - TMF: Allianz Insurance and iCare

	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Total claims	329	280	250	309	273	216
Total hours paid (time loss wages)	90,381	102,644	83,369	68,347	65,315	25,286
Lost time claims ⁱ	164	139	125	139	131	77
Total wages paid to date ⁽ⁱⁱ⁾	\$2,868,230	\$3,414,957	\$3,180,480	\$2,965,973	\$2,530,784	\$1,093,669
Total cost paid to date (medical & wage payments)	\$5,757,718	\$7,279,100	\$6,496,503	\$5,940,833	\$5,373,756	\$2,428,622
Average cost per claim	\$17,500	\$25,996	\$25,986	\$19,226	\$19,684	\$11,243
Deposit contributions (excl GST)	\$12,572,995	\$9,974,435	\$8,437,525	\$8,894,865	\$9,984,390	\$11,163,902
3 year hindsight adjustment	\$1,229,484 (Payable)	\$5,674,467 (Refund)	\$4,537,001 (Refund)	\$3,935,599 (Refund)	\$4,120,867.16 (Payable)	\$391,583.30 excl GST (Refund)
5 year hindsight adjustment	\$2,542,793 (Refund)	\$4,215,839 (Refund)	\$2,819,085 (Refund)	\$648,809 (Refund)	\$862,840.25 (Refund)	\$1,527,238.11 excl. GST (Payable)

Notes:

i) Allianz and iCare data takes several months to mature as claims are processed. These results may reflect a shortfall in 2019-20 data.

ii) Retrospective amendments have been made to the Total Hours Paid and No. Claims with Lost Time for the years 2014–15 to 2018–19, following the processing of a backlog in wage reimbursements and claim closures in 2019.

7. Budget and Expenditure

7.1 Funds Granted to Non-Government Community Organisations

TAFE NSW did not grant any funds to non-government community organisations in 2019-20.

7.2 Technical and Further Education Commission Independent Auditors Report



INDEPENDENT AUDITOR'S REPORT Technical and Further Education Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Technical and Further Education Commission (the Commission), which comprises the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information, of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Commission in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Other Information

The Commission's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Managing Director of the Commission is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the *PF&A Act* Statement by the Managing Director.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Managing Director's Responsibilities for the Financial Statements

The Managing Director is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *PF&A Act*, and for such internal control as the Managing Director determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

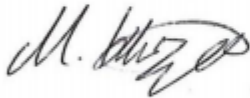
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

The scope of my audit does not include, nor provide assurance:

- that the Commission carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo
A/Director, Financial Audit

Delegate of the Auditor-General for New South Wales

14 October 2020
SYDNEY

7.3 Financial Statements



Technical and Further Education Commission

Annual Financial Statements

for the year ended 30 June 2020

TABLE OF CONTENTS

<i>Statement by the Managing Director of the Technical and Further Education Commission</i>	1
<i>Consolidated Statement of Comprehensive Income</i>	2
<i>Consolidated Statement of Financial Position</i>	3
<i>Consolidated Statement of Changes in Equity</i>	4
<i>Consolidated Statement of Cash Flows</i>	5
1. Summary of Significant Accounting Policies	6
2. Expenses Excluding Losses.....	15
3. Revenue.....	17
4. Gains on Disposal	21
5. Other gains / (losses)	21
6. Cash and Cash Equivalents	21
7. Current / Non-Current Assets - Receivables	22
8. Contract Assets and Liabilities	23
9. Restricted Assets	24
10. Property, Plant and Equipment	24
11. Leases.....	30
12. Intangible Assets.....	34
13. Non-Current Assets Held-For-Sale.....	35
14. Other Financial Assets	36
15. Fair Value Measurement of Non-Financial Assets	36
16. Current Liabilities – Payables	38
17. Current / Non-Current Liabilities – Provisions	39
18. Current / Non-Current Liabilities – Lease Liabilities.....	41
19. Commitments	41
20. Contingent Liabilities and Contingent Assets	41
21. Reconciliation of Cash Flows from Operating Activities to Net Result.....	42
22. Non-Cash Financing and Investing Activities	42
23. Equity	42
24. Related Party Disclosures	43
25. Budget Review	44
26. Trust Funds	45
27. Financial Instruments	46
28. Events after the Reporting Period	50

Technical and Further Education Commission
Statement by the Managing Director of the Technical and Further Education
Commission
for the year ended 30 June 2020

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, I state that:

- 1 The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions;
- 2 The financial statements exhibit a true and fair view of the financial position and financial performance of the Commission;
- 3 I am not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Steffen Faurby

Managing Director

Date: 13 October 2020

Technical and Further Education Commission
Consolidated Statement of Comprehensive Income
for the year ended 30 June 2020

	Notes	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	1,267,479	1,268,716	1,258,589
Other operating expenses	2(b)	418,239	424,122	432,559
Depreciation and amortisation expense	2(c)	164,437	157,482	153,224
Finance costs	2(d)	287	-	-
Total expenses excluding losses		1,850,442	1,850,320	1,844,372
Revenue				
Sale of goods and services	3(a)	-	342,998	396,501
Sale of goods and services from contracts with customers	3(a)	343,154	-	-
Investment revenue	3(b)	6,260	2,851	8,128
Grants and other contributions	3(c)	1,468,714	1,474,299	1,156,586
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	38,668	47,352	81,702
Other income	3(e)	5,518	5,916	4,363
Total revenue		1,862,314	1,873,416	1,647,280
Operating Result		11,872	23,096	(197,092)
Gains on disposal	4	344	-	2,271
Other gains / (losses)	5	(11,265)	-	(32,966)
Net result	21	951	23,096	(227,787)
Other comprehensive expense				
<i>Items that will not be reclassified to net result</i>				
Net decrease in property, plant and equipment revaluation surplus	10	-	-	(9,698)
<i>Items that may be reclassified to net result in subsequent periods</i>				
Net change in revaluation surplus for assets-held-for-sale	13	(58)	-	(4,886)
Total other comprehensive expense		(58)	-	(14,584)
TOTAL COMPREHENSIVE INCOME/ (EXPENSE)		893	23,096	(242,371)

The accompanying notes form part of these financial statements.

Technical and Further Education Commission
Consolidated Statement of Financial Position
as at 30 June 2020

	Notes	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	6	297,565	197,003	161,804
Receivables	7	120,731	225,398	275,907
Contract assets	8	120,873	-	-
Restricted assets	9	144	134	144
		539,313	422,535	437,855
Non-current assets held-for-sale	13	5,245	-	9,114
Total Current Assets		544,558	422,535	446,969
Non-Current Assets				
Receivables	7	221	4,765	4,217
Property, plant and equipment				
Land	10	1,121,701	1,105,232	1,118,479
Buildings	10	2,532,679	2,596,114	2,632,765
Plant and equipment	10	36,223	13,757	24,960
Total property, plant and equipment		3,690,603	3,715,103	3,776,204
Right-of-use assets	11	23,732	13,840	-
Intangible assets	12	113,614	110,027	89,264
Other financial assets	14	175	175	175
Total Non-Current Assets		3,828,345	3,843,910	3,869,860
Total Assets		4,372,903	4,266,445	4,316,829
LIABILITIES				
Current Liabilities				
Payables	16	106,639	207,767	268,365
Provisions	17	113,344	94,367	110,535
Contract liabilities	8	198,355	-	-
Lease liabilities	18	5,485	-	-
Total Current Liabilities		423,823	302,134	378,900
Non-Current Liabilities				
Provisions	17	10,089	2,874	17,569
Lease liabilities	18	14,603	14,040	-
Total Non-Current Liabilities		24,692	16,914	17,569
Total Liabilities		448,515	319,048	396,469
Net Assets		3,924,388	3,947,397	3,920,360
EQUITY				
Reserves		2,379,488	2,424,533	2,379,546
Accumulated funds		1,544,900	1,522,864	1,540,814
Total equity		3,924,388	3,947,397	3,920,360

The accompanying notes form part of these financial statements.

Technical and Further Education Commission
Consolidated Statement of Changes in Equity
for the year ended 30 June 2020

	Notes	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance at 1 July 2019		1,540,814	2,379,546	3,920,360
Changes in accounting policy	1(g)	3,135	-	3,135
Restated balance at 1 July 2019		1,543,949	2,379,546	3,923,495
Net result for the year		951	-	951
Other comprehensive expense				
Amounts recognised in equity relating to non-current assets held-for-sale	13	-	(58)	(58)
Total other comprehensive expense		-	(58)	(58)
Total comprehensive expense for the year		951	(58)	893
Balance at 30 June 2020		1,544,900	2,379,488	3,924,388
Balance at 1 July 2018		1,628,198	2,434,533	4,062,731
Net result for the year		(227,787)	-	(227,787)
Other comprehensive expense				
Net decrease in property, plant and equipment revaluation surplus	10	-	(9,698)	(9,698)
Amounts recognised in equity relating to non-current assets held-for-sale	13	-	(4,886)	(4,886)
Total other comprehensive expense		-	(14,584)	(14,584)
Total comprehensive expense for the year		(227,787)	(14,584)	(242,371)
Transactions with owners in their capacity as owners				
Increase in net assets from equity transfers	23	100,000	-	100,000
Asset revaluation reserve balance transferred to accumulated funds on disposal of assets		40,403	(40,403)	-
		140,403	(40,403)	100,000
Balance at 30 June 2019		1,540,814	2,379,546	3,920,360

The accompanying notes form part of these financial statements.

Technical and Further Education Commission
Consolidated Statement of Cash Flows
for the year 30 June 2020

		Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
	Notes			
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(1,217,010)	(1,218,491)	(1,160,376)
Other operating expenses		(512,784)	(424,122)	(508,698)
Finance costs		(287)	-	-
Total Payments		(1,730,081)	(1,642,613)	(1,669,074)
Receipts				
Sale of goods and services		301,016	297,625	328,637
Interest received		1,414	2,851	2,586
Grants and contributions		1,615,155	1,474,299	1,156,586
Other operating receipts		53,056	5,917	89,016
Total Receipts		1,970,641	1,780,692	1,576,825
NET CASH FLOWS FROM OPERATING ACTIVITIES	21	240,560	138,079	(92,249)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of land and buildings, plant and equipment		4,235	-	43,664
Purchases of land and buildings, plant and equipment, and intangible assets		(104,958)	(96,975)	(135,577)
Other investing		-	(40,242)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(100,723)	(137,217)	(91,913)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash injection from the Crown Entity		-	-	100,000
Repayment of borrowings and advances		(4,077)	(2,282)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(4,077)	(2,282)	100,000
NET INCREASE / (DECREASE) IN CASH		135,761	(1,420)	(84,162)
Opening cash and cash equivalents		161,804	198,423	245,966
CLOSING CASH AND CASH EQUIVALENTS	6	297,565	197,003	161,804

The accompanying notes form part of these financial statements

Cash balances at the beginning and end of reporting periods are attributable to the NSW Government as owner, forming part of the Consolidated Fund under the deemed appropriations provision of the *Government Sector Finance Act 2018* section 4.7.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

1. Summary of Significant Accounting Policies

(a) Reporting entity

The Technical and Further Education Commission (the "Commission"), is a NSW government entity responsible for the provision of technical and further education within NSW. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The Public Finance and Audit Amendment (Technical and Further Education Commission) Proclamation 2014 was proclaimed on 28 May 2014. This proclamation provided for the Commission to be a separate statutory body for the purposes of the *Public Finance and Audit Act 1983*, commencing on 1 July 2014. Consequently, from that date the Commission has operated as a separate legal entity which is consolidated as part of the NSW Total State Sector Accounts.

The *Government Sector Finance Act 2018* (GSF Act) section 2.4(1)(i) lists the Commission as a GSF Agency and Statutory Body representing the Crown. The Commission charge fees for services, which under Section 4.7 of the GSF Act fall under the deemed appropriation provision. As a representative of the Crown, cash balances at the beginning and end of reporting periods are considered deemed appropriations attributable to the NSW Government as owner.

The Commission as a reporting entity, includes under its control, the TAFE Commission (Senior Executives) Staff Agency ("the Agency"). The Agency commenced operations on 10 December 2014. In the process of preparing the financial statements for the Commission, which consist of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated and like transactions and other events are accounted for using uniform accounting policies. In 2018, all personnel services and employees related to the Staff Agency services were transferred to TAFE NSW Commission employment contracts. Accordingly there were no personnel services rendered in FY 2019-20 and FY 2018-19.

The *Public Finance and Audit Amendment (Financial Reporting and Audit Exclusions) Regulation 2019* removes the requirement for the Agency to prepare financial statements. The Agency did not operate during 2019-20 and is now dormant. Accordingly, the Commission's 2019-20 financial statements have been prepared on a consolidated basis and the Agency has not been reported separately.

The Commission is comprised of a single service group.

These financial statements for the year ended 30 June 2020 have been authorised for issue by the Managing Director on 13 October 2020.

(b) Basis of preparation

The Commission's financial statements are general purpose financial statements, which have been prepared on an accrual basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* (the Act) and *Public Finance and Audit Regulation 2015*; and
- Treasurer's Direction issued under the Act.

The financial statements have been prepared on a going concern basis which assumes that payment of liabilities will be met, as and when they fall due, without any intention or necessity to liquidate assets or otherwise wind up operations. In preparing the financial statements, the Managing Director has assessed the ability of the Commission to continue as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis of accounting except where operations will be dissolved by an Act of parliament or otherwise cease.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

(b) Basis of preparation (continued)

In alignment with the approach of other States and Territories, and following a recommendation by the National Cabinet of Commonwealth, the 2020-21 NSW Budget has been deferred until 17 November 2020. On this basis, the Secretary of the Department of Education, through an interim funding deed, have agreed to service the funding levels for the forward financial year. The interim funding deed provides for seven months of the Commission's notional full year funding allocation. When the 2020-21 NSW Budget is handed down in November, the interim Service Agreement and funding arrangements will be replaced with a full-year 2020-21 Service Agreement and budget.

Property, plant and equipment, assets (or disposal groups) held-for-sale and financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

The outbreak of the Novel Coronavirus (COVID-19) was declared as a 'Global Pandemic' by the World Health Organisation on 11 March 2020. Developments throughout 2020 has caused great uncertainty for education providers, the global and Australian economy. This uncertainty has created risks and conditions that the Commission has not encountered before. As a result management, has continually assessed and considered the impacts of COVID-19 on the financial statements arising from this major global risk.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the entity's presentation and functional currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Income tax

The Commission is exempt from income tax.

(e) Accounting for the Goods and Services Tax (GST)

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

- amount of GST incurred by the Commission as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the Australian Taxation Office are classified as operating cash flows.

(f) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Additional disclosure has been included in the current year financial statements to reflect monies held by the Commission in a trustee capacity for the Technical Education Trust Fund. This disclosure includes comparative information not previously disclosed. This disclosure is included in Note 26 Trust Funds.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

(g) Changes in accounting policy, including new or revised Australian Accounting Standards

- (i) Effective for the first time in 2019-2020

The Commission applied AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities*, and AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in FY2019-20, but do not have an impact on the financial statements of the Commission.

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which the Commission expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

In accordance with the transition provisions in AASB 15, the Commission has adopted AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, i.e. 1 July 2019. The Commission has used the transitional practical expedient permitted by the standard to reflect the aggregate effect of all the modifications that occur before 1 July 2018. In applying AASB 15 for the first time, the Commission has used the following practical expedients permitted by the standard:

- adopt AASB 15 para 4 to a portfolio of contracts (or performance obligations) with similar characteristics;
- not adopt AASB 15 (Aus.81) to short-term licences and licences for which the transaction price is of low value;
- adopt AASB 15 para 63, allows entities to not adjust the promised consideration for the effects of a significant financing component;
- adopt AASB 15 para 94, by recognising incremental costs of obtaining a contract as an expense when it occurs;
- adopt AASB 15 para 121 and C7A, allocating the transaction price to the satisfied and unsatisfied performance obligations;
- adopt AASB 15 para B16, allows entities to recognise revenue to which the entity has a right to invoice;
- adopt AASB 15 para B43, determining the transaction price to contracts where the customer has material right to acquire future goods or services;
- adopt AASB 15 para C3, retrospectively with the cumulative effect of initially applying AASB 15 recognised at the date of initial application; and
- not adopt AASB 15 para C7 which allows the practical expedient to not restate completed contracts.

The impact of applying the above practical expedients is not expected to significantly affect the financial statements.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

(g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued)

(i) Effective for the first time in 2019-2020 (continued)

AASB 15 Revenue from Contracts with Customers (continued)

The effect of adopting AASB 15 is as follows:

Impact on the Statement of Comprehensive Income (increase / (decrease)):

	Notes	30 June 2020 \$'000 AASB 15	30 June 2020 \$'000 Without adoption of AASB 15	30 June 2020 \$'000 Impact of AASB 15
Revenue				
Rendering of services – Student fees	3 (a)	262,987	256,667	6,320
Other grants with sufficiently specific performance obligations	3 (c)	774,336	719,484	54,852
Operating result		11,872	(49,300)	61,172
Net result		951	(60,221)	61,172

Impact on Statement of Financial Position (increase / (decrease)):

	Notes	30 June 2020 \$'000 AASB 15	30 June 2020 \$'000 Without adoption of AASB 15	30 June 2020 \$'000 Impact of AASB 15
Assets				
Contract assets	8	120,873	-	90,656
Accrued income		-	30,217	-
Liabilities				
Contract liabilities	8	198,355	-	26,350
Deferred revenue		-	172,005	-
Total adjustment to equity		(77,482)	(141,788)	64,306

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year

The nature of these adjustments is described below:

Smart and Skilled - Entitlement Funding Contract

The Commission receives NSW government subsidies for the delivery of training services to students under the Smart and Skilled Entitlement program. Funding for the Entitlement program is recognised over the period in which training is delivered at an individual student level basis.

1. Summary of Significant Accounting Policies (continued)

(g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued)

- (i) Effective for the first time in 2019-2020 (continued)

AASB 15 Revenue from Contracts with Customers (continued)

Smart and Skilled - Entitlement Funding Contract (Continued)

Prior to the implementation of AASB 15, Entitlement funding was recognised as revenue following the achievement of set milestones throughout the subsidised training at an individual student level basis.

AASB 15 brought about a significant change to the accounting for the Entitlement funding contract. The Commission is now required to recognise revenue as and when it satisfies its performance obligation which is over time as the training is delivered. Accordingly, Entitlement subsidy is recognised as revenue on a month-to-month basis. As the Commission delivers the course a contract asset is recognised if the delivery of the training to the student is ahead of subsidy payment.

In line with the requirements of AASB 15 the Commission has recognised a Contract Asset Provision. The Commission receives funding for the Entitlement program following a student's achievement of set milestones within a course and the Contract Asset Provision factors in the risk of students not completing the training or students being granted credits for recognition of prior learning. In calculating the Contract Asset Provision a significant amount of management judgement is required and is based on historical milestone achievements and actual receipting of Entitlement funding.

Student Fee Revenue

The Commission receives revenue from student fees. Upon enrolment a student is invoiced and expected to pay student fees prior to the commencement of their course.

Prior to the implementation of AASB 15, the Commission held upfront payments of student fees as an Unearned Revenue Liability and recognised student fee revenue as the course progressed on a monthly basis. This approach complies with AASB 15 requirements however, upfront payments are now recognised as a Contract Liability.

In line with the requirements of AASB 15, the Commission has recognised a Provision for Student fee revenue, to account for student refunds or other adjustments to Student Fees. Prior to AASB 15, refunds or adjustments were applied as an offset to revenue when they occurred. The provision calculation is based on historical refund/adjustment records.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 replaces most of the existing requirements in AASB 1004 *Contributions*. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 9, AASB 15, AASB 16, AABN 137 and AASB 1004) to a transaction before recognising income.

Not-for-profit entities need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with customer (accounted for under AASB 15).

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

(g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued)

(i) Effective for the first time in 2019-2020 (continued)

AASB 1058 Income of Not-for-Profit Entities (continued)

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- When the obligations under the transfer is satisfied, for transfers to enable the Commission to acquire or construct a recognisable non-financial asset that will be controlled by the Commission.
- Immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Commission has adopted AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application, i.e. 1 July 2019. The Commission has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Commission to further its objectives, are not restated to their fair value.

The effect of adopting AASB 1058 is as follows:

Impact on Statement of Comprehensive Income (increase/ (decrease))

		30 June 2020 \$'000 AASB 1058	30 June 2020 \$'000 Without adoption of AASB 1058	30 June 2020 \$'000 Impact of AASB 1058
	Notes			
Revenue				
Rendering of services	3(a)	74,857	74,857	-
Sale of goods	3(a)	5,310	5,310	-
Investment revenue	3(b)	6,260	6,260	-
Grants and other contributions	3(c)	663,413	663,413	-
Other revenue	3(e)	5,518	5,518	-
Operating result		11,872	11,872	-
Net result		951	951	-

The effect of adopting AASB 1058 resulted in a nil impact on the Statement of Financial Position.

The adoption of AASB 1058 did not have an impact on the Statement of Comprehensive Income, Statement of Financial Position, Other Comprehensive Income and the Statement of Cash Flows for the financial year. There were no significant adjustments on impacted revenue streams upon the adoption of AASB 1058. The Commission expects AASB 1058 to have minimal impact on future reporting periods on income recognition and deferred income.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

(g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued)

- (i) Effective for the first time in 2019-2020 (continued)

AASB 16 Leases

AASB 16 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 Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have a significant impact for leases where the Commission is the lessor.

Lessee accounting

AASB 16 requires the Commission to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the Commission recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right of use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Commission has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 1.50%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019. The exception is right-of-use assets that are subject to accelerated depreciation. These assets are measured at their fair value at 1 July 2019.

For leases previously classified as finance leases the Commission recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date.

The Commission elected to use the practical expedient to expense lease payments for lease contracts that at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10,000 or under when new (low-value assets).

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

(g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued)

(i) Effective for the first time in 2019-2020 (continued)

AASB 16 Leases (continued)

Lessee accounting (continued)

In applying AASB 16 for the first time, the Commission has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on its previous assessment on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- not recognise a lease liability and right-of-use asset for short-term leases that end within 12 months of the date of initial application;
- excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The effect of adoption of AASB 16 as at 1 July 2019 (increase / (decrease)) is, as follows:

	\$'000
Assets	
Prepayments	(4,049)
Right-of-use assets	
Buildings	11,972
Property, plant and equipment	14,711
Total Right-of-use assets	26,683
Total assets	22,634
Liabilities	
Lease liabilities	22,634
Total liabilities	22,634
Equity	
Accumulated funds	-
Total equity	-

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

(g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued)

- (i) Effective for the first time in 2019-2020 (continued)

AASB 16 Leases (continued)

Lessee accounting (continued)

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	\$'000
Operating lease commitments as at 30 June 2019 (GST included)	16,077
(Less): GST included in operating lease commitments	<u>(1,461)</u>
Operating lease commitments as at 30 June 2019 (GST excluded)	14,616
Weighted average incremental borrowing rate as at 1 July 2019	<u>1.50%</u>
Discounted operating lease commitments as at 1 July 2019	(527)
(Less): commitments relating to leases of low-value assets	(9)
(Less): commitments not within the scope of AASB 16	(2,925)
Add/(less): contracts re-assessed as lease contracts	<u>11,479</u>
Lease liabilities as at 1 July 2019	<u>22,634</u>

Government Sector Finance Act 2018

The *Government Sector Finance Act 2018* partially came into effect on 1 July 2019.

The GSF Act section 2.4(1)(i) lists the Commission as a GSF Agency and Statutory Body representing the Crown. As a representative of the Crown, cash balances at the beginning and end of reporting periods are considered deemed appropriations attributable to the NSW Government as owner under Section 4.7 of the GSF Act.

- (ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective.

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-5 *Amendments to Australian Accounting Standards - Deferral of AASB 1059*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material*
- AASB 2019-1 *Amendments to Australian Accounting Standards - References to the Conceptual Framework*
- AASB 2019-2 *Amendments to Australian Accounting Standards - Implementation of AASB 1059*

The possible impact of these Standards in the period of initial application is not expected to materially affect the financial statements.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

2. Expenses Excluding Losses

(a) Employee related expenses

	2020	2019
	\$'000	\$'000
Salaries and wages (including annual leave) ^a	1,050,071	1,006,363
Superannuation - defined benefit plans	8,672	9,602
Superannuation - defined contribution plans	94,648	91,874
Long service leave	29,998	72,100
Workers' compensation insurance	12,877	13,356
Payroll tax and fringe benefit tax	64,197	63,089
Redundancy / Other	7,016	2,205
Total employee related expenses	1,267,479	1,258,589

^a An amount of \$1.5m of employee-related expenses were capitalised during the year (2019: \$6.0m), and are therefore excluded from the balances above.

(b) Other operating expenses include the following:

	2020	2019
	\$'000	\$'000
Auditor's remuneration - audit of the financial statements ^a	1,025	1,000
Operating lease rental expense - minimum lease payments	-	8,922
Expense relating to short-term leases	112	-
Variable lease payments, not included in lease liabilities	4,310	-
Maintenance	42,589	42,094
Insurance	6,040	6,429
Consultants	2,601	529
Contractors	78,722	85,363
Cleaning	50,036	38,979
Agents fees	1,902	3,855
Shared Services	2,048	2,008
Service expenses	81,039	75,892
Minor stores, provisions, plant and computing	54,193	69,750
Travel and motor vehicle expenses	9,031	12,948
Postage and telephone	3,877	7,947
Utilities	21,156	22,124
Printing	7,853	8,103
Advertising	18,231	20,554
Other operating expenses	33,474	26,062
Total other operating expenses	418,239	432,559

^a. Total audit fees for the 2019-20 year per the Annual Engagement Plan are \$1.0m (2019: \$1.0m) excluding GST. There were \$nil non-audit services provided by the NSW Audit Office for 2020 (2019: \$nil).

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

2. Expenses Excluding Losses (continued)

(b) Other operating expenses (continued)

Recognition and Measurement

Maintenance

Maintenance relates to contracted labour, infrastructure, communication technology maintenance and other (non-employee related) expenses. Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement or an enhancement of a part or component of an asset, in which case the costs are capitalised and depreciated. Capitalisation thresholds may apply to maintenance expenses if applicable (refer to Note 10 for more details).

Insurance

The Commission's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

Lease expense (up to 30 June 2019)

Operating leases

Up to 30 June 2019, operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. An operating lease is a lease other than a finance lease.

Lease expense (from 1 July 2019)

From 1 July 2019, the Commission recognises the lease payments associated with the following types leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. I.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

(c) Depreciation and amortisation expense

	2020	2019
	\$'000	\$'000
Depreciation		
Buildings and improvements	146,413	139,926
Plant and equipment	8,784	7,171
Right of use assets - buildings	1,803	-
Right of use assets - plant and equipment	2,679	-
	159,679	147,097
Amortisation		
Intangibles	4,758	6,127
Total depreciation and amortisation expenses	164,437	153,224

Refer to note 10, 11 and 12 for recognition and measurement policies on depreciation and amortisation.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

2. Expenses Excluding Losses (continued)

(d) *Finance Costs*

	2020 \$'000	2019 \$'000
Interest expense from lease liabilities	287	-
Total Finance Costs	<u>287</u>	<u>-</u>

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW GGS entities. Refer to note 11 for recognition and measurement policies on lease interest charges.

3. Revenue

Recognition and measurement

Until 30 June 2019, income is recognised in accordance with AASB 111 *Construction Contracts*, AASB 118 *Revenue* and AASB 1004 *Contributions*.

From 1 July 2019, income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

(a) *Sale of goods and services from contracts with customers / sale of goods and services*

	2020 \$'000	2019 \$'000
Sale of goods		
Course projects and materials	5,310	3,414
Subtotal of sale of goods	<u>5,310</u>	<u>3,414</u>
Rendering of services		
Student fees	323,709	378,379
Other	14,135	14,708
Subtotal of rendering of services	<u>337,844</u>	<u>393,087</u>
Total sale of good and rendering of services	<u>343,154</u>	<u>396,501</u>

Recognition and measurement

Until 30 June 2019

Sale of goods

Revenue from the sale of goods is recognised as revenue when the Commission transfers the significant risks and rewards of ownership of the goods and services, usually on delivery of the goods.

Rendering of service

Revenue is recognised when the service is provided or by reference to the stage of completion.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

3. Revenue (continued)

Recognition and measurement (continued)

From 1 July 2019

Sale of goods

Revenue from sale of goods is recognised as when the Commission satisfies a performance obligation by transferring the promised goods. Course projects and materials are distinct from course delivery services as the student can benefit from these readily available goods separate from participation in units of competency. The Commission typically satisfies its performance obligations when control of course projects and materials are transferred to students at the point of purchase. Significant judgements are not required in this instance. The payments are typically due at the point of purchase.

Revenue from these sales is recognised based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a short credit term. No volume discount or warranty is provided on the sale.

Rendering of service

Revenue from rendering of services is recognised when the Commission satisfies the performance obligation by transferring the promised services. TAFE NSW is the leading provider of vocational education and training in Australia. Each year, more than 500,000 students enrol into nationally recognised training courses. The Commission typically satisfies its performance obligations by upskilling students through participation in Units of Competency over a course delivery period. Revenue is recognised progressively, in line with course delivery. The Commission applies significant judgement when evaluating when a student obtains control of the promised services over course duration, in satisfaction of performance obligations, including in their assessment allowances for student withdrawals, credit transfers and other adjustments in accordance with TAFE NSW refund policies. The payments for Student Fees are typically due on student enrolment in a course. The funds are then held as Contract Liabilities until performance obligations are met.

The revenue is measured at the transaction price agreed under the contract less values that the Commission have assessed for student attrition and adjustments. No element of financing is deemed present as payments are due when service is provided.

Refer Note 8 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Commission expects to recognise the unsatisfied portion as revenue.

(b) Investment revenue

	2020	2019
	\$'000	\$'000
Interest revenue	1,414	2,586
Rental income^a		
Other rental income	4,846	5,542
Total investment revenue	6,260	8,128

^a FY2018-19 rental income comparative has been reallocated from Note 3(e) Other revenue.

Recognition and measurement

Interest Income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial assets (i.e. after deducting the loss allowance for expected credit losses).

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

3. Revenue (continued)

(b) *Investment Revenue (continued)*

Recognition and measurement (continued)

Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

(c) *Grants and other contributions*

	2020	2019
	\$'000	\$'000
Grants to acquire/construct a recognisable non-financial asset to be controlled by the entity		
Asset contributions	25,141	-
Other grants with sufficiently specific performance obligations		
Entitlement subsidy	412,736	-
Targeted priority	332,893	-
Other public sector agencies	28,707	-
Grants without sufficiently specific performance obligations		
Operational based funding ^a	496,332	-
Community service obligation	157,083	-
Commonwealth government	9,856	-
Other public sector agencies	5,959	-
Grant Revenue		
Vocational education and training grants ^b	-	2,881
Other public sector agencies ^a	-	1,145,653
Commonwealth government	-	7,318
Donations and industry contributions	7	734
Total grants and other contributions	1,468,714	1,156,586

^a Other public sector agencies included Operational Based Funding (OBF) of \$173m in FY2018-19. OBF received during FY2019-20 was \$496m.

^b Under AASB 1004 Contributions, The Commission is required to recognise grants and contributions once control has been gained. This results in a timing difference between when revenue is recognised and when expenditure occurs. Restrictions are placed on the activities for which the funds can be utilised.

Recognition and measurement

Until 30 June 2019

Grants and contributions are provided by the NSW Department of Industry, Skills and Regional Development, the Department of Education, the Commonwealth, other government bodies, and third party entities.

Income from grants (other than contribution by owners) is recognised when the Commission obtains control over the contribution. The Commission is deemed to have assumed control when the grant is received or receivable.

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

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

3. Revenue (continued)

(c) *Grants and other contributions (continued)*

Recognition and measurement (continued)

From 1 July 2019

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the Commission is recognised when the Commission satisfies its obligations under the transfer. The Commission satisfies the performance obligations under the transfer to construct assets over time as the non-financial assets are being constructed. Income is recognised based on the construction plan and performance against the plan.

Revenue from grants with sufficiently specific performance obligations is recognised as when the Commission satisfies a performance obligation by transferring the promised goods. The primary service that the Commission promises to transfer is to train a student in a course which is made up of units of competency. The Commission typically satisfies its performance obligations as it delivers training to the student on a straight-line basis over the course duration start and end dates.

The payments are typically due when a student meets specific delivery milestones. This varies on a monthly basis based on student enrolments and delivery plans.

Revenue from grants without sufficiently specific performance obligations is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Refer Note 8 for transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

Income from grants without sufficiently specific performance obligations is recognised when the Commission obtains control over the granted assets (e.g. cash).

(d) *Acceptance by the Crown Entity of employee benefits and other liabilities*

The following liabilities and / or expenses have been assumed by the Crown Entity or other government entities:

	2020	2019
	\$'000	\$'000
Superannuation - defined benefit	8,142	9,055
Superannuation on annual leave – defined benefit	86	54
Long service leave	29,996	72,100
Payroll tax - defined benefit	444	493
Total acceptance by the Crown Entity of employee benefits and other liabilities	38,668	81,702

(e) *Other Income **

	2020	2019
	\$'000	\$'000
Insurance recovery	4,681	4,363
Other income	837	-
Total other income	5,518	4,363

* Rental income for FY2019-20 and FY2018-19 comparative has been reallocated to Note 3(b) Investment Revenue.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

4. Gains on disposal

	2020	2019
	\$'000	\$'000
Gain on disposal of property, plant and equipment		
Proceeds from disposal	4,235	43,664
Written down value of assets disposed *	(3,891)	(41,393)
Net gain on disposal of property, plant and equipment	<u>344</u>	<u>2,271</u>

* Written down value of assets disposed is \$3.9m (2019: \$41.4m) and of this \$3.9m (2019: \$1.9m) was held as assets held for sale in 2019 (refer Note 13) and \$nil (2019: \$39.5m) held in property (refer Note 10). Property divested in 2020 include Belrose (Roads and Maritime Services portion) and Belmont East.

5. Other gains / (losses)

	2020	2019
	\$'000	\$'000
Impairment of receivables	(16,793)	(20,470)
Recovered receivables previously impaired	5,552	-
Write-off buildings	(22)	(7,996)
Write-off plant and equipment	(2)	(4,500)
Total other gains / (losses)	<u>(11,265)</u>	<u>(32,966)</u>

Recognition and measurement

Impairment losses may arise on non-financial assets held by the Commission from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

Trade receivables and contract assets – Note 27
Property, plant and equipment – Note 10
Leases – Note 11
Intangible assets – Note 12

6. Cash and Cash Equivalents

	2020	2019
	\$'000	\$'000
Cash at bank and on hand	297,565	161,804
Total cash and cash equivalents	<u>297,565</u>	<u>161,804</u>

For the purposes of the statement of cash flows, cash and cash equivalents includes cash at bank, cash on hand and subject to an insignificant risk of changes in value, and net of outstanding bank overdraft. Cash at bank and on hand includes \$14k of restricted cash held by the Commission for student prize awards (refer to Note 9 for disclosure on restricted assets).

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

	2020	2019
	\$'000	\$'000
Cash and cash equivalents (per statement of financial position)	297,565	161,804
Closing cash and cash equivalents (per statement of cash flows)	<u>297,565</u>	<u>161,804</u>

Details regarding credit risk and market risk including financial assets are disclosed in Note 27.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

7. Current / Non-Current Assets - Receivables

	2020	2019
	\$'000	\$'000
Current:		
Trade receivables from contracts with customers	15,527	-
Sale of goods and services	-	18,248
Student receivables	84,145	89,167
Other receivables	26,260	31,463
Prepayments	14,758	12,304
Accrued income	-	143,643
	<u>140,690</u>	<u>294,825</u>
Less: Allowance for expected credit losses		
- Trade receivables from contracts with customers	<u>(19,959)</u>	<u>(18,918)</u>
Total expected credit losses	<u>(19,959)</u>	<u>(18,918)</u>
Total current receivables	<u>120,731</u>	<u>275,907</u>
Movements in Allowance for expected credit losses:		
	2020	2019
	\$'000	\$'000
Balance at 1 July	(18,918)	(14,702)
Amounts written off during the year	15,752	14,483
Amounts recovered during the year	(5,552)	-
Increase in allowance recognised in net result	<u>(11,241)</u>	<u>(18,699)</u>
Balance at 30 June	<u>(19,959)</u>	<u>(18,918)</u>
Non-Current:		
Prepayments	<u>221</u>	<u>4,217</u>
Total non-current receivables	<u>221</u>	<u>4,217</u>

Details regarding credit risk, liquidity risk and market risk including financial assets that are either past due or impaired are disclosed in Note 27.

Recognition and measurement

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Commission holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

7. Current / Non-Current Assets - Receivables (continued)

Recognition and measurement (continued)

Impairment

The Commission recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Commission expects to receive, discounted at the original effective interest rate.

For trade receivables, the Commission applies a simplified approach in calculating ECLs. The Commission recognises a loss allowance based on lifetime ECLs at each reporting date. The Commission has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

8. Contract Assets and Liabilities

	2020 \$'000	1 July 2019 \$'000 adjusted for AASB 15
Contract assets - current	186,165	81,905
Less: impairment allowance	<u>(65,292)</u>	<u>(43,731)</u>
	120,873	38,174
Contract liabilities - current	<u>198,355</u>	<u>166,483</u>
	198,355	166,483
Contract receivables (included in Note 7)	<u>104,480</u>	<u>258,662</u>

Recognition and measurement

Contract assets relate to the Commission's right to consideration in exchange for courses delivered, but not billed at the reporting date in respect of Entitlement Revenue. The balance of contract assets at 30 June 2020 was impacted by the Commission's eligibility for Entitlement revenue following a student's satisfactory achievement of set milestones within the subsidised course, held to a yearly predetermined funding cap. On satisfaction of student's meeting specified milestones in subsidised courses, performance obligations are reported to Department of Education and typical timing of payment is made immediately. The contract asset balance has increased during the year as a result of increased volume of student's being at intra milestone positions in their course delivery.

As of 30 June 2020, the transaction price allocated to the remaining performance obligations from contracts with customers is \$245.4m. The Transaction price allocated to the remaining performance obligations relates to Smart and Skilled Entitlement Revenue, of which 67% is expected to be recognised as revenue in the 2020-21 financial year, 23% in the 2021-22 financial year and 9% beyond the 2021-22 financial year.

Contract liabilities relate to the Commission's consideration received in advance from customers in respect of sale of goods and services from contracts with customers. The balance of contract liabilities at 30 June 2020 was impacted by the variable consideration of student fees. The Commission performed an analysis of historical information to ensure a sound basis for estimating the future variations in student fees 'expected value'. Historical refund rates have been used to comply with AASB 15 para 55 requirements to recognise a provision for 'refund liability' or 'contract liability'. The provision for expected variation or contract liability will be recognised as a liability at the inception of a student's enrolment and will recognise the amount of revenue that is expected not to be realised over the period of delivery, based on past experience. The contract liability has remained at a consistent balance as a proportion to student fee revenue during the financial year. Revenue recognised in FY2019-20 that was included in the contract liability balance (adjusted for AASB 15) at the beginning of the year was \$113.8m. There was no revenue recognised in the current reporting period that related to performance obligations in a prior year.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

9. Restricted Assets

	2020 \$'000	2019 \$'000
Fixed Term Deposits	144	144
	<u>144</u>	<u>144</u>

Recognition and measurement

Restricted Assets are held in a high interest bank account. The Restricted Assets represent donations held by the Commission for student prize awards with interest earned used to fund awards. Donations are recognised upon receipt of cash. Additional Restricted Assets not disclosed in Note 9 includes \$14k disclosed in Note 6.

10. Property, Plant and Equipment

(a) Total property, plant and equipment

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2019 - fair value				
Gross carrying amount	1,118,479	6,284,080	165,482	7,568,041
Accumulated depreciation and impairment	-	(3,651,315)	(140,522)	(3,791,837)
Net carrying amount	<u>1,118,479</u>	<u>2,632,765</u>	<u>24,960</u>	<u>3,776,204</u>
At 30 June 2020 - fair value				
Gross carrying amount	1,121,701	6,330,351	184,529	7,636,581
Accumulated depreciation and impairment	-	(3,797,672)	(148,306)	(3,945,978)
Net carrying amount	<u>1,121,701</u>	<u>2,532,679</u>	<u>36,223</u>	<u>3,690,603</u>

Reconciliations

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

Year ended 30 June 2020	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
Net carrying amount at start of year	1,118,479	2,632,765	24,960	3,776,204
Purchase of assets	3,248	46,403	20,049	69,700
Reclassification to assets held for sale	(7)	(15)	-	(22)
Write-offs	(3)	(19)	(2)	(24)
Amounts recognised in equity relating to non-current assets held-for-sale	(16)	(42)	-	(58)
Depreciation expense	-	(146,413)	(8,784)	(155,197)
Net carrying amount at end of year	<u>1,121,701</u>	<u>2,532,679</u>	<u>36,223</u>	<u>3,690,603</u>

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

10. Property, Plant and Equipment (continued)

(a) Total property, plant and equipment (continued)

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 15.

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2018 - fair value				
Gross carrying amount	1,168,872	6,217,514	171,031	7,557,417
Accumulated depreciation and impairment	-	(3,529,970)	(151,321)	(3,681,291)
Net carrying amount	1,168,872	2,687,544	19,710	3,876,126
At 30 June 2019 - fair value				
Gross carrying amount	1,118,479	6,284,080	165,482	7,568,041
Accumulated depreciation and impairment	-	(3,651,315)	(140,522)	(3,791,837)
Net carrying amount	1,118,479	2,632,765	24,960	3,776,204

Reconciliations

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below:

Year ended 30 June 2019	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
Net carrying amount at start of year	1,168,872	2,687,544	19,710	3,876,126
Additions	-	105,904	16,985	122,889
Reclassification to assets held for sale	(9,038)	(76)	-	(9,114)
Disposals	(36,470)	(2,986)	(64)	(39,520)
Write-offs	-	(7,996)	(4,500)	(12,496)
Amounts recognised in equity relating to non-current assets held for sale	(4,885)	(1)	-	(4,886)
Net revaluation decrements	-	(9,698)	-	(9,698)
Depreciation expense	-	(139,926)	(7,171)	(147,097)
Net carrying amount at end of year	1,118,479	2,632,765	24,960	3,776,204

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 15.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

10. Property, Plant and Equipment (continued)

(b) Property, plant and equipment held and used by the Commission

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2019 - fair value				
Gross carrying amount	1,114,392	6,181,015	165,482	7,460,889
Accumulated depreciation and impairment	-	(3,576,324)	(140,522)	(3,716,846)
Net carrying amount	<u>1,114,392</u>	<u>2,604,691</u>	<u>24,960</u>	<u>3,744,043</u>
At 30 June 2020 - fair value				
Gross carrying amount	1,117,616	6,229,844	184,529	7,531,989
Accumulated depreciation and impairment	-	(3,721,511)	(148,306)	(3,869,817)
Net carrying amount	<u>1,117,616</u>	<u>2,508,333</u>	<u>36,223</u>	<u>3,662,172</u>

Reconciliations

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2020				
Net carrying amount at start of year	1,114,392	2,604,691	24,960	3,744,043
Purchase of assets	3,248	46,340	20,049	69,637
Assets transferred to an operating lease arrangement	-	(335)	-	(335)
Reclassification to assets held for sale	(5)	(15)	-	(20)
Write-offs	(3)	(19)	(2)	(24)
Amounts recognised in equity relating to non-current assets held-for-sale	(16)	(42)	-	(58)
Depreciation expense	-	(144,403)	(8,784)	(153,187)
Assets transferred from an operating lease arrangement	-	2,116	-	2,116
Net carrying amount at end of year	<u>1,117,616</u>	<u>2,508,333</u>	<u>36,223</u>	<u>3,662,172</u>

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

10. Property, Plant and Equipment (continued)

(c) Property, plant and equipment where the Commission is lessor under operating leases

	Land \$'000	Buildings \$'000	Total \$'000
At 1 July 2019 - fair value			
Gross carrying amount	4,087	103,065	107,152
Accumulated depreciation and impairment	-	(74,991)	(74,991)
Net carrying amount	<u>4,087</u>	<u>28,074</u>	<u>32,161</u>
At 30 June 2020 - fair value			
Gross carrying amount	4,085	100,507	104,592
Accumulated depreciation and impairment	-	(76,161)	(76,161)
Net carrying amount	<u>4,085</u>	<u>24,346</u>	<u>28,431</u>

Reconciliations

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below:

	Land \$'000	Buildings \$'000	Total \$'000
Year ended 30 June 2020			
Net carrying amount at start of year	4,087	28,074	32,161
Adjusted net carrying amount at beginning of year	4,087	28,074	32,161
Purchase of assets	-	63	63
Assets transferred to an operating lease arrangement	-	335	335
Reclassification to assets held for sale	(2)	-	(2)
Depreciation expense	-	(2,010)	(2,010)
Assets transferred from an operating lease arrangement	-	(2,116)	(2,116)
Net carrying amount at end of year	<u>4,085</u>	<u>24,346</u>	<u>28,431</u>

Recognition and measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

10. Property, Plant and Equipment (continued)

Recognition and measurement (continued)

Capitalisation threshold

Property, plant and equipment costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised. The threshold for intangibles is \$50,000. Capitalisation thresholds remain unchanged from prior year.

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with NSW Treasury "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government such as zoning and heritage restrictions. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Refer Note 15 for further information regarding fair value.

Revaluations are made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date. The last comprehensive revaluation for land and buildings was completed for the year ended 30 June 2018 and was based on independent valuation experts Jones Lang La Salle (JLL).

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. An interim revaluation to determine indexation values was completed using JLL who gave consideration to a wide range factors and market changes in their determination of indexation factors. Management determined that fair value had not changed materially since the prior year.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation for fair value. The Commission has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then adjusted by the revaluation increments or decrements.

Revaluation increments are recognised in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are only offset within a class of non-current assets. The Commission has two classes related to the asset revaluation reserves being land and buildings.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation surplus in respect of that asset is transferred to accumulated funds.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

10. Property, Plant and Equipment (continued)

Recognition and measurement (continued)

Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment arises in the circumstances such as where the costs of disposal are material.

The Commission assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Commission estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the asset revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life by the Commission. Land is not a depreciable asset.

All material identifiable components of assets are depreciated separately over their useful lives and have not changed since 2019. These are listed below.

Asset	Useful life range
Buildings	10 to 80 years
Leasehold Improvements	Term of the lease
Heritage Buildings	20 to 200 years
Plant and Equipment	3 to 43 years

Right-of-Use Assets acquired by lessees (under AASB 16 from 1 July 2019)

From 1 July 2019, AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Commission has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as finance leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item together with those right-of-use assets arising from leases previously treated as operating leases under AASB 117.

Further information on leases is contained at Note 11.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

11. Leases

(a) The Commission as a Lessee

The Commission leases various properties and motor vehicles. Lease contracts are typically made for fixed periods of one to five years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Commission does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Commission and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Commission has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following tables presents right-of-use assets that do not meet the definition of investment property.

	Buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000
Balance a 1 July 2019	11,972	14,711	26,683
Additions	-	1,531	1,531
Depreciation expense	(1,803)	(2,679)	(4,482)
Balance at 30 June 2020	10,169	13,563	23,732

Lease liabilities

The following table presents liabilities under leases

	Total
	\$'000
Balance a 1 July 2019	22,634
Additions	1,531
Payments	(4,077)
Balance at 30 June 2020	20,088

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

11. Leases (continued)

(a) The Commission as a Lessee (continued)

The following amounts were recognised in the statement of comprehensive income for the year ending 30 June 2020 in respect of leases where the Commission is the lessee:

	\$'000
Depreciation expense of right-of-use assets	4,482
Interest expense on lease liabilities	287
Expense relating to short-term leases	112
Variable lease payments, not included in the measurement of lease liabilities	4,310
Total amount recognised in the statement of comprehensive income	9,191

The Commission had total cash outflows for leases of \$4.36m in 2019-20.

Future minimum lease payments under non-cancellable leases as at 30 June 2019 are, as follows:

	Operating lease
	\$'000
Within one year	7,586
Later than one year and not later than five years	8,090
Later than five years	401
Total (including GST)	16,077
Less: GST recoverable from the Australian Taxation Office	(1,462)
Total (excluding GST)	14,615

Recognition and measurement (under AASB 16 from 1 July 2019)

The Commission assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Commission recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Commission recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 10 to 80 years
- Plant and Equipment 3 to 43 years

If ownership of the leased asset transfers to the Commission at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

11. Leases (continued)

(a) The Commission as a Lessee (continued)

Recognition and measurement (under AASB 16 from 1 July 2019)

i. Right-of-use assets (continued)

The right-of-use assets are also subject to impairment. The Commission assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Commission estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

Refer to the accounting policies in property, plant and equipment in Note 10.

ii. Lease liabilities

At the commencement date of the lease, the Commission recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by the Commission; and
- payments of penalties for terminating the lease, if the lease term reflects the Commission exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Commission's leases, the lessee's incremental borrowing rate is used, being the rate that the Commission would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Commission's lease liabilities are included at Note 18.

iii. Short-term leases and leases of low-value assets

The Commission applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

11. Leases (continued)

(a) The Commission as a Lessee (continued)

Recognition and measurement (under AASB 16 from 1 July 2019) (continued)

iv. Leases that have significantly below-market terms and conditions principally to enable the Commission to further its objectives

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the entity to further its objectives is same as normal right-of-use assets. They are measured at cost, subject to impairment. They are not subject to revaluation.

Recognition and measurement (under AASB 117 until 30 June 2019)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets) is not explicitly specified in an arrangement.

Until 30 June 2019, a lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Commission was classified as a finance lease.

Where a non-current asset was acquired by means of a finance lease at the commencement of the lease, the asset was recognised at its fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability was established at the same amount. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised in finance costs in the statement of comprehensive income.

Property, plant and equipment acquired under finance leases was depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Commission will obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments were recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

(b) The Commission as a Lessor

The Commission's investment properties are leased to tenants under operating leases with rentals payable monthly. Lease contracts for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate.

Although the Commission is exposed to changes in the residual value at the end of current leases, the Commission typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Exceptions about the future residual values are reflected in the fair value of the properties.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

11. Leases (continued)

(b) The Commission as a Lessor (continued)

Lessor for operating leases

Future minimum rentals receivable (undiscounted) under non-cancellable operating lease as at 30 June are, as follows:

	2020	2019
	\$'000	\$'000
Within one year	4,555	3,362
Later than one year and not later than five years	-	3,641
One to two years	2,681	-
Two to three years	427	-
Three to four years	129	-
Four to five years	66	-
Later than five years	137	128
Total (excluding GST)	7,995	7,131

The leases mainly relate to rental of facilities.

Recognition and measurement – lessor for operating leases

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

12. Intangible Assets

Software	At 30 June 2020	At 1 July 2019
	\$'000	\$'000
Cost (gross carrying amount)	222,781	193,673
Accumulated amortisation and impairment	(109,167)	(104,409)
Net carrying amount	113,614	89,264

Software	At 30 June 2019	At 1 July 2018
	\$'000	\$'000
Cost (gross carrying amount)	193,673	173,889
Accumulated amortisation and impairment	(104,409)	(102,134)
Net Carrying amount	89,264	71,755

Reconciliations

A reconciliation of the movements in intangible assets is set out below:

	2020	2019
	\$'000	\$'000
Net carrying amount		
Net carrying amount at start of year	89,264	71,755
Additions (from internal development)	28,975	23,636
Additions (acquired software)	133	-
Amortisation (recognised in "depreciation and amortisation")	(4,758)	(6,127)
Net carrying amount at end of year	113,614	89,264

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

12. Intangible Assets (continued)

Recognition and measurement

The Commission recognises intangible assets only if it is probable that future economic benefits will flow to the Commission and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Commission's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite and the expected useful lives for the below categories of intangible assets have not changed since 2019. These are listed below.

Asset	Useful life range
Software	3 to 10 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The Commission's intangible assets are amortised using the straight-line method.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

13. Non-Current Assets Held-For-Sale

	2020	2019
	\$'000	\$'000
Non-current assets held-for-sale		
Land and buildings ^a	5,245	9,114
Total non-current assets held-for-sale	<u>5,245</u>	<u>9,114</u>
Amounts recognised in other comprehensive income relating to assets held-for sale	2020	2019
	\$'000	\$'000
Net change in revaluation surplus of property, plant and equipment	(58)	(4,886)
	<u>(58)</u>	<u>(4,886)</u>

^a Assets held for sale in 2020 include Randwick, North Wagga Wagga and former Dapto properties (2019: Belrose (RMS portion) and Randwick properties).

Further details regarding fair value measurement are disclosed in Note 15.

Recognition and measurement

The Commission classifies non-current assets as held-for-sale, where the carrying amounts will be recovered principally through a sale transaction, not through continuing use. Non-current assets held-for-sale are recognised at the lower of their carrying amount and fair value less costs of disposal. These assets are not depreciated while they are classified as held-for-sale.

These assets are not depreciated / amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are continued to be recognised.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

14. Other Financial Assets

	2020 \$'000	2019 \$'000
Shares	175	175
Total financial assets at fair value	<u>175</u>	<u>175</u>

Recognition and measurement

One parcel of share is held as a joint investment in Coffs Harbour Technology Park with DoE and Southern Cross University. Share is recognised at cost which is deemed fair value.

15. Fair Value Measurement of Non-Financial Assets

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. These inputs are categorised under AASB 13 *Fair Value Measurement* as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the Commission can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Commission recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(a) Fair value hierarchy^a

		Level 1	Level 2	Level 3	Total
		Fair Value	Fair Value	Fair Value	Fair Value
		\$'000	\$'000	\$'000	\$'000
30 June 2020					
	Note				
Land	10	-	16,495	1,105,206	1,121,701
Buildings	10	-	-	2,532,679	2,532,679
Non-current assets held for sale	13	-	-	5,245	5,245
Carrying value as at 30 June 2020		-	<u>16,495</u>	<u>3,643,130</u>	<u>3,659,625</u>
		Level 1	Level 2	Level 3	Total
		Fair Value	Fair Value	Fair Value	Fair Value
		\$'000	\$'000	\$'000	\$'000
30 June 2019					
	Note				
Land	10	-	16,495	1,101,984	1,118,479
Buildings	10	-	-	2,632,765	2,632,765
Non-current assets held for sale	13	-	-	9,114	9,114
Carrying value as at 30 June 2019		-	<u>16,495</u>	<u>3,743,863</u>	<u>3,760,358</u>

^a There were no transfers between level 1 or 2 during the year.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

15. Fair Value Measurement of Non-Financial Assets (continued)

(b) Reconciliation of recurring Level 3 fair value measurements

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Land \$'000	Buildings \$'000	Non-current Assets Held- for-Sale \$'000	Total Recurring Level 3 Fair Value \$'000
Fair value as at 1 July 2019	1,101,983	2,632,766	9,114	3,743,863
Additions	3,249	46,402	22	49,673
Disposals	-	-	(3,891)	(3,891)
Revaluation decrements recognised in Net result – included in the line item 'Other losses'	(3)	(19)	-	(22)
Transfer to non-current assets held-for-sale	(7)	(15)	-	(22)
Revaluation decrements recognised in Other comprehensive expense	(16)	(42)	-	(58)
Depreciation	-	(146,413)	-	(146,413)
Fair value as at 30 June 2020	1,105,206	2,532,679	5,245	3,643,130

	Land \$'000	Buildings \$'000	Non-current Assets Held- for-Sale \$'000	Total Recurring Level 3 Fair Value \$'000
Fair value as at 1 July 2018	1,152,377	2,687,544	1,873	3,841,794
Additions	-	105,904	9,114	115,018
Disposals	(36,470)	(2,986)	(1,873)	(41,329)
Revaluation decrements recognised in Net result – included in the line item 'Other losses'	-	(7,996)	-	(7,996)
Transfer to non-current assets held-for-sale	(9,038)	(76)	-	(9,114)
Revaluation decrements recognised in Other comprehensive expense	(4,885)	(9,699)	-	(14,584)
Depreciation	-	(139,926)	-	(139,926)
Fair value as at 30 June 2019	1,101,983	2,632,766	9,114	3,743,863

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

15. Fair Value Measurement of Non-Financial Assets (continued)

(c) *Valuation techniques*

i. Land

Land valuations were completed using a Comparative Market Value basis, adjusted for restrictions and applied to each site area. Due consideration has also been given to the inclusion in the valuation or otherwise, of land and buildings that are "shared" (i.e. where the legal title is in another entity's name but the Commission wholly or partially utilises the asset in the ordinary course of business).

ii. Buildings

All building assets are stated at fair value using the Current Replacement Cost method. In the current year, the Commission's valuation was estimated using the desktop valuation method on a sample of assets to determine the fair value. In 2018, a comprehensive valuation of building assets was carried out by independent valuation experts, Jones Lang LaSalle (JLL). JLL conducted full site inspections, condition assessments and building re-componentisation to determine fair value.

iii. Plant and equipment

Treasury Policy Paper 14-01 requires the revaluation of plant and equipment to be undertaken at least every five years. Given plant and equipment is primarily made up of furniture and fixtures and IT equipment, TAFE NSW has deemed the fair value of plant and equipment to approximate the written down value. Plant and equipment are examples of recurring fair value measurements. Plant and equipment measured using depreciated replacement cost as an approximation of fair value do not require fair value hierarchy disclosures.

16. Current Liabilities – Payables

	2020	2019
	\$'000	\$'000
Accrued salaries, wages and on-costs	32,080	24,399
Creditors	50,114	80,286
Unearned revenue	-	133,455
Group, payroll and fringe benefits tax	5,236	5,213
Other	19,209	25,012
Total current payables	106,639	268,365

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 27.

Recognition and measurement

Payables represent liabilities for goods and services provided to the entity and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

17. Current / Non-Current Liabilities – Provisions

	2020	2019
	\$'000	\$'000
Current		
Employee benefits and related on-costs:		
Annual leave ^a	54,108	48,922
On-costs annual leave	13,391	13,620
On-costs long service leave	41,181	36,888
	108,680	99,430
Other Provisions:		
Provisions for refunds and related commitments ^b	4,664	11,105
	4,664	11,105
Total current provisions	113,344	110,535
Non-current		
Employee benefits and related on-costs:		
On-costs long service leave	3,582	8,646
	3,582	8,646
Other Provisions:		
Provisions for refunds ^b	6,507	8,923
	6,507	8,923
Total non-current provisions	10,089	17,569
Total provisions	123,433	128,104

^a. It is estimated that the provision for annual leave and on-costs for annual leave and long service leave of \$112.3m includes an amount of \$98.7m expected to be settled within 12 months (2019: \$99.4m) and an amount of \$13.6m is expected to be settled in more than 12 months (2019: \$8.6m).

^b. Students are eligible to apply for refunds under special circumstances. The Commission has recognised a provision of \$11.2m (2019: \$14.8m) to remit funds to the Commonwealth Department of Education based on actuarial assessment of historical remissions. The timing of the outflow is uncertain. There are no reimbursements associated with the provision.

		2020	2019
	Note	\$'000	\$'000
Aggregate employee benefits and related on-costs			
Provisions - current		108,680	99,430
Provisions - non-current		3,582	8,646
Accrued salaries, wages and on-costs	16	32,080	24,399
Total aggregate employee benefits and related on-costs		144,342	132,475

Movements in provisions (other than employee benefits)

Movement in other provisions during the financial year, other than employee benefits, are set out below:

	Other provisions	Total
	\$'000	\$'000
Carrying amount at 1 July 2019	20,028	20,028
Amount used	(9,890)	(9,890)
Unused amounts reversed	(1,374)	(1,374)
Increase in provision	2,407	2,407
Carrying amount at 30 June 2020	11,171	11,171

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

17. Current / Non-Current Liabilities – Provisions (continued)

Recognition and measurement

Employee benefits and related on-costs

i. Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 7.9% (2019: 7.9%) of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Commission has assessed the actuarial advice based on the Commission's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the Commission does not expect to settle the liability within 12 months as the Commission does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

ii. Long service leave and superannuation

The Commission's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Commission accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using the Commonwealth government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii. Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

Other provisions

Provisions are recognised when: the Commission has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

18. Current / Non-Current Liabilities – Lease Liabilities

	2020	2019
	\$'000	\$'000
Current		
Lease liability (see Note 11)	5,485	-
Total current lease liability	<u>5,485</u>	<u>-</u>
Non-Current		
Lease liability (see Note 11)	14,603	-
Total non-current lease liability	<u>14,603</u>	<u>-</u>
Total leases liability	<u><u>20,088</u></u>	<u><u>-</u></u>

Recognition and measurement

Finance lease liabilities were determined in accordance with AASB 117 *Leases* until 30 June 2019. From 1 July 2019, lease liabilities are determined in accordance with AASB 16 *Leases*.

19. Commitments

	2020	2019
	\$'000	\$'000
Capital Commitments		
Aggregate capital expenditure contracted for at balance date and not provided for:		
Within one year	62,609	47,474
Later than one year and not later than five years	7,882	11,788
Total (including GST)	<u>70,491</u>	<u>59,262</u>

20. Contingent Liabilities and Contingent Assets

(a) Contingent liabilities

Legal matters

There are no known cases where the Commission could be liable for material compensation payments relating to matters, which are the subject of litigation that are not covered by the NSW Treasury Managed Fund and icare Treasury Managed Fund.

(b) Contingent assets

The Commission is not aware of any contingent assets.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

21. Reconciliation of Cash Flows from Operating Activities to Net Result

Reconciliation of cash flows from operating activities to the net result as reported in the Consolidated Statement of Comprehensive Income as follows:

	2020	2019
	\$'000	\$'000
Net cash used on operating activities	240,560	(92,249)
Changes in accounting policy	(3,135)	-
Depreciation and amortisation	(164,437)	(153,224)
Allowance for impairment and write-offs	(24)	(12,496)
Decrease/ (increase) in provisions	4,671	(33,737)
(Decrease) / increase in receivables	(11,480)	41,928
(Decrease) in contract assets	(22,770)	-
(Increase) in contract liabilities	(64,542)	-
Increase in other financial assets	-	10
Decrease in payables	21,764	19,710
Net gain on sale of property, plant and equipment	344	2,271
Net result	951	(227,787)

22. Non-Cash Financing and Investing Activities

	2020	2019
	\$'000	\$'000
Liabilities and expenses assumed by the Crown Entity	(38,668)	(81,702)
Total non-cash financing and investing activities ^a	(38,668)	(81,702)

^a The Crown assumes the long service leave liability of the Commission.

23. Equity

	2020	2019
	\$'000	\$'000
Cash Equity injection transferred from Crown Entity	-	100,000
Total equity transfers	-	100,000

Recognition and measurement

Equity transfers

The transfer of net assets between entities as a result of an administrative restructure, transfer of programs/functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated funds". This treatment is consistent with AASB 1004 *Contributions and Australian Interpretation* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amounts at which the assets and liabilities were recognised by the transferor immediately prior to the restructure.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

23. Equity (continued)

Recognition and measurement (continued)

Equity transfers (continued)

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the Commission recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Commission does not recognise that asset.

24. Related Party Disclosures

(a) Key Management Personnel

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Commission, directly or indirectly, including any director (whether executive or otherwise) of the Commission.

Compensation is aggregated by the following categories:

- short-term employee benefits;
- post-employment benefits;
- other long-term benefits; and
- separation benefits.

Compensation includes:

- Short-term employee benefits including wages, salaries, social security contributions, paid annual leave and paid sick leave, allowances, bonuses (if payable within twelve months of the end of the financial year) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services);
- Post-employment benefits include compulsory superannuation contributions; and
- Other long-term employee benefits (benefits other than short-term, separation or post-employment benefits), such as long service leave or sabbatical leave, jubilee or other long service benefits, long-term disability benefits and, if not payable wholly within twelve months of the end of the financial year, profit-sharing, bonuses and deferred compensation.

The Commission's key management personnel compensation is as follows:

	2020	2019
	\$'000	\$'000
Short-term employee benefits	2,185	1,665
Post-employment benefits	173	114
Separation benefits	244	346
Total remuneration	2,602	2,125

Key management personnel compensation disclosed above excludes the Minister for Skills and Tertiary Education. Ministerial compensation is paid by the NSW Legislature, not the TAFE Commission. Key management personnel compensation also excludes long service leave, which is assumed by the Crown Entity.

Other than the key management personnel compensation noted above, there were no material related party transactions with key management personnel.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

24. Related Party Disclosures (continued)

(b) Transactions with Government Related Entities during the financial year

During the year, the Commission entered into the following individually significant arm's-length transactions with other entities that are controlled by the NSW Government:

- Corporate services fees of \$2.2m (2019: \$2.0m) were incurred to the DoE in respect of IT and other services of which, \$1.1m (2019: \$1.0m) is accrued at year end.
- 'TAFE Delivered Vocational Education and Training (TVET)' course fee revenue totalling \$35.7m (2019: \$30.8m) and recurrent grant and entitlement revenue of \$1.4bn from the Department of Education, of which \$48.7m (2019: \$nil) is the net contract asset and \$nil (2019: \$7.0m) was accrued revenue at year end.

In FY2018-19 the Commission recognised recurrent grant and entitlement revenue of \$1.1bn from the Department of Industry, of which \$128.3m was accrued revenue as at 30 June 2019.

- The NSW TAFE Commission divested the following properties with Government Related Entities during the financial year:
 - 2-20 King Street, Randwick NSW 2031 to the Health Administration Corporation for \$18.2m. Proceeds for the sale recognised as payments in advance at 30 June 2019.
 - 188 The Forest Way, Belrose NSW 2085 to Roads and Maritime Services for \$3.9m. This property settled on 6 September 2019.

The Commission paid payroll tax to Revenue NSW, received audit services from the NSW Audit Office, obtained insurance arrangements from NSW Self Insurance Corporation, water from Sydney Water, servers from Department of Customer Service and long service leave by the Crown Entity.

25. Budget Review

The Commission's net result of \$951k gain is a \$22m unfavourable variation against the budgeted gain of \$23m.

The unfavourable variation to budget is reflective of the 2020 impact of the COVID-19 pandemic which led to a number of economic challenges which in turn impacted operations.

The Commission were able to offset much of the COVID-19 related impacts by delaying some activities, as well as savings experienced as a result of restricted on-site activities, and a transition to on-line and distance learning approaches to training. The Commission were further assisted in reducing unfavourable impacts of COVID-19 with additional funding. Major factors contributing to the variation are outlined below:

- Total revenue was \$11m (or 1%) less than budget. COVID-19 paused the delivery of some courses and extended their end dates into the next financial year causing a reduction in several revenue streams in the current year.
- Employee Related Expenses experienced minimal variation to original budget, primarily due to prioritising on-line and distance learning activities and some deferral of training and some other activities into the next financial year.
- Other Operating Expenses were \$6m (or 1%) lower than budget due to savings relating to COVID-19 restricting the ability to accommodate staff or course delivery on-site. The savings were redirected in part to IT equipment to assist staff in providing additional resources for distance learning and working from home, as well as additional cleaning and security costs.
- Depreciation and amortisation expense were \$7m (or 4%) higher than budget following the introduction of new accounting standards in which the Commission recognised Right-of-use assets and their depreciation for the first time this year.

The Commission's total net assets were \$23m lower than the budget, with much of the movements and shifts experienced across balance sheet line items resulting from the introduction of new accounting standards relating to Contract Assets, Contract Liabilities, Right-of-use assets and Lease Liabilities.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

25. Budget Review (continued)

The Commission's net cash flows from operating activities is a net inflow of \$241m compared to a budgeted cash inflow of \$138m, favourable variance mainly driven by reduction of receivables and additional grant funding.

26. Trust Funds

The Commission holds monies in a trustee capacity for the Technical Education Trust Fund. The trustee is charged with the administration of the Trust Funds including the investment of trust monies and the awarding of prizes to students undertaking courses of studies conducted by the Commission. As the Commission performs only a custodial role in respect of these monies and because the monies cannot be used for the achievement of the Commission's own objectives, these funds are not recognised in the financial statements. The following is a summary of the transactions in the trust account:

	2020 \$'000	2019 \$'000
(a) Barry Raymond Roberts Memorial		
Cash / investment at the beginning of the financial year	114	111
Add: Receipts	2	3
Cash / investment at the end of the financial year	116	114
(b) Coachbuilders War Memorial Bursary Trust		
Cash / investment at the beginning of the financial year	29	28
Add: Receipts	1	1
Cash / investment at the end of the financial year	30	29
(c) Mary Ellen Roberts Memorial		
Cash / investment at the beginning of the financial year	9	9
Cash / investment at the end of the financial year	9	9
(d) Noel Chettle Memorial Art Prize		
Cash / investment at the beginning of the financial year	42	43
Add: Receipts	1	1
Less: Expenditure	(1)	(2)
Cash / investment at the end of the financial year	42	42
(e) Oliver Shaul Scholarship Trust		
Cash / investment at the beginning of the financial year	303	307
Add: Receipts	5	8
Less: Expenditure	(12)	(12)
Cash / investment at the end of the financial year	296	303
(f) William and Elizabeth Cuthbertson Memorial		
Cash / investment at the beginning of the financial year	17	17
Cash / investment at the end of the financial year	17	17

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

27. Financial Instruments

The Commission's main risks arising from financial instruments are outlined below, together with the Commission's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements. These financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Commission does not use financial derivatives.

The Managing Director has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Commission, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee and internal auditors on a regular basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying	Carrying
			Amount	Amount
			2020	2019
			\$'000	\$'000
Financial Assets				
Class:				
Cash and cash equivalents	6	N/A	297,565	161,804
Receivables ^a	7	Amortised Cost	91,626	244,461
Other financial assets	9 & 14	Amortised Cost	319	319
Financial Liabilities				
Class:				
Payables ^b	16	Financial liabilities measured at amortised cost	69,007	104,941
Lease liabilities	18	Financial liabilities measured at amortised cost	20,088	-

^a Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

^b Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

The Commission determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Commission transfers its rights to receive cash flows from the asset; and either:

- the Commission has transferred substantially all the risk and rewards of the asset; or
- the Commission has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

Where the Commission has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Commission's continuing involvement in the asset. In that case, the Commission also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Commission has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

27. Financial Instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risks

i. Credit risk

Credit risk arises when there is the possibility of the Commission's debtors defaulting on their contractual obligations, resulting in financial loss to the Commission. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Commission, including cash, receivables and authority deposits. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

Credit risk associated with the Commission's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets

Receivables – trade receivables

Collectability of trade receivables is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Commission applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Commission has identified historical collectability rates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors. The expected credit loss provision is increased to incorporate the risk that debts 60 - 180 days past due are also uncollectible, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 180 days past due.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

27. Financial Instruments (continued)

(d) *Financial risks (continued)*

i. **Credit risk (continued)**

Receivables – trade receivables (continued)

The loss allowance for trade receivables as at 30 June 2020 and 2019 was determined as follows:

	30 June 2020					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
Expected credit loss rate	0.23%	0.00%	2.40%	35.68%	73.37%	17.89%
Estimated total gross carrying amount at default	71,236	7,800	3,907	3,478	25,163	111,585
Expected credit loss	(162)	-	(94)	(1,241)	(18,462)	(19,959)

	30 June 2019					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
Expected credit loss rate	0.11%	0.00%	6.06%	6.92%	61.19%	7.18%
Estimated total gross carrying amount at default	205,910	13,787	6,747	7,971	28,964	263,379
Expected credit loss	(233)	-	(409)	(552)	(17,724)	(18,918)

Note: The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 7 and the contract assets total in note 8.

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2020 and 2019. Most of the Commission's trade debtors have a good credit rating.

ii. **Liquidity risk**

Liquidity risk is the risk that the Commission will be unable to meet its payment obligations when they fall due. The Commission continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of an operating bank account and a credit card facility. The Commission is bound by NSW Treasury banking requirements.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular 11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest is paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Managing Director of the Commission (or a person appointed as delegate) may automatically pay the supplier simple interest. No interest was applied during the year.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

27. Financial Instruments (continued)

(d) *Financial risks (continued)*

ii. **Liquidity risk (continued)**

The table below summarises the maturity profile of the Commission's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective Int. Rate	Nominal Amount *	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non- Interest bearing	< 1 yr	1 - 5 yrs	> 5 yrs
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	$'000
2020								
Payables:								
Creditors	-	69,007	-	-	69,007	69,007	-	-
Lease Liabilities	1.50%	20,389	20,389	-	-	5,567	14,101	711
2019								
Payables:								
Creditors	-	104,941	-	-	104,941	104,941	-	-

* The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Commission can be required to pay. The amounts excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7) and therefore will not reconcile to Note 16. The table includes both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

iii. **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Commission has no exposure to market risk.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Commission operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2019. The analysis assumes that all other variables remain constant.

Technical and Further Education Commission
Notes to the Financial Statements
for the year ended 30 June 2020

27. Financial Instruments (continued)

(d) *Financial risks (continued)*

iv. **Interest rate risk**

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission holds basic financial instruments that have minimal exposure to interest rate risk or other price risk. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Commission's exposure to interest rate risk is set out below.

	2020		2019	
	-1%	+1%	-1%	+1%
Financial Assets	\$'000	\$'000	\$'000	\$'000
Net Result	(2,977)	2,977	(1,619)	1,619
Equity	-	-	-	-

(e) *Fair value compared to carrying amount*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short term nature of many of the financial instruments.

28. Events after the Reporting Period

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

End of audited financial statements

7.4 Land Disposal

The Minister, in the capacity as the Minister administering the TAFE Commission Act 1990, approves the divestment of TAFE NSW's real property.

The Minister approved four sites under the 2019/20 Divestment Program, with a market value of \$ 4.22 million (excl. GST), for the following sites:

1. Belrose - Part (to the Roads and Maritime Services)
2. Belmont – Part (Lake Macquarie City Council)
3. Dapto – Part (to Wollongong City Council) – Pending exchange and settlement
4. North Wagga Wagga – Part (to Wollongong City Council) – Pending settlement

Total sales value at 30 June 2020 was \$4.23 million (excl. GST). All sale proceed will be reinvested into modernising and improving TAFE NSW's facilities and learning platform to benefit students.

7.5 Major Works

The tables below lists new, continuing and completed major works, including their cost as at 30 June 2020 and estimated dates of completion.

Table 23: New Major Works in 2019-20

TAFE NSW project name and location	Total expend. to 30 June 2020 (\$'000 excl GST)	Estimated total cost (\$'000 excl GST)	Start ³⁴	Completion date (actual or estimated)	Details of any significant: ³⁵ cost overruns delays amendments deferrals cancellations
Bega Specialist Centre (Stage 2)	\$1,354	\$17,004	2020	August 2021	-
Connected Learning Centres Program (Stage 3)	\$4,638	\$61,700	2019	August 2022	Site options for Jindabyne and Byron Bay remain under discussion, and project completion dates are dependent on selection of sites. Currently all sites are due for completion by February 2023.

³⁴ Calendar year.

³⁵ A significant delay is defined as a delay of more than 12 months. A significant cost overrun is defined as being more than 10 percent of the total expenditure.

TAFE NSW project name and location	Total expend. to 30 June 2020 (\$'000 excl GST)	Estimated total cost (\$'000 excl GST)	Start	Completion date (actual or estimated)	Details of any significant: cost overruns delays amendments deferrals cancellations
Western Sydney Construction Hub	\$1,247	\$79,600	2019	February 2023	-
Meadowbank Education Precinct – TAFE Meadowbank Phase 2.1	\$8,120	\$128,900	2019	July 2022	-
Randwick Carpark	\$0	Commercial in confidence	2019	30 June 2020	Project was introduced in March 2019. Project on hold and to be reviewed upon determination of impact of Ambulance Superstation project on the operation of the campus, considering other transportation links to the area.
Data Quality Management (SMS)	\$5	Commercial in confidence	2019	August 2020	-
I&I IDM and Integrations (SMS)	\$19,355	Commercial in confidence	2019	November 2020	The IDM Stages 1 and 2 were delivered in February and April 2020. IDM Stage 3 (for Students and Employers) will be delivered in November 2020

Table 24: Continuing Major Works

TAFE NSW , project name and location	Total expend. to 30 June 2020 (\$'000 excl GST)	Estimated total cost (\$'000 excl GST)	Start	Completion date (actual or estimated)	Details of any significant: cost overruns delays amendments deferrals cancellations
Connected Learning Centres (Mobile Training Units)	\$4,870	\$4,763	2018	September 2020	<ul style="list-style-type: none"> - The manufacture of the Storage MTUs is complete and delivery of the final units is scheduled for July 2020. - The manufacture of the Specialist MTUs is ongoing, with completion scheduled for September 2020.
North Coast Institute - Coffs Harbour Education Campus, Applied Construction and Plumbing Technologies Hub	\$7,773	\$13,258	2015	March 2021	- Additional funding of \$2.6m was approved by the Treasurer on 25 May 2020 to add the delivery of teaching facilities for plumbing to the project, resulting in a revised budget of \$13.258m
Specialist Centre, Connected Health Hub, Coffs Harbour	\$3,103	\$3,203	2018	July 2020	-
Student Management Services	\$84,723	\$85,000	2016	December 2021	-

Table 25: Completed Works

TAFE NSW, project name and location	Total expend. to 30 June 2020 (\$'000 excl GST)	Estimated total cost (\$'000 excl GST)	Start	Completion date (actual or estimated)	
Connected Learning Centres Program – Stage 2 – North Region	\$21,674	\$21,760	2017	Singleton: 4 October 2018 Murwillumbah: 29 April 2019 Yamba: 31 July 2019 Scone: 18 July 2019	-
New England Institute - Gunnedah Campus Trades Refurbishment	\$3,214	\$3,407	2016	17 February 2020	-
South Western Sydney Institute - Miller College Carpentry Construction and Electrical Consolidation	\$6,763	\$7,684	2016	13 September 2019	-
Randwick Partnership Development	\$929	\$1,269	2017	2 August 2019	-

7.6 Consultants Costing \$50,000 or more

Table 26: Consultants > \$50,000

Name of consultant	Title of project	Purpose of consultancy	Actual cost (\$)
McKinsey & Co	TAFE NSW Operating Model	Management services	\$1,446,000
Ernst and Young	20 Year Infrastructure Strategy (2015) Service Delivery Plan	Organisational review	\$697,127
Albacore Consulting	Group 4 Organisational Design Review	Organisational review	\$261,763
The Boston Consulting Group	Governance Strategy Support to MD	Management services	\$150,000

Notes: Figures are subject to rounding. Payments are inclusive of GST.

7.7 Consultants Costing less than \$50,000

Table 27: Consultants < \$50,000

Supplier Name	Description	Spend in FY19
Organisational review	1	\$46,480

Notes: Figure is subject to rounding. Payments are inclusive of GST.

7.8 Timely Payment of Accounts

Quarter	Not yet due \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 61 and 90 days overdue \$'000	More than 90 days overdue \$'000	Total \$'000
All suppliers						
Sep-19	\$10,719	\$28,374	\$34,712	\$32,680	\$15,285	\$121,770
Dec-19	\$6,631	\$23,607	\$37,799	\$20,271	\$12,973	\$101,281
Mar-20	\$19,882	\$25,481	\$20,230	\$15,876	\$8,936	\$90,405
Jun-20	\$24,852	\$37,719	\$33,234	\$21,983	\$10,255	\$128,043
Small business suppliers						
Sep-19	\$214	\$762	\$697	\$244	\$205	\$2,122
Dec-19	\$91	\$1,741	\$638	\$347	\$44	\$2,861
Mar-20	\$84	\$1,030	\$311	\$165	\$96	\$1,686
Jun-20	\$194	\$918	\$590	\$233	\$65	\$2,000

All suppliers	Sep-19	Dec-19	Mar-20	Jun-20
Invoices due for payment (#)	27,002	21,538	18,235	14,980
Invoices paid on time (#)	26,112	21,045	17,746	14,576
Actual percentage of invoices paid on time (based on number of invoices)	97%	98%	97%	97%
Amount due for payment (\$'000)	121,768,940	101,280,894	90,404,548	128,043,677
Amount paid on time (\$'000)	118,234,174	99,747,118	88,509,655	124,851,210
Actual percentage of invoices paid on time (based on \$)	97.10%	98.49%	97.90%	97.51%
Number of payments for interest on overdue invoices (#)	0	0	0	0
Interest paid on late invoices (\$)	0	0	0	0

Small business suppliers	Sep-19	Dec-19	Mar-20	Jun-20
Invoices due for payment received from small businesses (#)	441	343	331	195
Invoices from small businesses paid on time (#)	435	334	326	192
Actual percentage of small business invoices paid on time (based on number of invoices)	99%	97%	98%	98%
Amount due for payment to small businesses (\$'000)	2,121,683	2,861,565	1,685,737	2,001,618
Amount due to small businesses paid on time (\$'000)	2,109,788	2,811,200	1,579,031	1,860,512
Actual percentage of small business invoices paid on time (based on \$)	99.44%	98.24%	93.67%	92.95%
Number of payments to small business for interest on overdue invoices (#)	0	0	0	0
Interest paid to small businesses on late invoices (\$)	0	0	0	0

Note:

- Since June 2020, TAFE NSW Small business vendor status has been aligned with the registration list provided by the NSW Small Business Commissioner.
- TAFE Checkout went live on 1st June 2020, invoice data incurred in the month of June are incorporated in Q4 of this report.

Commentary:

- Problems: Business users do not submit invoices for payment in a timely manner resulting in invoices being overdue by the time they are received by Accounts Payable. Suppliers do not process their Invoices through Ariba or forward their invoices to the business rather than directly to Accounts Payable.
- Initiatives: Ongoing communication to Staff and Suppliers as well as updated quick reference guides and directed training.

Where interest was paid due to late payments, list of instances and reasons for delay which caused late payment: N/A

7.9 Work Related Overseas Travel

TAFE NSW staff undertook the following overseas visits in 2019-20. Table 28 below outlines the main purposes of the visits.

Purpose of visit	Description	No. visits
Conferences and professional development	Overseas travel to attend and/or present at conferences or participate in study tours (includes international competitions, such as Worldskills)	17
Educational exports	Overseas travel to manage partnerships, contracts, programs, quality assurance or assessment of students	20
Exchange programs	Overseas travel on a professional or teacher exchange program	0
International student recruitment	Overseas travel to recruit inbound full-fee-paying international students to TAFE NSW	6
Market development and client engagement	Overseas travel for international marketing purposes, development of business relationships, engagement with clients	2
Professional scholarship programs	Staff members awarded scholarships to travel overseas to further their professional skills and knowledge	0
Student excursions	Staff members who accompany students on excursions overseas to increase cultural understanding or attend commemoration ceremonies (Commonwealth Endeavour Mobility Grants trips)	14

Source: TAFE NSW local administrative data

7.10 Budget Outline for 2020-2021

TAFE Commission

Operating Statement

	2019-20		2020-21
	Budget	Est. Actual	Budget
	\$000	\$000	\$000
Expenses Excluding Losses			
Operating Expenses -			
Employee Related	1,268,716	1,267,475	1,280,228
Personnel Services Expenses	...	...	...
Other Operating Expenses	424,122	433,818	526,449
Grants and Subsidies	...	...	...
Appropriation Expense	...	...	...
Depreciation and Amortisation	157,482	164,438	159,804
Finance Costs	...	287	315
Other Expenses	...	(5,378)	...
TOTAL EXPENSES EXCLUDING LOSSES	1,850,320	1,860,640	1,966,797
Revenue			
Appropriation Revenue	...	...	...
Cluster Grant Revenue	0	...	0
Acceptance by Crown Entity of Employee Benefits and Other Liabilities	47,352	38,668	47,846
Transfers to the Crown Entity	...	...	...
Sales of Goods and Services	342,998	347,999	329,788
Grants and Contributions	1,474,299	1,468,714	1,708,652
Investment Revenue	2,851	1,415	1,256
Retained Taxes, Fees and Fines	...	...	...
Other Revenue	5,916	5,518	3,031
Total Revenue	1,873,417	1,862,313	2,090,574
Gain/(loss) on Disposal of Non Current Assets	...	344	12,959
Other Gains/(Losses)	...	(1,067)	...
Net Result	23,096	951	136,736

Balance Sheet

	2019-20		2020-21
	Budget	Est. Actual	Budget
	\$000	\$000	\$000
Assets			
Current Assets			
Cash Assets	197,003	297,566	334,652
Taxes Receivable	...	...	...
Receivables	225,398	120,729	123,120
Contract Assets	...	120,873	34,573
Inventories	...	...	...
Financial Assets at Fair Value	134	144	144
Other Financial Assets	...	...	...
Other	...	...	...
Assets Held For Sale	0	5,245	23
Total Current Assets	422,535	544,557	492,512
Non Current Assets			
Taxes Receivable	...	...	...
Contract Assets	...	...	...
Receivables	4,765	221	221
Inventories	...	...	...
Financial Assets at Fair Value	175	175	175
Equity Investments	...	...	...
Property, Plant and Equipment -			
Land and Building	3,701,346	3,654,381	3,724,918
Plant and Equipment	13,756	36,223	50,952
Infrastructure Systems	...	...	...
Investment Properties	...	...	...
Right of Use Assets	13,840	23,732	18,206
Intangibles	110,027	113,613	134,841
Other Assets	...	...	...
Total Non Current Assets	3,843,909	3,828,345	3,929,313
Total Assets	4,266,445	4,372,902	4,421,825
Liabilities			
Current Liabilities			
Taxes Payable	...	...	...
Payables	118,892	105,543	105,539
Contract Liabilities	...	198,356	113,585
Other Financial Liabilities at Fair Value	...	...	...
Borrowings	...	5,485	5,853
Provisions	94,367	113,344	113,344
Other	88,876	1,095	3,380
Liabilities Associated with Assets Held for Sale	...	...	...
Total Current Liabilities	302,134	423,823	341,701
Non Current Liabilities			
Taxes Payable	...	...	...
Payables	...	...	...
Contract Liabilities	...	...	...
Other Financial Liabilities at Fair Value	...	...	...
Borrowings	14,040	14,603	8,912
Provisions	2,874	10,088	10,088
Other	...	...	...
Total Non Current Liabilities	16,914	24,691	19,000
Total Liabilities	319,048	448,514	360,701
Net Assets	3,947,397	3,924,388	4,061,125
Equity			
Accumulated Funds	1,522,864	1,544,901	1,686,453
Reserves	2,424,533	2,379,487	2,374,671
Capital Equity	...	...	...
Total Equity	3,947,397	3,924,388	4,061,125

Cash Flow Statement

	2019-20		2020-21
	Budget	Est. Actual	Budget
	\$000	\$000	\$000
Cash Flows From Operating Activities			
Payments			
Employee Related	1,218,491	1,216,964	1,232,382
Personnel Services Expenses	...	...	...
Grants and Subsidies	...	...	...
Finance Costs	...	287	315
Equivalent Income Tax	...	...	...
Other Payments	424,122	511,991	519,927
Total Payments	1,642,613	1,729,241	1,752,624
Receipts			
Appropriation	...	...	...
Cluster Grant Revenue	0	...	0
Cash reimbursements from the Crown Entity	...	...	...
Sale Proceeds Transfers to the Crown Entity	...	...	...
Cash transfers to the Crown Entity	...	...	...
Sale of Goods and Services	297,625	439,511	342,866
Retained Taxes, Fees and Fines	...	...	...
Interest Received	2,851	1,415	1,256
Grants and Contributions	1,474,299	1,477,825	1,708,652
Other Receipts	5,916	51,052	(15,150)
Total Receipts	1,780,692	1,969,803	2,037,624
Net Cash Flows From Operating Activities	138,079	240,562	285,000
Cash Flows From Investing Activities			
Proceeds from Sale of Property, Plant and Equipment	...	4,235	20,590
Purchases of Property, Plant and Equipment	(96,975)	(75,850)	(237,631)
Proceeds from Sale of Investments	...	...	...
Purchases of Investments	...	...	...
Advances Repayments Received	...	...	...
Advances made	...	...	...
Other Investing	(40,242)	(29,107)	(25,550)
Net Cash Flows From Investing Activities	(137,217)	(100,721)	(242,591)
Cash Flows From Financing Activities			
Proceeds from Borrowings and Advances	...	...	...
Repayment of Borrowings and Advances	(2,282)	(4,077)	(5,323)
Dividends Paid	...	...	...
Other Financing	...	...	...
Capital Appropriation - Equity Appropriation	...	...	...
Cash Equity Injection to For-Profit Entities	...	...	...
Net Cash Flows From Financing Activities	(2,282)	(4,077)	(5,323)
Net Increase/(Decrease) in Cash	(1,420)	135,763	37,086
Opening Cash and Cash Equivalents	198,422	161,803	297,566
Reclassification of Cash Equivalents	...	...	...
Cash transferred in (out) as a Result of Administrative Restructuring	...	...	...
Closing Cash and Cash Equivalents	197,003	297,566	334,652

8. Appendices

8.1 Changes in Legislation and Significant Judicial Decisions

The Minister for Skills and Tertiary Education administers the following legislation relating directly to TAFE NSW:

- Technical and Further Education Commission Act 1990 (NSW)
- Technical Education Trust Funds Act 1967 (NSW).

There were no judicial decisions involving TAFE NSW during 2019-20 that had a significant new impact on the organisation's operations.

8.2 Government Information (Public Access) Act 2009

Access applications received and completed

The total number of access applications received by TAFE NSW during 2019-20 (including withdrawn applications but not including invalid applications) was 66. Provision of this information complies with clause 8(b) of the *Government Information (Public Access) Regulation 2018* (NSW) (GIPA Regulation).

Detailed statistical data about access applications under the *Government Information (Public Access) Act 2009* (NSW) (GIPA Act) completed by TAFE NSW during the reporting period 2018–19 is provided in the tables below. Provision of this information complies with clauses 8(b) to (d) and Schedule 2 of the GIPA Regulation.

Proactive release of agency information

Under section 7(3) of the GIPA Act and clause 8(a) of the GIPA Regulation, an agency must report on details of its review of its program for the release of government information at intervals of not more than 12 months, and details of any information made publicly available as a result. The review is intended to identify the kinds of government information held by the agency that should in the public interest be made publicly available without imposing unreasonable additional costs on the agency.

TAFE NSW reviewed its information holdings relating to government information held by the agency that should in the public interest be made publicly available without imposing unreasonable additional costs on the agency.

Updated policies were made publicly available at no cost including, for example, the TAFE NSW Privacy Policy, the TAFE NSW Acceptable Use of Information and Technology Guideline, the Work Health and Safety Policy, the Qualification Pathways and Credit Transfer Policy, and the Higher Education Student Progression, Exclusion and Graduation Procedures.

TAFE NSW students were assisted with updated guidance on Student Rights and Responsibilities. TAFE NSW also published an online Student Guide 2020 which packages in one place the student-centred guidance including Student Conduct, Work Placements and Certificates of Insurance, Consumer Protection, Management of Risk of Harm to Students and Staff, Harassment and Discrimination, and Complaints.

Suppliers to TAFE NSW were assisted through the new TAFE NSW Aboriginal Participation Strategy: FY 2020 Building strong partnerships, updated guidance on Sustainable Procurement, a Frequently Asked Questions fact sheet on the new Ariba Network for Suppliers, and a Supplier Quick Reference Guide.

Table 29: Number of applications by type of applicant and outcome *

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm or deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	1	0	0	0	0	0	0
Private sector business	15	0	2	0	0	0	0	3
Not for profit organisations or community groups	1	0	0	0	0	0	0	1
Members of the public (application by legal representative)	27	3	0	3		0	0	4
Members of the public (other)	1	2	0	2		0	0	0

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table 30.

Notes:

The total number of access applications received by TAFE NSW during 2019-20 (including withdrawn applications but not including invalid applications) was 66.

However, two of those applications received in the 2018–19 period were not completed during the financial year and have been carried forward to the 2019-20 reporting year.

- two (2) applications received in the previous 2018–19 period were not completed during that financial year and were carried forward and completed in the 2019-20 reporting year;
- five (5) applications received in the 2019-20 period were not completed during the financial year and have been carried forward to the next 2020-21 reporting year.

Table 30: Number of applications received by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm or deny whether information is held	Application withdrawn
Personal information applications *	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	1	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	43	5	2	4	1		0	0

* A "personal information application" is an access application for the applicant's own personal information, the applicant being an individual (as defined in clause 4 of Schedule 4 to the GIPA Act).

More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision.

Applications which are withdrawn are counted in the total number of applications received in the reporting year (Table 29), but for withdrawn applications there are no subsequent decisions about information release (Table 30). This is the reason why fewer decisions were made about information release than the total number of applications received

Table 31: Invalid applications

Reason for invalidity	No. of applications
Application does not comply with formal requirements (section 41 of the GIPA Act)	51
Application is for excluded information of the agency (section 43 of the GIPA Act)	0
Application contravenes restraint order (section 110 of the GIPA Act)	0
Total number of invalid applications received	51
Invalid applications that subsequently became valid applications	28

Notes: Reporting on invalid applications is required by the GIPA Regulation Schedule 2.

As at 30 June 2020, the agency was assisting three applicants to make three (3) invalid applications valid, as required by section 52(3) of the GIPA Act. If these invalid applications become valid applications during 2020–21, the decisions subsequently made will be reported in the TAFE NSW 2020-21 Annual Report.

Table 32: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the GIPA Act

There was one (1) access application completed in the 2019-20 reporting period which was refused, either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the GIPA Act (information for which there is conclusive presumption of overriding public interest against disclosure). This reporting is required by clause 8(c) of the GIPA Regulation.

TAFE NSW refused in part for one (1) access application under Schedule 1.

	No. of times consideration used *
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	1
Documents affecting law enforcement and public safety	0
Transport safety	0
Excluded information	0

*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application).

Reporting on decisions of conclusive presumption against disclosure is required by Schedule 2 of the GIPA Regulation.

Table 33: Other public interest considerations against disclosure: matters listed in table to section 14 of the GIPA Act

Access was refused in part for five (5) access applications and in full for two (2) access applications, for one or more public interest considerations against disclosure listed in section 14 of the GIPA Act because, on the balance, there was an overriding balance of public interest against disclosing the information.

	No. of occasions applicant not successful
Responsible and effective government	2
Law enforcement and security	0
Individual rights, judicial processes and natural justice	8
Business interests of agencies and other persons	4
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Notes: More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration was recorded (but only once per application).

Reporting on public interest considerations against disclosure is required by Schedule 2 of the GIPA Regulation.

Table 34: Timeliness

	No. of applications
Decided within the statutory timeframe (20 days plus any extensions)	54
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	54

Notes: Reporting on timeliness is required by the GIPA Regulation Schedule 2.

These figures show only the valid access applications which resulted in decisions being made under the GIPA Act section 58. This total does not include withdrawn or invalid applications, which do not result in decisions.

Table 35: Number of applications reviewed under part 5 of the GIPA Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal Review	0	0	0
Review by Information Commissioner *	0	0	0
Internal review following recommendation under section 93 of GIPA Act	0	0	0
Review by NSW Civil and Administrative Tribunal ~	0	0	0
TOTAL	0	0	0

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Reporting on reviews is required by Schedule 2 of the GIPA Regulation.

Table 36: Applications for review under Part 5 of the GIPA Act (by type of applicant)

	No. of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the GIPA Act)	0
TOTAL	0

Note: Reporting on reviews is required by the GIPA Regulation Schedule 2.

Table 37: Applications transferred to other agencies under Division 2 of Part 4 of the GIPA Act (by type of transfer)

	No. of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0
TOTAL	0

Note: Reporting on transferred applications is required by the GIPA Regulation Schedule 2.

8.3 Privacy and Personal Information Protection Act 1998

TAFE NSW is committed to protecting the personal information of our staff, students and members of the public who use our services, in accordance with the *Privacy and Personal Information Protection Act 1998* (NSW) (PPIP Act).

As required by the PPIP Act, the TAFE NSW Privacy Management Plan sets out how we manage personal information (under the PPIP Act) and health information (under the *Health Records and Information Privacy Act 2002*) (NSW).

During 2019-20, TAFE NSW updated its Privacy Policy which sets out how we collect, store, use and disclose personal information.

8.4 Public Interest Disclosures

Under the TAFE NSW Public Interest Disclosures Internal Reporting Policy and the Guidelines for the Management of Public Interest Disclosures, all staff have a responsibility to report suspected unlawful, corrupt, negligent or improper conduct, serious maladministration or serious and substantial waste of public money. These TAFE NSW policy documents establish the organisation's commitment to support and protect staff who report wrongdoing.

The Policy sets out the manner in which TAFE NSW meets its obligations under the *Public Interest Disclosures Act 1994 (NSW)*, and the Guidelines set out the roles and responsibilities of staff in making and receiving public interest disclosures. Both the Policy and Guidelines are available to all staff via TAFE NSW intranet site.

TAFE NSW undertakes a number of activities to raise and maintain staff awareness of the public interest disclosure reporting process; it is included in TAFE NSW's suite of annual mandatory training as well regularly highlighted in communications with staff.

During the reporting period, TAFE NSW met the NSW Ombudsman's reporting requirements via its online reporting tool.

The following Table 38 shows the total number of employees who made a public interest disclosure and the total number of public interest disclosures received and finalised by TAFE NSW in 2019-20.

	Corrupt Conduct	Maladministration	Serious Substantial Waste of Public Money	Government Information (GIPA) contravention	Local Government contravention	TOTAL
Disclosures received ³⁶	12	1	-	-	n/a	13
Employees making a disclosure	11	-	-	-	n/a	11
Disclosures finalised	7	1	-	-	n/a	8

³⁶ All disclosures were made by public officials in performing their functions as public officials or were forwarded to TAFE NSW by the Independent Commission Against Corruption of NSW and advised to include the disclosure as a Public Interest Disclosure for reporting purposes.

8.5 Internal Audit and Risk Management Attestation

Internal Audit and Risk Management Attestation Statement for the 2019–20 Financial Year for the NSW Technical and Further Education Commission

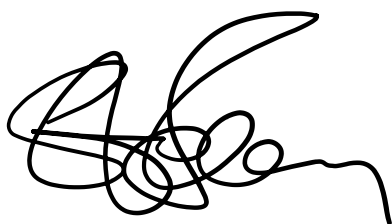
I, Steffen Faurby, am of the opinion that the NSW Technical and Further Education Commission has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy* for the NSW Public Sector, specifically:

Core Requirements		Compliant or Non-Compliant
Risk Management Framework		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The current chair and members of the Audit and Risk Committee are:

- Independent Chair, Carolyn Burlew, 29 September 2014 — 31 August 2022
- Independent Member, Gregory Fletcher, 20 May 2016 — 31 July 2023
- Independent Member, Allan Cook, 24 September 2019 — 29 September 2024



Steffen Faurby
 Managing Director
 NSW Technical and Further Education Commission
 12 October 2020

8.6 Digital Information Security Attestation



PO BOX 707
BROADWAY NSW
2007 AUSTRALIA

Cyber Security Annual Attestation Statement for the 2019-2020 Financial Year for TAFE NSW

I, Steffen Faurby, Managing Director of TAFE NSW, am of the opinion that TAFE NSW has managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy (CSP).

Governance is in place to manage the cyber security maturity and initiatives of TAFE NSW.

Risks to the information and systems of TAFE NSW have been assessed and are managed.

There exists a current cyber incident response plan for TAFE NSW which has been tested during the reporting period.

In 2020, Ernst & Young conducted an independent review of TAFE NSW's alignment of its cyber controls with the NSW CSP and undertook a high-level assessment of the current state of implementation.

TAFE NSW has established an Information Security Management System (ISMS) in the 2019-2020 Financial Year.

TAFE NSW is doing the following to continuously improve the management of cyber security governance and resilience:

- The Audit and Risk Committee (ARC) receives regular cyber security updates.
- The FOCUS (Executive) Team have ongoing oversight of cyber security.
- The Chief Information Security Officer updates ARC on management of risks and compliance with NSW CSP.
- Cyber Security culture improvement activities are continually undertaken by engaging partners, staff and students.
- TAFE NSW performs daily backups, conducts cyber security response exercises and periodically tests its disaster recovery capabilities. Further actions are being undertaken to improve maturity of these capabilities, as identified in the audit performed by Ernst & Young.

Yours sincerely,

Steffen Faurby
Managing Director
TAFE NSW
14 August 2020

8.7 Contact Details

TAFE NSW website: www.tafensw.edu.au

Make an inquiry

Website: <https://www.tafensw.edu.au/contact>

Telephone: 131 601

Principal office address: Building A Mary Ann Street
Ultimo NSW 2007

Postal address: PO Box 707
Broadway NSW 2007

Find the address, telephone number and email of your nearest TAFE NSW location:

<https://www.tafensw.edu.au/find-campus>

Business and service hours

TAFE NSW business and service hours are generally 8:30am to 5:00pm. Many Customer Service Centres and libraries are also open in the evenings during teaching terms.

