



Government of **Western Australia**
Department of **Training**
and **Workforce Development**

Annual Report 2019-20

Responsible Minister

During the period 1 July 2019 to 30 June 2020, the Department was responsible to the Minister for Education and Training, the Hon Sue Ellery MLC.

Enabling legislation

The Department was established on 30 October 2009, under section 35 of the *Public Sector Management Act 1994*.

Administered legislation

The *Vocational Education and Training Act 1996* is administered by the Minister for Education and Training with the assistance of the Department.

The Department complies with a range of national and State legislation. Please see page 126 for the full list.

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While every effort has been made to vet the contents of this report, it may contain references to, or images, of people who are now deceased. The Department of Training and Workforce Development regrets any offence this might cause.

The term 'Aboriginal' is intended to include reference to Torres Strait Islanders and Indigenous Australians.

This report was developed in line with the Public Sector Commission's annual reporting framework for the 2019–20 reporting year. In May 2020, the Department of Treasury advised that the preparation of annual reports for 2019-20 could be streamlined in response to workload pressures as a result of COVID-19.

This report is also published on the Department's website at dtwd.wa.gov.au and can be viewed in PDF format. Alternative formats are available on request.

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Statement of compliance

For year ended 30 June 2020

Hon Sue Ellery MLC
Minister for Education and Training

In accordance with Section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Training and Workforce Development for the financial year ended 30 June 2020.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

A handwritten signature in black ink, appearing to read 'Anne Driscoll', with a long horizontal line extending to the left.

ANNE DRISCOLL
Director General
(Accountable Authority)

8 September 2020

FOREWORD

The financial year 2019-20 is marked by the COVID-19 outbreak that unfolded in early 2020 with profound health, social and economic impacts. Throughout the crisis the WA training sector has shown considerable agility in swiftly adjusting delivery modes to cater to social distancing requirements, and more recently through the development of a variety of new training options to cater to the needs of people seeking work, including those recently displaced from their jobs.

As we look back over the year, let us first though cast our mind back to what seems a distant memory – July 2019 to February 2020.

July 2019 brought with it introduction of the new Jobs and Skills WA Employer Incentive to support employers taking on apprentices and trainees. Under the scheme, eligible employers receive base incentives ranging up to \$8,500 over the life of an apprenticeship, with proportionately similar rates for trainees determined by the length of the training. The scheme includes additional loadings for regional students and those disadvantaged in the workforce, and for students undertaking training in State priority occupations.

Implementation of the scheme required the development of an online system to calculate entitlements, check eligibility and process payments. The system needed to be robust, meet accountability standards and be operational within a short period to coincide with the commencement of the scheme. System development was in three stages in sync with the claims process timelines. With remarkable speed, and without compromising design, development, testing and independent audit to confirm integrity, the system has performed admirably. As at the end of June 2020, more than \$5 million had been paid to eligible employers who employed 9,978 apprentices. The system has also formed the basis of a new incentive to encourage employers to take on displaced apprentices and trainees as a result of COVID-19 disruption. Now that the system is bedded down further work will be done to assess the external user experience.

A new Enterprise Training Program was also introduced in July 2019 to support training of new and existing workers in the aged and disability care sectors. An innovative program, it enables employers to design their own training courses for their existing workforce and new staff, tailored to specific areas of priority. The State Government funds 80 percent of the training costs. The program of training needs to draw from units within national training packages so that students can go onto do full qualifications should they wish. At the end of June 2020 there were 60 organisations that had participated in the program. New aged and disability training facilities replicating in-home care scenarios were also established at five TAFE campuses over the year, with a total investment of \$4 million, to recognise the growing support need for people in their homes.

Growing international education was also a focus in late 2019, with significant changes to Federal and State migration arrangements making it easier for international students. Designed to boost WA as a destination for international students and further diversify our economy, a significant increase in the State Nominated Migration Program arose, along with heightened interest in WA as a place to study. By January 2020, TAFE International WA (TIWA) began to see a clear increase in enquiries and early enrolments for Semester 2 2020. Of course this did not evolve as international borders were closed as a result of the COVID-19 pandemic.

Late 2019 also brought with it exciting news that fees for 34 VET courses linked to areas of high employment need would be halved and concession students and people aged less than 25 years would pay no more than \$400 in annual course fees for these courses, under the new *Lower fees, local skills* initiative. While the State Government had frozen fees for VET courses since 2017, this initiative represented a major reduction, with fees for these courses now at levels not seen since 2013. Enrolments for these courses increased markedly with an overall increase of 17.6 percent in enrolments for Semester 1 2020.

Well from here, as we know, things changed markedly. In late March we saw State and regional border closures, many businesses such as restaurants, bars and gyms closed, and restrictions progressively tightened for attendance at work and places of learning to protect the WA community from COVID-19.

As referred earlier, WA TAFEs and the VET system more generally, showed remarkable resilience and a can-do attitude, transforming and adapting learning programs to suit the new distanced learning environment. All TAFEs transitioned to a blended learning environment largely in the space of two weeks. The new mode of learning comprised a mix of platforms, including online, videoconferencing, training packs and some physical face-to-face training when essential, although at all times observing strict social distancing requirements. Student contact points remained open as did learning centres to ensure computer facilities were available for those who needed them. Most funded private registered training organisations (RTOs) did similarly with a very small number suspending training. Fortunately, none of our funded RTOs ceased operations as a result of COVID-19.

As restrictions were progressively reduced, the significant backlog of student work placements and face-to-face assessments arising was a major focus and is progressing well. The State and Federal regulators showed appropriate flexibility in adapting training expectations where possible, given the circumstances, while not compromising training integrity.

It is important to also acknowledge the responsiveness of the Department's staff throughout COVID-19. Productivity remained extraordinarily high as contractual, training delivery and policy requirements for RTOs needed to be modified to facilitate ongoing learning. At the height of the COVID-19 response in WA, approximately 50 percent of our employees worked from home, while others remained at the workplace with occupancy configured to achieve social distance requirements. Our ICT services, both within the Department and at TAFEs, proved flexible and highly effective for those working from home. Office working arrangements were subsequently returned to normal in May.

In mid-May, the Premier and Minister for Education and Training tasked the two metropolitan TAFE Managing Directors and myself to engage in urgent consultations with business, community stakeholders and government to assess training needs in light of COVID-19 and the best way to position TAFE and VET more generally to deliver on skills needs. We were fortunate to also have the assistance of senior members of the Department's State Workforce Planning team and two staff from the Department of the Premier and Cabinet to provide much valued assistance.

In the space of six weeks we met with 238 stakeholders at more than 70 meetings, received 74 written submissions, including insightful information from WA funded RTOs, and participated in 10 Ministerial roundtable forums at which rich perspectives from a range of community and industry stakeholders were gained. The Review team also met with various State Government Directors General to assess impacts of COVID-19 in the areas of health, communities, regions, industry and economy.

Overall, many of the industry and community views aligned. It was clear that short courses providing key skill sets to help position people for areas of continuing employment demand were needed. These would need to be financially accessible to unemployed jobseekers and young people who are at particular risk. The courses should also in part, align with the skills arising from Government stimulus works, such as civil and building construction, as well as in areas of continuing demand, such as health and community services, child care, mining, logistics and agriculture.

The importance of continued investment in trades to secure our long term skills capacity was also clear, along with an ongoing need to update skills packages to recognise new technologies and hybrid occupations that cross several traditional trades areas. A program of work has commenced to achieve this.

Industry provided very positive feedback about the innovations in course delivery modes during COVID-19 restrictions. While recognising the value of face-to-face learning, many wished to see a continuation of

blended delivery and also continued investment in TAFE both structurally, in its people, and in new equipment that replicates industry norms.

The Training Review report was provided to the State Recovery Controller on 30 June 2020 and then provided to the State Government for consideration. The Government subsequently committed to advancing immediately almost all of the recommendations arising from the Review. For a small number of recommendations, while supported by the Government, it was deemed appropriate they be considered once there had been an opportunity to observe the impact of initial interventions and market recovery.

A raft of initiatives aligned to getting people ready and back to work were committed to, including:

- Short courses (known as skill set courses) – 15 different options were initially identified, as diverse as civil construction, truck driving, personal care, cybersecurity, operating farm equipment, operating a small business and hospitality. All of these courses have pathways to full qualifications.
- A significant extension in the number of half price *Lower fees, local skills* qualifications.
- An employer incentive to encourage re-engagement of apprentices and trainees who have lost their job as a result of COVID-19.

Much work by the Department, TAFEs and publicly funded RTOs now awaits to ensure this significant Government investment connects with people seeking work, especially people who are disadvantaged in their job readiness. The Department will be working very closely with State agencies procuring civil and building construction stimulus works and the Commonwealth Government to ensure our training maximises engagement with job seekers and is pitched at the right areas of need.

While to date WA has been fortunate in containing COVID-19 after the initial occurrence, the economic impact on the State is significant and will be sustained. The Department will continue to support recovery and diversification initiatives to grow the State's economy.

The VET sector, as with many other organisations in WA, has shown extraordinary responsiveness and resolve since March 2020. It is gratifying to reflect on the dedication of our people in ensuring training services were maintained, deftly navigated and reframed, in uncertain times.

There are so many people to acknowledge and this does not do it justice. Firstly, to the people of the Department; so much needed to be done and often in timeframes that were unprecedented and intrusive on your private time – but as always you put the community first. To the TAFEs and publicly funded RTOs, what an outstanding display; exceptional nimbleness and innovation to ensure continued learning by your students. To the Training Accreditation Council, great judgment and timely recalibrations to accommodate the new learning and fiscal environment. To the State Training Board and Industry Training Councils, thank you for walking in partnership with the Department and for your valued perspectives and insights. To the Minister for Education and Training and her office, thank you for your leadership, clarity of direction and dedication to ensuring quality skilling is accessible in WA. Finally, to my close colleagues and leadership partners. What a dedicated and intelligent group, fundamentally grounded in community good and equity. It is a privilege to work with you, if not somewhat intimidating, you give so much and it makes a difference.

Anne Driscoll
Director General

KEY DATA AND STATISTICS

Department finances

IN

\$000

State appropriations

Service appropriation	335,289
Royalties for Regions funding	46,283
Services received free of charge	429
Other State Government grants	5,331



Commonwealth grants and subsidies

Grants and subsidies	190,243
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Commercial and other revenue

User charges and fees	25,317
Interest revenue	367
Other revenue	8,376



Total 611,635

OUT

\$000

Employee Benefits Expense 48,368



Grants and subsidies 471,236



Supplies and services 25,464



Other expenses 12,938



Total 558,006

Grants and subsidies breakdown

TAFE colleges and Western Australian Academy of Performing Arts	356,349
Private training providers	80,691
Other training providers	26,524
Employer Incentive Scheme payments	5,676
Other grants	1,996

Total 471,236

2019 calendar year enrolments

Overall there were 118,744 publicly funded course enrolments in the 2019 calendar year, a decrease of 1.6 percent on the 120,702 enrolments recorded in 2018.

Around one-third of all course enrolments in 2019 were in STEM qualifications, with the majority of these in higher-level qualifications (Certificate III and above).

Particularly strong growth was recorded in VET delivered to secondary students by TAFEs and other funded RTOs, with more than 8,700 course enrolments in 2019, up 23 percent on 2018.

Skill sets were also popular with almost 10,800 enrolments in the 2019 calendar year, an increase of more than 50 percent on 2018.

	Calendar year	
	2018	2019
Publicly funded course enrolments		
Total	120,702	118,744
Apprenticeships	15,369	15,374
New entrant traineeships	10,264	10,222
VET delivery to secondary students funded through the Department	7,085	8,706
STEM	39,761	39,630
Skill sets	7,054	10,763

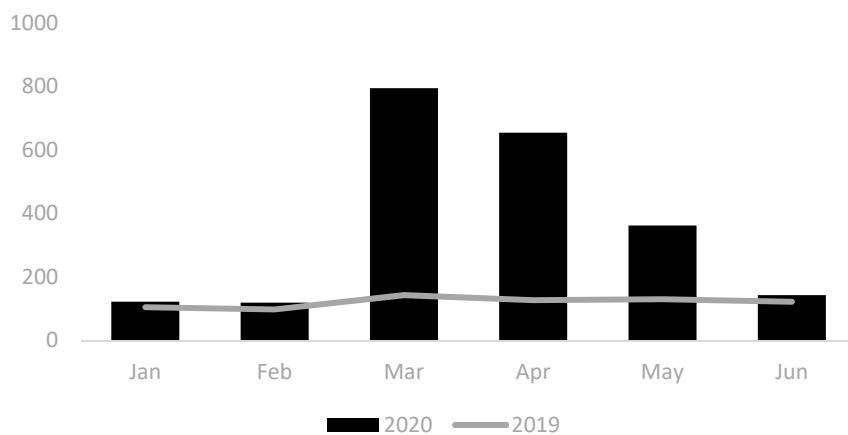
2019-20 financial year apprenticeships and traineeships data

There were 28,324 apprentices and trainees in training as at 30 June 2020, a decline of 4.1 percent from the 29,548 in training as at 30 June 2019. This is not surprising given the widespread disruption of COVID-19, with commencements particularly subdued in the latter half of the financial year (see page 8).

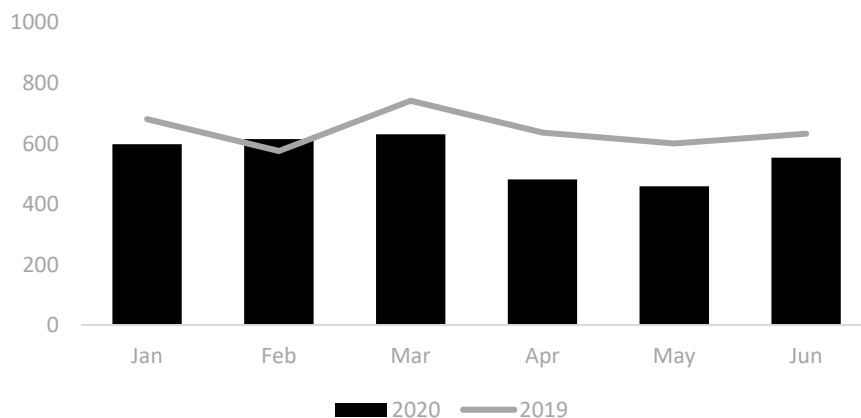
There were 16,717 apprentices and trainees in training in STEM related qualifications as at 30 June 2020, up 2.3 percent from 16,338 as at 30 June 2019 and representing just under 60 percent of all apprentices and trainees in training.

Just over 2,100 apprentices and trainees in training as at 30 June 2020 were Aboriginal, representing 7 percent of all apprentices and trainees in training.

Suspensions during March-May 2020
were well above 2019 levels...



...but fewer apprenticeships/traineeships
were cancelled than in 2019



Apprenticeship and new entrant traineeship commencements fell during COVID restrictions



OUR ORGANISATION

Corporate Executive

Anne Driscoll

Director General

Anne commenced in the role of Director General, Department of Training and Workforce Development in May 2017.

Prior to this Anne was the Director General, Department of Commerce, a role she commenced in August 2015. Anne was Executive Director of the Consumer Protection Division for over seven years, where she also held the statutory position of Commissioner for Consumer Protection. Since graduating from the University of Western Australia, Anne has gained experience in numerous public sector roles and boards.

Before joining Consumer Protection Division's executive management team in 1999, Anne worked in the employment and training sector for the Commonwealth Government for more than 20 years. Anne is currently a member of the Curtin University Faculty of Business and Law Advisory Board.

Karen Ho

Executive Director Policy, Planning and Innovation

Karen was appointed to her current role in October 2018 and is responsible for analysing the workforce and skills needs of the Western Australian economy and developing policy and training solutions to meet those needs. Karen is also the Chair of the Department's Reconciliation Action Plan Steering Committee.

Prior to her current role, Karen was Executive Director Service Delivery, with responsibility for the apprenticeship system, career services, Aboriginal workforce development, TAFE International WA and migration services.

Karen has over 25 years of State public sector experience spanning labour market and educational research, program and policy evaluation, strategic policy and planning, legislative reform and service delivery. Karen graduated from the University of Western Australia with a Bachelor of Science (First Class Honours in Psychology) and completed a Graduate Certificate in Management from Curtin University.

Russell Brown

Executive Director Service Resource Management

Russell has extensive experience working in the State Government and has been with the Department of Training and Workforce Development since 2010. Previous appointments include senior positions leading agency-specific procurement and funding programs, quality standards compliance for the disability sector and several Australian and State Government joint programs.

Russell holds an Advanced Diploma in Government (Procurement), a Diploma in Training the Handicapped and has received accreditation from the Australian Institute of Company Directors.

Jodie Wallace

Executive Director Service Delivery

Jodie was appointed to her current role, Executive Director Service Delivery in June 2019.

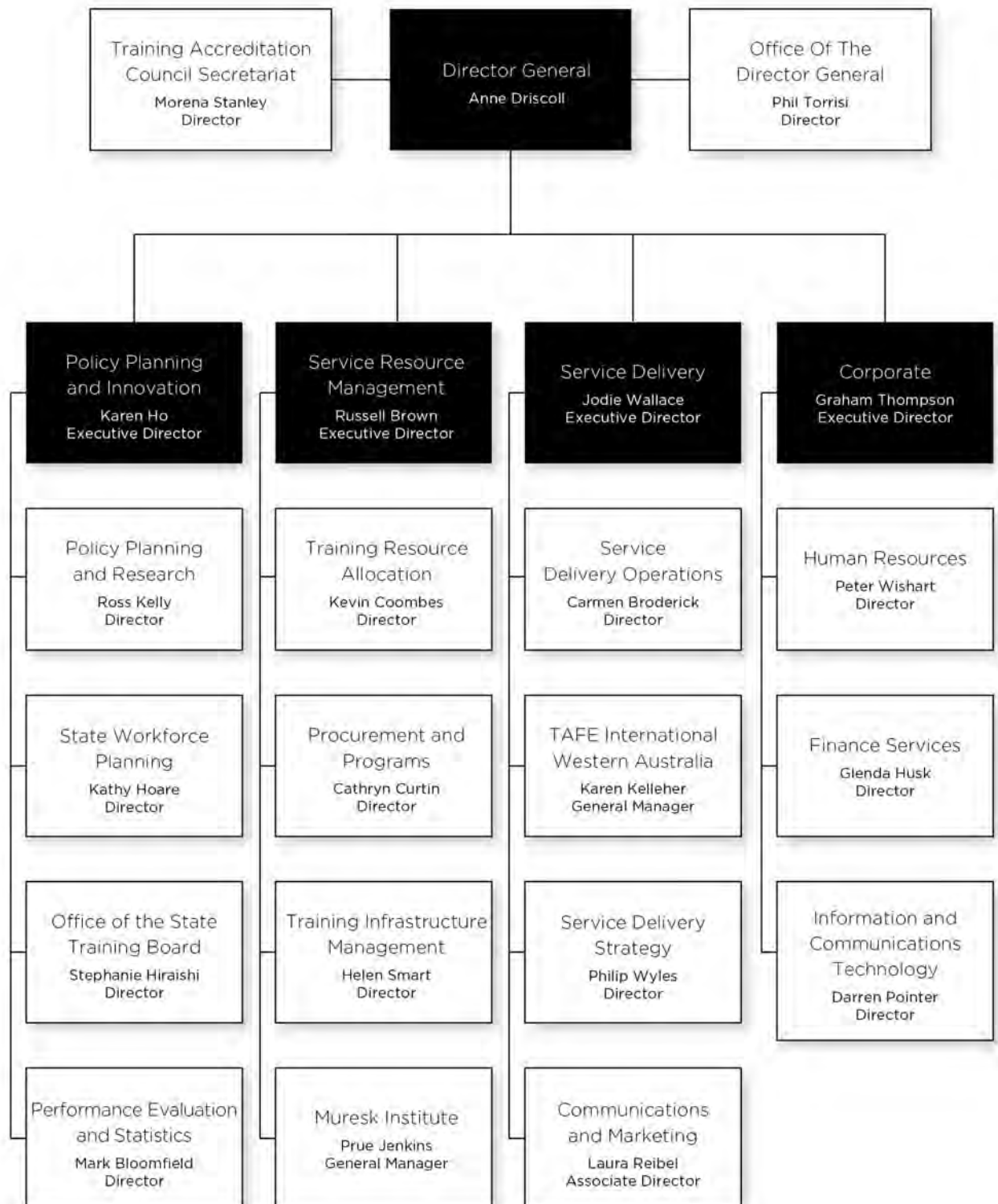
Jodie has 20 years of experience working in the State public sector including roles in international education, workforce planning and service delivery; and has also worked in the school education sector for over 5 years. Jodie has university qualifications in applied science and education, and an MBA from the University of Western Australia; she is a Graduate member of the Australian Institute of Company Directors and an Associate Member of the Governance Institute of Australia.

Graham Thompson

Executive Director Corporate

Graham has a Bachelor of Business and is a qualified Chartered Accountant with the Institute of Chartered Accountants. Graham has worked in the State public service for over 20 years holding a number of senior financial management roles.

Organisational structure



Strategic operating framework

The Department's *Strategic Plan 2019-2023* was developed during early 2019 and sets a clear high level vision for the future of the training sector, to guide the activities of the Department.

While 2019-20 brought with it challenges, the necessary adaptations to modes of training delivery through COVID-19 and subsequent initiatives to engage displaced people in free short courses and heavily reduced full qualifications have significantly advanced our strategic aspirations.

Integrity was implied through our mission statement and core values, but not stated explicitly. Following heightened focus on integrity across the public sector in 2019-20, our consultative working group that developed the original Strategic Plan core values, added another, "we do the right thing with integrity and courage" to recognise our care and regard for the public funds to which we are entrusted to maximise impact.

Vision

Transforming people's lives and creating strong, vibrant businesses and communities through training.

Mission

To maximise the quality and impact of public investment in the VET sector.

Purpose

- Developing policy, funding and financial frameworks to ensure training meets evolving State needs.
- Identifying future training and workforce needs with key stakeholders.
- Leading and implementing inclusive and adaptive strategies to address changing training and workforce needs that are also competitive in the international market.
- Ensuring the quality, integrity and efficiency of the training sector and frameworks.
- Promoting the VET sector.

Core values

- We trust, encourage and look out for each other
- We know that our differences and capabilities make us stronger
- We have the courage to champion new ways
- We have an eye on shaping the future
- We listen
- We can be counted on to deliver and do things well
- We are resilient and work together for success
- We do the right thing with integrity and courage

Strategic priorities

- Drive accessibility and participation in training that lead to jobs and careers, especially in the regions
- Embed STEM and digital capability into VET
- Drive innovative, quality training content and delivery with employers and industry
- Support micro-credentials for agile skills development
- Promote a contemporary and dynamic VET sector domestically and internationally

Key VET partners

State Training Board

The State Training Board (the Board) is a statutory body established by Part 3 of the *Vocational Education and Training Act 1996*. It is the peak industry training advisory body to the Minister for Education and Training. Membership of the Board comprises a Chair and eight Board members drawn from key industries, Unions WA and the Chamber of Commerce and Industry WA. The Board is supported by the Office of the State Training Board within the Department, which provides policy and project support.

A key function of the Board is the establishment and variation of apprenticeships and traineeships in Western Australia. The Board is also responsible for drafting a State Training Plan, which identifies the current and future training and skill development needs of WA's industries and how these should be met by publicly funded training. The most recent plan, developed in early 2020, is being revised to reflect the impacts of COVID-19 on the State.

TAFE colleges

The Department works closely with the five WA TAFE colleges to ensure a diverse range of high quality training is available to communities throughout WA. Jobs and Skills Centre services providing one-stop shops for careers, training and employment advice are provided from 13 TAFE campuses in metropolitan Perth and regional centres, with extensive outreach services to smaller regional centres. These services are provided in partnership with ten not-for-profit service providers across regional WA and two service providers who provide specialist services for ex-offenders and people from Culturally and Linguistically Diverse Backgrounds.

Working collaboratively with the Department in 2019-20, the TAFE colleges, responded to the impact of COVID-19 with agility, quickly reforming delivery arrangements to establish innovative distance learning platforms which will provide flexibility into the future. Subsequently the TAFEs have also demonstrated nimbleness in making available short courses to assist displaced people into new career directions.

Funded private registered training providers

The Department acknowledges the 160 registered training organisations it funds as a key part of training delivery in Western Australia. These providers augmented the diversity of training availability in WA and displayed resilience and innovation in maintaining quality training across a range of channels during COVID-19 challenges.

Training Accreditation Council

The Training Accreditation Council (TAC) is WA's VET regulator, responsible for the quality assurance and recognition of VET services in WA.

The Department assumed responsibility for the TAC Secretariat on 1 January 2019. During 2019-20, the Department provided TAC with secretariat services and supported the Council to deliver its functions, which include:

- registering training providers;
- accredit courses;
- inquire into training providers and courses;
- vary, suspend or cancel registration and accreditation; and
- cancel qualifications.

VET statutory bodies submit their own annual report as independent bodies reporting directly to the Minister for Education and Training.

AGENCY PERFORMANCE

As we review the preceding annual reporting year our perception is dominated by COVID-19. A number of significant training initiatives occurred through to February 2020 however, which provided important foundations for key COVID-19 recovery responses. With the onset of COVID-19 there were initially immediate responses to enable continuing learning, manage differing modes of training delivery and protect the health of our students and workers. In May and June 2020 the focus shifted to economic and labour market recovery and assisting to skill displaced people in areas of jobs growth. Given the marked contrast in focus, the agency performance section reflects these three phases, before considering some specific areas of activity.

Pre-COVID-19: July 2019 to February 2020

Access to quality vocational education and training for the WA community was significantly enhanced in the period to February 2020, with substantial student fee reductions in priority courses from 1 January 2020. Customised training for businesses and staff operating in the aged care and disability services sectors was also introduced in the latter part of 2019. Additionally, July 2019 saw the commencement of the Jobs and Skills WA Employer Incentive providing a significant incentive for employers taking on apprentices and trainees.

Lower fees, local skills

In 2019-20, the Department worked closely with industry, training providers and other stakeholders to identify and support priority industries and occupations that are most in demand now and into the future. A key strategy of Government was the *Lower fees, local skills* initiative which came into effect on 1 January 2020.

Through *Lower fees, local skills*, course fees for 34 targeted vocational qualifications were halved until 31 December 2021 to fill demand for jobs in growth areas such as tourism, METRONET construction, defence manufacturing and healthcare. The list included qualifications that were suited to younger people and skills that offered good local employment prospects in industry areas with high jobs growth. Course enrolments since 1 January 2020 for these courses increased by 17.6 percent overall, with enrolments by TAFEs up 20 percent. Enrolments as at 30 June 2020 were as follows:

- Defence manufacturing related qualifications (engineering and electrical) 5,205
- Hospitality and Tourism 2,410
- Identified skill shortage areas 5,701
- METRONET construction 1,592
- Social Assistance and Allied Health 8,271

The State Government's continuing commitment to not increase other TAFE fees, which has applied from May 2017, continued for other courses.

Enterprise Training Program

In response to the State Training Board's *Social Assistance and Allied Health Workforce Strategy*, a pilot Enterprise Training Program (ETP) was developed to support the growing workforce and training requirements of the disability and aged care sectors. The ETP supports the training of existing workers in enterprises by assisting them to respond to current skill gaps and future workforce requirements.

The program allows employers to work with RTOs to analyse the priority skill needs of their workforce and tailor training to meet those needs. It was designed so that the State contributes 80 percent of the training costs with the balance met by the employer.

There was strong interest in the program from both aged and disability care businesses. As the year unfolded, particularly with the pressures of COVID-19, employers increasingly found it difficult to release existing workers for training. Employers continue to be strongly supportive of the program and a review of the settings is being undertaken to consider how the training can be more accessible to employers and their staff.

Since 1 July 2019:

• Funding allocated 2019-20	\$3.5 million
• Number of RTOs participating in the program	14
• Number of enterprises/employers participating in the program	60
• Total number of commencements in 2019-20	2,154

A pre-traineeship program was also introduced in 2019 to encourage more people into the aged and disability care sector workforce.

Jobs and Skills WA Employer Incentive

The Jobs and Skills WA Employer Incentive, funded at \$99.1 million over the out years (\$9.39 million budgeted in 2019-20), commenced on 1 July 2019. The incentive is designed to assist employers with the cost of taking on new apprentices and new entrant trainees, with a base payment of \$8,500 for employers taking on a four year apprentice, with lesser amounts dependant on the period of training. Additional loadings increase the payment for regional areas, employees with disability, priority occupations, Aboriginal and Torres Strait Islander employees, and apprentices aged 21 to 30 years.

The Western Australian Apprenticeship Management System (WAAMS) online client portal enables employers to submit claims and Department staff to assess claims and facilitate payment of incentives to employers.

Activity levels in 2019-20 were as follows:

• Eligible training contracts registered	9,978
• Apprenticeships	2,316
• Traineeships	7,662
• Mature aged people	615
• People with disability	271
• Aboriginal people	952
• Regional	2,879
• State priority	3,101

As at 30 June 2020, more than \$5 million had been paid to employers in incentive payments.

Further development to the WAAMS online client portal is being undertaken to assess and enhance the user experience. The system has also proved itself as flexible, ably accommodating more recent employer support initiatives relating to COVID-19.

COVID-19 restrictions: March to mid-May 2020

During February we saw escalating COVID-19 cases worldwide and in March it was increasingly evident that measures were needed in WA to reduce the risk of infection through social distancing practices across learning institutions and at government workplaces. Many businesses were impacted with flow-on impacts to apprentices and trainees and the labour market more generally.

To ensure integrated management of COVID-19, the Department established a high-level steering committee comprising Corporate Executive and senior Department and TAFE officers to develop a Training Sector Pandemic Incident Response Plan and comprehensive communications strategy to guide the sector's response should a COVID-19 outbreak occur. Regular engagement also occurred between publicly-funded RTOs and Department contract managers.

It soon became evident that maintaining the same levels of face-to-face contact at training institutions was not viable and alternative ways of maintaining learning at a distance were required.

WA TAFE colleges and publicly-funded RTOs quickly moved to blended learning approaches where this was possible. In some instances the nature of the course and student progress demanded more practical face-to-face training. This was maintained where possible, with additional safety measures in place. The sector was impressive in quickly adjusting to blended learning involving interactive video conferencing, remote learning packages, online courses and video recordings of practical activities by students. In cases where students did not have access to digital equipment, libraries and learning centres were available for student use at TAFE campuses. Jobs and Skills Centre advice was available to students throughout the period, often also using remote communication technologies. There were some instances in which continuing training was not possible. Often this was initiated by employers of apprentices and trainees to minimise the risk of infection of their employees.

Departmental strategies to support VET students and training providers impacted by COVID during this time included the following.

- Supporting training providers to adopt flexible approaches to course delivery, such as simulated work practice and online (blended) delivery by amending policies and contractual arrangements to facilitate this.
- Regular updates to students and training providers to keep them informed of the Government's VET policy response to COVID-19.
- Free training for apprentices and trainees that were either suspended or terminated from employment due to business downturn resulting from COVID-19, which enabled them to continue their institutional learning. The State Government endorsed \$2 million in training credits to pay for course and resource fees for 6 months for eligible apprentices and trainees to ensure they continued to develop their skills and job readiness.
- An Out-of-Contract Register was established to list the profile of Western Australian out-of-contract apprentices and trainees, which enabled employers, through the Department, to connect with apprentices and trainees that are advanced in their skills attainment.
- Urgent development of a WA COVID-19 Direct Care Skill Set for workers in the aged and disability sectors to ensure the highest standards of infection control for members of the community at highest risk. The skill set also provides jobseekers with skills and knowledge to enable them to take up employment opportunities in care roles.
- Intensive support to international students without family support, who were also impacted by business closures and access to part-time work.
- Support provided to Training Accreditation Council regulated RTOs and accredited course owners via regulatory fee relief from 1 May 2020 to 31 October 2020, including:
 - o no fees for annual RTO registrations or compliance monitoring audits;

- o flexible payment arrangements for RTO renewal applications and course re-accreditation applications; and
- o RTOs seeking to deliver training products developed as a direct result of COVID-19 impacts not being required to pay the usual amendment to scope fee for those training products.

Over this period, the Department's methodologies for monitoring training and labour market data were overhauled. New data sources and indicators were accessed to supply up to the minute readings of COVID-19 impacts to form response strategies. This also included extensive engagement with industry stakeholders to gather direct industry intelligence and sharing data gathered and cross-agency work with the Department of Treasury. There was also extensive engagement nationally with the Commonwealth and cross-jurisdictional Skills Ministers to ensure coordinated national responses (see page 20).

Impact of COVID-19 on the Department's operations

During this period, the Department itself remained open for services but in a different way. It was a critical time to support the sector in navigating adjusted delivery requirements and to prepare responses for the future needs of Western Australians as we progressed to recovery. Department staff were assisted to continue working, ensuring safety and wellbeing, a hygienic environment and sufficient flexibility to alter arrangements at short notice. An extensive communication strategy throughout the period ensured staff had access to the latest State Government information.

At the height of the COVID-19 restrictions, 49 percent of Department staff worked from home to some extent. Those who remained at the workplace were provided with space and willingly physically distanced. The changed operating arrangements were almost seamless, demonstrating successful planning by the Department's ICT branch, with the broad functionality and security of the Department's systems maintained. Upon community transmission in WA being controlled, the Department quickly returned to normal operating arrangements.

The Department's effective and creative performance during 2019-20, especially during the time of COVID-19, ensured that WA was well prepared for the post recovery period, with strategies put in place across all service areas to respond to labour market and community needs.

COVID-19 recovery responses: May to June 2020

The State's VET sector has been seen by Government, industry and community stakeholders as a key element to support WA's economic recovery from COVID-19. In line with this, the Premier and Minister for Education and Training announced an urgent review of the impact of COVID-19 on skills, training and workforce development on 21 May 2020.

The Review was jointly led by Anne Driscoll, Director General of the Department of Training and Workforce Development, Michelle Hoad, Managing Director, North Metropolitan TAFE and Terry Durant, Managing Director, South Metropolitan TAFE, in association with the Managing Directors of the regional TAFEs. It was tasked with engaging industry and business to identify practical and responsive training solutions for the post-COVID-19 recovery period. The Review team engaged with more than 238 stakeholders through 70 meetings, in addition to observing business and community views at 10 Ministerial roundtables.

The Review report, detailing key opportunities, practical actions and proposed implementation, was provided to the State Recovery Controller on 30 June 2020. The report sets out a targeted training and skills roadmap for WA's economic recovery, and outlines 41 observations and 46 recommendations under five key themes:

1. New futures for Western Australians – Help people into new careers
2. 21st Century Apprenticeships – Reform apprenticeships and traineeships to increase trades for the future
3. Maximising skills from Government investment – Lift the number of apprentices and trainees employed through government projects
4. Live-learn-work in regional WA – Train locals and attract more people to the regions
5. Next generation training – Reposition TAFE sector capability to meet the needs of WA industry and community

As the Review progressed, it was evident that there was wide employer and community consensus about a number of initiatives that needed to be activated quickly to assist displaced workers, women and youth to reposition into new work directions and increase affordable options for job seekers to reskill in occupational areas aligned to job opportunities. The Department was able to concurrently seek Government consideration of a number of recommended COVID-19 recovery responses, including free job ready skill set courses, expansion of the *Lower fees, local skills* initiative, and an apprenticeship and traineeship re-engagement incentive. These initiatives have subsequently been announced. Further information is provided below.

The full Review report has subsequently been considered by the State Government. All recommendations were supported, with the majority to be progressed immediately. A small number were supported in-principle and are to be informed by the Reforming and Transforming phase of the State Recovery Plan. The Review report and the State Government's response to the recommendations is available from the Jobs and Skills WA website.

Free job ready skill set courses

The State Government approved \$25 million for free skill set courses for displaced workers, women and youth. The skill sets provide a launch pad to current and emerging job opportunities and are also a pathway to full qualifications if employment is not initially possible. Fifteen new skill set courses were initially proposed in areas of high demand, such as building and construction, civil construction, aged care, disability services, agriculture, cybersecurity, business skills, logistics and warehousing, and hospitality. Work is continuing to develop additional skill sets in response to skills needs identified by industry.

Expansion of Lower fees, local skills

The State Government also supported an expansion of the *Lower fees, local skills* initiative from July 2020 as part of WA's COVID-19 Recovery Plan. Approved courses support economic stimulus initiatives, pre-apprenticeships to assist with the pipeline for trades, and a variety of training options that are inclusive of regional students, Aboriginal students and women. A total of \$32 million has been allocated to fund the reductions in TAFE fees as part of the expansion of the initiative, with course fees for 39 additional high priority qualifications reduced by at least 50 percent and up to 72 percent for diploma courses. As with the initial *Lower fees, local skills* initiative, the maximum course fee for youth and concession holders is capped at \$400 for Semester 2 2020 and for enrolments in 2021.

Apprenticeship and Traineeship Re-engagement Incentive

A new Apprenticeship and Traineeship Re-engagement Incentive (12 months) to provide employers with a one-off payment of \$6,000 for hiring an apprentice and \$3,000 for hiring a trainee was also funded. This incentive is additional to any ongoing incentives that employers may be eligible for, such as the Jobs and Skills WA Employer Incentive and the Construction Training Fund wage subsidy program. The re-engagement incentive aims to ensure that the skills attained by partially completed apprentices and trainees are not lost and they can continue in their chosen occupation. This will aid in maintaining the pipeline of skilled workers that will be important to the success of WA's recovery post COVID-19. The total budget for the re-engagement incentive is \$4.8 million.

National VET system and skills reform

National Skills agenda

The pace and focus of the national reform agenda was also strongly impacted by the onset of the COVID-19 pandemic. Similar to the operational focus of the Department, the trajectory of reform efforts broadly follows three phases: Pre-COVID-19 (July 2019 to February 2020), the COVID-19 response phase (March 2020 to mid-May 2020) and the Recovery phase (May 2020 onwards).

There was also a significant body of work throughout 2019-20 which continued on a 'business as usual' basis, albeit under challenging circumstances. The main body of work to support the VET system involves the review of national training products to ensure they meet WA's industry needs. This included coordinating WA's response to national training package development, review and reform. Advice and assistance was provided to industry stakeholders on transitions to new training products, including those relating to apprenticeships and traineeships.

Over 2019-20:

- 135 stakeholders were engaged in training package development;
- the nominal hours for 27 training packages were assessed and approved for delivery in WA; and
- 24 Cases for Change and Industry Skills Forecasts were reviewed and discussed with stakeholders to inform future skills development.

Input was also provided on the amendments to the *National Vocational Education and Training Regulator Act 2011*, the review of the Australian Qualifications Framework, the *Review of senior secondary pathways into work, further education and training*, and the many national working groups covering all aspects of the VET system.

Pre-COVID-19: National Skills agenda

The national reform agenda has been driven in large part by recommendations from the *Expert Review of Australia's Vocational Education and Training System* (the Joyce Review) released in April 2019. The Department has contributed to the national VET reform agenda through the Skills Senior Officials Network and the Council of Australian Governments (COAG) Skills Council processes.

Draft VET Reform Roadmap

In August 2019 COAG endorsed three priority areas for VET reform and requested Skills Ministers to develop a VET Reform Roadmap to achieve the objectives of these priority areas. The three priorities endorsed by COAG were Quality, Relevance and Accessibility.

A draft Roadmap was prepared by the Skills Senior Officials Network and in February 2020 released for public comment. The Department coordinated a whole of government response and input from key industry stakeholders. The Commonwealth Government Skills Package announced in the May 2019 budget provides funding for three key initiatives outlined in the Joyce Review, including Skills Organisations pilots, the National Careers Institute and the National Skills Commission, the latter being established through an Act of Parliament and currently operating with an interim commissioner. These initiatives were incorporated into the draft Roadmap.

Seven strategies have been developed to drive reforms and deliver against the three priority areas of the draft Roadmap, which are yet to be considered by Governments.

National VET Funding

Following on from the Joyce Review recommendations on national funding arrangements, on 15 November 2019 the Commonwealth Government tasked the Productivity Commission to review the National Agreement for Skills and Workforce Development (NASWD). The Productivity Commission review will provide the Commonwealth Government with options to reform VET funding, including the National Partnership on the Skilling Australians Fund. The Department coordinated the State Government's response to the Productivity Commission's Issues Paper and the Interim Report released in June 2020. The final report is due to be released in November 2020.

The NASWD currently provides around a third of the public funding received by the Department for skills and workforce development. The Commonwealth Government has indicated it would like to move to a market based approach, with nationally efficient prices, contestable markets and priorities set by the newly formed National Skills Commission.

The State Government continues to advocate strongly to ensure training priorities respond to local industry needs and the TAFE network is viably maintained, augmented by a substantial network of quality assured contracted private training providers. This network is crucial to ensuring Western Australian employers, students and the community continue to have access to vital training services. The Department has played a pivotal role in advising government and advocating for the State's position.

COVID Response Phase

Pivotal role of Skills Ministers

The Skills Council meetings are typically held twice per year. At the beginning of the COVID-19 pandemic these meetings moved to a fortnightly schedule to support the need for a rapid national skills response to protect students, assist employers and support training providers during the crisis.

Skills Ministers across Australia rapidly rolled out a series of nationally consistent strategies including:

- identifying, funding and delivering urgently needed skills such as infection control training;
- ensuring the viability of training providers through enhanced regulatory flexibility and the lowering or suspension of registration fees; and
- working with the education sector to support international students.

Fast tracked approvals process established

In April 2020, the Skills Council established the Australian Industry Skills Committee Emergency Response Sub-Committee (sub-committee). The purpose of the sub-committee is to enable short-term and urgent adjustments to qualifications and training package requirements to respond to areas of critical workforce and skills needs during the COVID-19 pandemic. New timelines were set to allow for turnaround of critical skills issues or creation of skill sets within five working days, other training product development for endorsement by Skills Ministers was given a 14-21 day turnaround.

Infection control skill sets funded to safely re-open the economy

Skills Council quickly identified the urgent need for businesses to receive training to stop the spread of COVID-19. In June 2020, WA signed the Project Agreement for the National Infection Control Training Fund which secured \$8.26 million (including the State's 50 percent contribution) in total funding for the delivery of infection prevention and control training.

National Partnership for Skilling Australians Fund re-calibrated to support apprenticeship system

Given the significant impact COVID-19 had on workplaces and apprenticeship and traineeship commencements, the State Government negotiated the adjustment of performance reporting requirements for the National Partnership on the Skilling Australians Fund and was able to attract the full payment of \$32 million for the 2019-20 financial year.

Recovery Phase

In order to prepare for the gradual and partial reopening of the economy, on 15 May 2020 Skills Ministers decided to expand the scope of the Australian Industry Skills Committee Emergency Response sub-committee to enable it to continue its role in fast tracking national training products to meet medium and longer term critical skills needs and support economic recovery. Early work of the sub-committee included cyber security skill sets and reviewing the impact of COVID-19 on mandatory workplace requirements in training package products.

National Federation Reform and Governance arrangements

On 29 May 2020 National Cabinet replaced the COAG model with a National Federation Reform Council, within which responsibility for all National Partnership Agreements sits with the Council on Federal Financial Relations. The COAG Councils and Ministerial Forums are being reviewed by the Commonwealth Government. The outcome of the review is likely to change the frequency of Skills Ministers meetings and their terms of reference.

The new National Cabinet model has a specific focus on creating jobs as part of Australia's recovery from COVID19. In response, Skills Senior Officials commenced work on refining the Draft VET Reform Roadmap to focus on the key reforms required for the skills sector to support Australia's recovery from the COVID-19 pandemic.

Apprenticeships and traineeships

The Department continued to focus its efforts on increasing apprenticeships and traineeships during 2019-20, especially in priority industry areas. This was aided by the introduction of the Jobs and Skills WA Employer Incentive (see page 15).

Apprenticeship and traineeship commencements were significantly impacted by COVID-19 in the months of April and May 2020, resulting in lower commencements for the year 2019-20 overall compared to the preceding year.

A number of apprentices and trainees were either suspended or terminated from their employment as a result of COVID-19. Free training for displaced apprentices is now available so they can continue their institutional training for six months, further developing their skill and attractiveness to prospective employers. An employer incentive for re-engaging displaced apprentices and trainees has been made available, with \$6,000 available when employing out of contract apprentices and \$3,000 for trainees.

Apprenticeship and traineeship activity levels in 2019-20 were as follows:

- Commencements – 16,012
- Completions – 9,314
- In training (as at 30 June 2020) – 28,324
- Apprentices and trainees with Group Training Organisations (in training as at 30 June 2020) – 2,988
- School based apprentices and trainees (in training as at 30 June 2020) – 1,929

Apprenticeship and traineeship programs

Priority Start

The Department continues to lead the Government's implementation and administration of the *Priority Start* policy, assisting contracting agencies and contractors to comply with policy requirements. In 2019-20, the Department developed and published the Priority Start Audit and Compliance Framework, and a range of associated resources to enhance policy compliance measures. Some head contractors continued reporting

under the former policy, as their contracts were due for completion during the year or they were awaiting transition to *Priority Start*.

Travel and Accommodation Allowance

Through the Travel and Accommodation Allowance, the Department provides financial support for apprentices and trainees that are required to travel long distances to attend off the job training. In 2019-20, 1,502 apprentices and trainees received funds totalling \$1,875,645 through the Travel and Accommodation Allowance program.

Elite Athletes Apprenticeship and Traineeship arrangements

This new initiative was developed in collaboration with the WA Institute of Sport and the West Coast Eagles Football Club to encourage elite athletes to consider an apprenticeship or traineeship as a career option as they transition out of a sporting career. Through the initiative, more flexible arrangements will allow elite athletes to manage sporting commitments and training requirements.

VET delivered to secondary students (VDSS)

During 2019-20, the Department further cemented reforms to the VDSS program by:

- Supporting the Department of Education to develop a third 'general pathway', giving secondary students the option to study ATAR and VET courses and still obtain their Western Australian Certificate of Education.
- Supporting the operations of the Department of Education's preferred provider panel for RTOs delivering VET in public schools to ensure support for improvements to quality.
- Maintaining the VET qualifications register which provides industry advice for schools and RTOs on the suitability of qualifications and delivery requirements to meet industry standards.
- Jointly managing an online research tool for schools to assist them in assessing the suitability of an RTO for auspicing arrangements.

In March 2020, the Commonwealth Government released *Looking to the Future: Report of the Review of Senior Secondary Pathways into Work, Further Education and Training*, completed by Professor Peter Shergold AC. Several recommendations from the Shergold Review align with reforms in the draft VET Reform Roadmap, such as micro-credentials and the quality of training and career information.

During 2019 there were 8,706 enrolments by students in VDSS programs funded by the Department, an increase of 23 percent compared to 2018.

Jobs and Skills WA

Jobs and Skills Centres (JSCs)

JSCs are one-stop shops for careers, training and employment advice and assistance. Services are free, and accessible to all Western Australians. JSCs are located at 13 TAFE campuses throughout WA, with additional outreach locations for regional areas. JSC services include career guidance, interview assistance, training and/or course information and free online resources. Services are provided in partnership with ten not-for-profit service providers across regional WA and two service providers who provide specialist services for ex-offenders and people from Culturally and Linguistically Diverse backgrounds.

During 2019-20, the Jobs and Skills Centres assisted 15,070 individual clients, including 2,480 individual Aboriginal clients, and 2,140 organisations. In total, 52,420 service activities were provided to individual clients, including:

- 18,820 career services
- 2,410 apprenticeship and/or traineeship assistance
- 7,930 resume assistance
- 7,000 training and/or course information
- 7,730 job search and application support
- 8,530 other service activities, including computer kiosk assistance, mentoring support and skills and qualification recognition.

There was increased demand for JSC services, particularly after the government relaxing of COVID-19 restrictions and the introduction of various government initiatives. JSCs responded with agility to adopt flexible models in delivering services during the COVID-19 restrictions.

There was a significant increase in the provision of training and course information services in response to the Department's strategies to assist in the post recovery period.

Jobs and Skills WA website

The Jobs and Skills WA website was launched in 2018 to:

- help people find funded training courses delivered in Western Australia and access career information and resources; and
- provide information and resources to support employers.

The website has two jobs boards to help jobseekers find jobs in their local area with assistance from their JSC. The Aboriginal Services jobs board supports employers to advertise and fill vacancies by creating strong connections between employers and the JSCs, and promotes employment opportunities to Aboriginal jobseekers.

Information about new training initiatives were promoted through the website, including the new Jobs and Skills WA Employer Incentive, which commenced on 1 July 2019, and the *Lower fees, Local skills* initiative, which saw course fees halved and capped from 1 January 2020.

In response to COVID-19, free online job search information and resources were added to the website to help displaced workers find new jobs. A new *Career Connect* Facebook community was also launched to provide jobseekers with access to information and career guidance.

During 2019-20, 932,901 people visited the website and the Jobs and Skills WA social media channels had 2,118 Facebook followers and 520 Twitter followers.

Aboriginal participation and support for training

The Department's efforts to increase its focus on assisting Aboriginal people delivered successful outcomes during 2019. Course enrolment data for 2019 was as follows:

	2018	2019
Aboriginal course enrolments	11,674	11,633
Aboriginal School Based Training (institutional)	204	222
Aboriginal students in Participation program	1,683	1,659

Services to Aboriginal people were affected by COVID-19 between March and June of 2020, especially in WA's north. Reduced enrolment numbers are largely due to cancellations resulting from COVID-19, including as a result of travel restrictions that applied to remote Aboriginal communities.

As at June 2020, apprenticeship and traineeship data was as follows:

	2018-19	2019-20
In training		
Aboriginal apprentices and trainees	2,033	2,111
School-based Aboriginal apprentices and trainees	472	404
Aboriginal apprentices and trainees with Group Training Organisations	712	600
School-based Aboriginal apprentices and trainees with Group Training Organisations	408	328
Commencements		
Aboriginal apprentices and trainees	1,558	1,495
School-based Aboriginal apprentices and trainees	392	270
Aboriginal apprentices and trainees with Group Training Organisations	596	385
School-based Aboriginal apprentices and trainees with Group Training Organisations	337	197
Completions		
Aboriginal apprentices and trainees	708	639
School-based Aboriginal apprentices and trainees	195	189
Aboriginal apprentices and trainees with Group Training Organisations	285	242
School-based Aboriginal apprentices and trainees with Group Training Organisations	168	154

Aboriginal jobseekers continued to be a major focus for the statewide network of Jobs and Skills Centres, with services provided to 2,480 individual Aboriginal clients during 2019-20.

Other key activities undertaken by the Department in 2019-20 included:

- Established the Director Aboriginal Policy, Planning and Reconciliation position to provide specialist Aboriginal cultural advice and information to inform and support Aboriginal inclusion and reconciliation in the VET sector.
- Developed a delivery strategy for remote Aboriginal communities.
- Contributed to the West Pilbara Plan to deliver VET outcomes for Aboriginal people in Roebourne.
- Developed *Guidelines to support Aboriginal Engagement* with the Jobs and Skills Centres and TAFE colleges for use by people working with Aboriginal jobseekers.
- Contributed to a communications plan to encourage Aboriginal people to work in the hospitality industry (with WA Tourism).

- Participated at the Deadly Jobs Expo in July 2019, which enabled employers to engage with more than 4,000 local Aboriginal people.
- Continued implementation of the Reconciliation Action Plan (RAP) and commenced development of a 'Stretch' RAP.

Economic diversification and responding to skills needs

Diversify WA is the State Government's Economic Development Framework that focuses on growing and diversifying the Western Australian economy to create jobs. The Department performs an important function in supporting the *Diversify WA* strategy through its leadership role in training and workforce development.

During 2019-20, the Department worked closely with key industry, government and community members across WA to facilitate training and workforce development strategies aimed at building, attracting and retaining a skilled and diverse workforce for Western Australian industry.

Monitoring workforce needs

Each year, the Department has produced the State Priority Occupation List (SPOL) in consultation with key stakeholders. The SPOL is a list of occupations rated according to their priority status for WA, which guides the allocation of subsidised training programs into areas of prioritised need and informs WA workforce development planning. The 2019 SPOL was released in August 2019 and informed State training priorities for 2020.

With the onset of COVID-19, the Department was required to adjust its approach to developing the SPOL, as the effectiveness of traditional approaches to labour market analysis and modelling were impacted by the sudden and dramatic shifts in the labour market. In response, the Department adopted a more responsive and flexible labour market evidence base, incorporating new and existing data sources and a combination of traditional and innovative statistics to provide near real-time data to inform a range of workforce development and training policy purposes. This work has been undertaken in close collaboration with other economic agencies including the Department of Treasury and the Department of Jobs, Tourism, Science and Innovation.

WA Defence and Defence Industries Strategic Plan

The State Government has committed to making defence a priority sector and has recognised its importance for economic diversification and job creation. Ensuring Western Australian defence industry capability and infrastructure is matched to the current and emerging requirements is crucial if WA is to remain competitive in bidding for future work.

To support the State's vision, the Department funded and supported the establishment of the WA Defence Industry Workforce Office at South Metropolitan TAFE to develop Maritime and Anti-Submarine Warfare Workforce Development Plan 2020-2024, with a focus on vocational education and training of blue collar workers. The Premier delivered a summary of the draft plan to the Commonwealth Minister for Defence in March 2020, in support of the State's campaign to transition full cycle docking of submarines to WA.

A number of initiatives are being implemented to increase the supply of skilled workers into defence-related occupations including:

- reduced fees under the *Lower fees, local skills* initiative for apprenticeship and pre-apprenticeship qualifications relating to the defence industry sector including engineering (fabrication and mechanical) and electrical;

- the upgrade of training equipment at South Metropolitan TAFE Naval Base campus, including welding simulators to ensure students have access to real training scenarios and real time feedback; and
- the development of skill set training and teaching resources.

In addition to the blue collar workforce initiatives, workforce planning on the white and grey collar maritime defence workforce is currently being progressed by the WA Defence Industry Workforce Office in consultation with industry and universities.

The *Report on the Review of Skills, Training and Workforce Development* delivered in June 2020 reinforced that the Defence Industry should continue to be a priority for the VET sector to support the State Government's focus to further diversify WA's economy.

Tourism and Hospitality Skills Strategy

The Department partnered with the State Training Board to develop a Tourism and Hospitality Skills Strategy to help grow the tourism and hospitality industries in the State. The skills strategy was developed with extensive collaboration from key industry and government stakeholders to understand the specific skills needs of these industries. While COVID-19 meant the postponement of the release of the report, it has been a useful resource in considering training responses in COVID-19 recovery.

The State Training Board has signalled that further work will be undertaken to update the strategy to include the impacts of COVID-19, with the intention to recast the strategy to rebuild and strengthen the sector against future market disruptions.

Science, Technology, Engineering and Mathematics (STEM)

STEM skills are critical to WA's future economy. The Department's Director General represents the important contribution of VET to the State STEM Strategy, working with the Chief Scientist to advance STEM skills development. During 2019-20, the Department progressed a range of strategies and initiatives to skill up Western Australians in these important areas, including the following.

- Prioritisation of STEM qualifications in publicly funded training and priority training, including *Lower fees, local skills* courses and the new free job ready skill sets, including agriculture and cyber security.
- Contributed to the development of the *Take 2 STEM* initiative to promote STEM, with a focus on increasing participation in under-represented groups, including girls and women, people from lower socio-economic backgrounds and Aboriginal students.
- Promotion of STEM on the Jobs and Skills WA website, including highlighting STEM-specific occupations and a list of publicly funded vocational STEM courses.
- Partnering with industry and supporting TAFE colleges to develop qualifications and skills and create new career pathways including:
 - the Resources Industry Collaboration focused COVID-19 response, with Rio Tinto covering course fees for up to 200 displaced apprentices to complete the automation qualification developed jointly by Rio Tinto and South Metropolitan TAFE, to give students the knowledge and skills to work at top-tier automation facilities.
 - the Work in Agriculture and Broadacre Harvest Operations skill sets, delivered at Muresk Institute by South Regional TAFE, specifically targeting the skill requirements for agriculture and rural employment.
 - North Regional TAFE's development of instrumentation training, working with Woodside, Programmed, Yara, and BHP, responding to growing demand as systems become increasingly automated.
 - Investigating future workforce requirements, including training pathways, skills and workforce development needs for renewable hydrogen and future battery downstream processing with South Metropolitan TAFE.

- o the International Centre for Radio Astronomy Research collaboration with North Metropolitan TAFE, providing students with industry experience through work on projects for clients, including the development of GLEAMOSCOPE VR, an app which showcases WA's night sky.

In 2019, 33 percent of Department funded VET course enrolments were in STEM qualifications.

National Disability Insurance Scheme

From late 2019-20, as part of the National Disability Insurance Scheme's implementation, work commenced on a new NDIS Job Matching Service designed to connect skilled people to the disability sector. Funded by the Department of Communities, the service aims to link employers with jobseekers, including VET graduates, to fill current vacancies and identify future skills needs. Implementation is planned for 2020-21.

Primary industries

Through Muresk Institute, the Department continued to champion careers in agriculture and broker industry driven short courses and nationally accredited qualifications to support current and emerging skills needs in primary industries. In March 2020, the Department held a workshop with key agricultural mechanisation stakeholders to consider improved and expanded training delivery for their industry, which informed a proposal to establish a Specialist Centre for Agricultural Mechanisation at Muresk Institute. Throughout 2019-20, Muresk Institute also brokered training opportunities with a range of schools in an effort to shift perceptions of the primary industries sector to a more contemporary view and increase the number of young people pursuing employment in primary industries. Further information about Muresk Institute's activities and achievements is at page 29.

Future Battery Industry Skills Gaps Analysis

In 2019-20, the Department partnered with South Metropolitan TAFE to research and report on WA's current and future VET skills gaps in the future battery value chain to inform the State Government's *Future Battery Industry Strategy*. The work builds on South Metropolitan TAFE's partnership in the Future Battery Industries Cooperative Research Centre to develop a national workforce development strategy. The key findings of the report were released to the Future Battery Industry Interagency Working Group in January 2020, with the key recommendations and further development of training markets to be implemented during 2020-21.

METRONET

The Department is leading construction of facilities at North Metropolitan TAFE Midland campus to support training for METRONET projects. Stage one involves the refurbishment of a workshop into a signalling maintenance workshop and simulated signalling control centre, estimated for completion in October 2020. Stage two involves the construction of a signalling railyard, with actual signalling equipment, boom gates, cross overs and rail switches for simulated training experience. It is anticipated that Stage two construction will commence in October 2020 and be completed in February 2021. This will enable the State to train signalling technicians for METRONET and other rail operations across WA, including in the resources sector.

Heavy vehicle driver training

During COVID-19, the importance of the transport and logistics industry to the WA economy was fully realised, with increased demand for people in the industry leading to a shortage of qualified truck drivers. The Department partnered with South Regional TAFE to develop a heavy vehicle driver training program at the Collie campus in response to addressing the skills shortage for the freight industry in Western Australia. The pilot is scheduled for implementation in Semester 2 2020, and longer term strategies to address wider freight industry skills shortages issues will be proposed.

LNG Jobs Taskforce – Education, Training and Innovation

The Department continued to collaborate with industry, government and training stakeholders to address inconsistencies in approaches to training across the oil and gas sector by standardising the approach to apprenticeships and traineeships to ensure a consistent pipeline of skilled workers in the sector.

State Aviation Training Strategy

The Department continued to collaborate with industry stakeholders to understand the training needs of the aviation industry. The aviation industry is essential to enable people to live and work in regional Western Australia and is an important enabler of the regional economic development that underpins export income in the State. The finalisation of the State Aviation Training Strategy has been postponed due to the significant current and ongoing impact of COVID-19 on the aviation industry.

Building and Construction Industry Training Fund (BCITF) Levy

An independent statutory review of the operation and effectiveness of the *BCITF and Levy Collection Act 1990* was completed and tabled in State Parliament in December 2019. While the review found that the BCITF effectively achieves its objectives, 22 recommendations were made to enhance the operation of the Act and the Construction Training Fund. The State Government endorsed three proposals for legislative change to be implemented immediately.

The Department led the process to effect amendments to the Act, with the changes receiving Royal Assent on 27 May 2020. The new provisions provide the following:

1. project owners are allowed to pay the assessed levy in yearly instalments, where the assessed levy is more than \$1 million, on a pro-rata basis over the life of the construction work, or over another period as agreed to by the Minister.
2. the appointment of two additional members to the Board, one with experience and/or expertise in mining construction projects and the other in petroleum construction projects; and
3. a limit of 10 years on the length of continuous service by Board members.

Supporting regional WA

Monitoring regional workforce needs

During 2019-20, support to regional training and workforce development continued, with strong stakeholder engagement in regional WA to provide advice to Government on local labour market conditions.

Throughout the year the Department conducted labour market analysis to identify employment needs of the regions and ensure that training delivered in the region by TAFEs or private RTOs is aligned with current and future job growth.

In response to COVID-19, and after consulting with inter-agency stakeholders, the Department changed the focus of its regional labour market analysis in 2019-20 to:

- gather real time information on how the response to COVID-19 was impacting each of the industry sectors across regional WA; and
- engage more directly with industry and business to identify training needs and develop practical and responsive training solutions for the post-COVID-19 recovery period.

Labour market analysis provided up to date information about the impacts of COVID-19 and the State's labour market recovery, informing migration and other labour supply and demand policies.

VET regional partnerships

The Department supports TAFE colleges to establish VET regional partnerships that invest in new and innovative long term partnerships to create training and job opportunities in regional communities. VET regional partnerships progressed in 2019-20 are outlined below.

North Regional TAFE

- Program with Emama Nguda Aboriginal Corporation to commercialise breeding of cherabin at Broome Aquaculture Centre.
- Project with Lake Kununurra barramundi restocking group resulted in 300,000 stock barramundi being released into Lake Kununurra.

Central Regional TAFE

- Project to harness the collective expertise of regional partners focusing on biodiversity and conservation.
- Project with AFGRI Equipment for employment based training.

South Regional TAFE

- Collaboration with North Metropolitan TAFE to deliver the Certificate IV in Electrical Instrumentation in the South West region.
- Collaboration with South Metropolitan TAFE to align academic practice and delivery of the two core units of the Certificate III in Electro-technology (Electrician) and the two core units of the Certificate IV in Preparation for Health and Nursing Studies to minimise duplication of effort across the TAFE sector.

Muresk Institute

Muresk Institute continued to work closely with its partners to meet the demand for skilled workers in the agricultural sector. In 2019-20:

- 1,830 students were enrolled in full-time and short courses;
- 228 students from 11 WA secondary schools attended the third annual Drone vs Dog competition;
- partnerships were developed with industry and universities for cutting edge research and development, leveraging off Muresk Institute's SMART farm technology;
- the Stud Merino Breeders' Sire Evaluation program entered its fifth year;
- a partnership was developed with Murdoch University for livestock sensor trials which allows real-time monitoring; and
- Muresk Institute was established as the trial site for a four year desalination plant project in partnership with the Wheatbelt Development Commission, Murdoch University, the Water Corporation and Moerk Water.

Consultation with industry occurred to develop nationally accredited micro-credentials which address priority skills, including entry skill sets and just-in-time skill sets.

As a result of COVID-19, the number of students enrolled at Muresk Institute dropped by 1,323 from 1 March 2020 to 30 June 2020, when compared to the same period in the previous reporting year.

Strategies put in place by Muresk Institute to counter the impact of COVID-19 included:

- moving to a blended training model through online and interactive technologies; and
- developing a suite of nationally accredited micro-credential skill sets after significant consultation with industry, which will address priority skill needs, including entry skill sets and just-in-time skill sets.

International training and skilled migration

International training

The State's International Education Strategy and Asian Engagement Strategy continued to guide international training strategies in the WA TAFE sector. The State's sister state relationship with Zhejiang Province in China was strengthened through establishing a WA-Zhejiang Higher Vocational Education Consortium between the Zhejiang provincial Department of Education, North Metropolitan TAFE and South Metropolitan TAFE. South Metropolitan TAFE was recognised as a Top 50 Vocational Institution in Asia-Pacific for a second consecutive year by the International Cultural Resource Organisation. The award recognises training institutions that have made outstanding contributions in the cultivation of technical and skilled personnel in the Asia-Pacific.

In January 2020, the Minister for Education and Training led an international education delegation to Shanghai in recognition of the new direct flight between Shanghai and Perth. The delegation included representatives from StudyPerth, universities and the school and TAFE sectors to promote Perth as a premier international education destination for Chinese students.

In early 2020, COVID-19 had a significant impact on international students in Western Australia due to international border closures and COVID-19 restrictions. TAFE International WA (TIWA) assisted international students through welfare support, social support and helping students to access assistance to secure airfares to return home. TIWA students were also supported to access services including the State Emergency Welfare Program, the Lotterywest COVID-19 Relief Fund and welfare services coordinated by Consulates, Asian Business Councils and ethnic community groups.

During 2019-20, TIWA:

- enrolled 5,571 international students¹, comprising 2,246 VET students, 458 ELICOS students and 2,867 public school students;
- conducted 240 offshore and 117 onshore promotional and marketing activities, which included agent training; and
- Promoted international education in WA to prospective students in approximately 100 countries.

State Nominated Migration Program

In November 2019, the Graduate Stream of the State Nominated Migration Program was expanded to include international VET graduates and the criteria amended to grow the State's share of the international education sector and provide an accessible migration pathway for international students who graduate in Western Australia. The Graduate Occupation List was also expanded in line with State priority occupations.

¹ School aged dependents of post-graduate students and dependents of other visa holders are included in international student enrolment data, consistent with Outcome and Key Effectiveness Indicators. These international enrolments were not included in the international training section of the Department's 2018-19 annual report but were included in the 2018-19 Outcome and Key Effectiveness Indicators.

Promoting training and skills

WA Training Awards

The WA Training Awards is the State's premier awards program recognising excellence in vocational education and training. In its 25th year in 2019 the WA Training Awards had 13 categories. The spotlight was on the State's key skill areas including building and construction, social assistance and allied health and STEM.

Given the impact of COVID-19, the 2020 WA Training Awards categories were limited to five individual student categories, including:

- WA Apprentice of the Year
- WA School-based Apprentice of the Year
- WA Trainee of the Year
- WA Vocational Student of the Year
- WA Aboriginal and Torres Strait Islander Student of the Year

Winners of individual categories will be nominated for the Australian Training Awards in 2020.

Australian Training Awards

The Australian Training Awards are the peak national awards for the VET sector recognising individuals, businesses and registered training organisations for their contribution to skilling Australia. In 2019, Western Australians were recognised in three categories:

- Barminto (Large Employer of the Year Award).
- Matthew King (Runner-up VET Teacher/Trainer of the Year Award).
- Wayne Collyer, former Managing Director at South Metropolitan TAFE and Central Regional TAFE, received the honourable Lifetime Achievement Award.

WorldSkills

WorldSkills is Australia's largest vocational education and training competition which promotes and develops the skills and talents of VET students. The WorldSkills WA regional competitions² were held from July to October 2019 and involved:

- 509 participants
 - 331 open level competitors
 - 178 VETiS³ level competitors
 - 67 competitions facilitated by the Department
 - 46 open level competitions
 - 21 VETiS level competitions
 - 41 skill categories
 - 28 open level categories
 - 13 VETiS level categories
 - 162 participants from regional (non-metropolitan) areas
-

² Regional competitions are competitions held across WA in Perth North, Perth South, South West WA, North West WA and Goldfields.

³ VETiS (VET in Schools) is a term used by WorldSkills Australia who own and operate the competition program. The Western Australian initiative with the same name is now known as VET delivered to secondary students.

- o 89 open level competitors
 - o 73 VETiS level competitors
- 10 Aboriginal and Torres Strait Islander competitors

The 2020 WorldSkills National Championships were due to be hosted in Perth in August 2020 but have been postponed until 2021 due to COVID-19.

Skills West Expo

The free Skills West Expo, held in August 2019, attracted more than 10,000 visitors including 5,000 secondary school students. The expo featured over 80 industries, employers and training organisations showcasing employment and vocational education and training opportunities.

Quality and accountability

During 2019-20, the Department continued to focus on quality, improved resource allocation processes, increased compliance and risk management. Quality control was improved with the integrated quality framework, which ensures that only high quality training providers are engaged to deliver training and risks to the Department are minimised. Quality systems were refined in late June as part of the Department's response to COVID-19.

RTO audit and compliance

Audit and compliance measures continued in 2019-20, with contracted RTOs systematically reviewed to ensure they were meeting contractual obligations.

In 2019-20, the Department conducted:

- 46 General Program contractual audits (desktop);
- 29 General Program contractual audits (site); and
- 2 Contract Extension contractual audits (desktop).

Risk assessment and audit processes were undertaken with feedback gathered from RTOs, analysis of internal data and intelligence sourced and analysed from national agencies and regulators. Measures were put in place to further reduce the level of risk, which included:

- further improvement to communication and consultation;
- strengthened working relationships with regulators;
- expanded risk indicators covering systemic risk measures based on sector wide issues impacting particular training products and/or specific industry areas; and provider risk measures based on RTOs behaviours and practices; and
- expanded audit scope for desktop and site audits, to assess compliance with additional contractual obligations.

COVID-19 had a significant impact on the Department's audit and compliance services, resulting in a reduction in audits to limit intrusion at a time when RTOs were adapting delivery arrangements to blended learning and observing social distancing requirements:

- All site audits were suspended from March to 1 July 2020 to avoid non-essential travel and implement social distancing measures.
- Desktop audits were suspended between 11 April and 30 June 2020 to reduce the burden on RTOs.
- The audit plan was adjusted to conduct virtual monitoring checks on RTOs' level of compliance and reported activity, and to work with RTOs to address any identified issues.
- The Department worked closely with regulators to support RTOs during COVID-19.

Student Satisfaction Survey

The Department conducts an annual Student Satisfaction Survey to gather data on student satisfaction levels at TAFE colleges, the Western Australian Academy of Performing Arts (WAAPA) and publicly funded private RTOs.⁴

Data gathered for 2019 showed that the overall satisfaction with training among students at TAFE colleges and WAAPA was 87.5 percent, with satisfaction for specific student cohorts as follows.

- Institution based students – 86.5 percent
- Employment based students – 90.7 percent
- Aboriginal students – 93.5 percent
- Students with disability – 83.0 percent

The overall satisfaction with training among students at publicly funded private RTOs was 88.1 percent.

Internal audit

The Department's Internal Audit function is managed in-house and overseen by an Audit and Risk Committee (ARC). The ARC comprises a Chair and three members who are all independent of the Department. The Director General, senior Department officers and a representative from the Office of the Auditor General attend ARC meetings as observers.

During 2019-20, 17 internal audits were conducted and a total of 33 internal audit findings and 15 opportunities for improvement/points of note identified.

Treasurer's Instruction 1201 Internal Audit (TI 1201) was amended during 2019-20. Major amendments included the requirement for audit committees to comprise of at least three independent members, inclusive of a suitably qualified independent chair. The Department amended its committee membership and both its Audit and Risk Committee Charter and Internal Audit Charter to meet the new requirements of TI 1201.

⁴ The proportion of graduates satisfied with the overall quality of training is separately reported as part of the Department's key performance indicators, sourced from a separate survey conducted by the National Centre for Vocational Education Research.

DISCLOSURES AND COMPLIANCE

Financial Statements

Certification of financial statements

For the reporting period ended 30 June 2020

The accompanying financial statements of the Department of Training and Workforce Development have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2020 and the financial position as at 30 June 2020.

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



GLEND A HUSK
Chief Finance Officer

25 August 2020



ANNE DRISCOLL
Director General

25 August 2020



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF TRAINING AND WORKFORCE DEVELOPMENT

Report on the financial statements

Opinion

I have audited the financial statements of the Department of Training and Workforce Development which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including administered transactions and balances.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Department of Training and Workforce Development for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

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

Responsibility of the Director General for the financial statements

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

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

Auditor's responsibility for the audit of the financial statements

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

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

Report on controls**Opinion**

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

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

In my opinion, in all material respects, the controls exercised by the Department of Training and Workforce Development are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2020.

The Director General's responsibilities

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

Auditor General's responsibilities

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

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

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

Limitations of controls

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

Report on the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Department of Training and Workforce Development for the year ended 30 June 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Department of Training and Workforce Development are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2020.

The Director General's responsibility for the key performance indicators

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

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

Auditor General's responsibility

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

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

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

My independence and quality control relating to the reports on controls and key performance indicators

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

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the Department of Training and Workforce Development for the year ended 30 June 2020 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
31 August 2020

Statement of comprehensive income
For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1(a)	48 368	47 451
Supplies and services	3.3	25 464	22 555
Depreciation and amortisation expense	5.1.1, 5.2, 5.3.1	3 242	2 801
Accommodation expense	3.3	3 977	4 826
Finance costs	7.2	2	-
Grants and subsidies	3.2	471 236	470 402
Loss on disposal of non-current assets	4.5	10	4
Other expenses	3.3	5 707	2 844
Total cost of services		558 006	550 883
Revenue and Income			
User charges and fees	4.2	25 317	27 243
Commonwealth grants	4.3	190 243	185 149
Interest revenue		367	673
Other revenue	4.4	8 109	8 301
Total revenue		224 036	221 366
Gains			
Other gains	4.5	267	324
Total gains		267	324
Total income other than from State Government		224 303	221 690
NET COST OF SERVICES		333 703	329 193
Income from State Government			
Service appropriation	4.1	335 289	356 181
Services received free of charge	4.1	429	474
Royalties for Regions Fund	4.1	46 283	4 037
Grants and subsidies from State Government agencies	4.1	5 331	-
Total income from State Government		387 332	360 692
SURPLUS FOR THE PERIOD		53 629	31 499
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		53 629	31 499

The Statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position
As at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7.3	51 119	38 745
Restricted cash and cash equivalents	7.3	82 123	55 117
Inventories		53	18
Receivables	6.1	2 871	4 949
Other assets	6.3	2 347	2 199
Total current assets		138 513	101 028
Non-current assets			
Restricted cash and cash equivalents	7.3	710	565
Biological assets		364	365
Amounts receivable for services	6.2	49 063	45 301
Property, plant and equipment	5.1	31 527	29 521
Right-of-use assets	5.2	204	-
Intangible assets	5.3	14 597	16 670
Total non-current assets		96 465	92 422
TOTAL ASSETS		234 978	193 450
LIABILITIES			
Current liabilities			
Payables	6.4	8 857	8 872
Contract liabilities	6.5	7 428	-
Grant liabilities	6.6	4 142	-
Lease liabilities	7.1	83	-
Employee related provisions	3.1(b)	10 169	9 235
Other liabilities	6.7	444	11 041
Total current liabilities		31 123	29 148
Non-current liabilities			
Lease liabilities	7.1	120	-
Employee related provisions	3.1(b)	2 196	2 467
Total non-current liabilities		2 316	2 467
TOTAL LIABILITIES		33 439	31 615
NET ASSETS		201 539	161 835
EQUITY			
Contributed equity	9.8	-	-
Accumulated surplus		201 539	161 835
TOTAL EQUITY		201 539	161 835

The Statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity
For the year ended 30 June 2020

	Notes	Contributed equity \$000	Accumulated surplus \$000	Total equity \$000
Balance at 1 July 2018		-	146 216	146 216
Surplus		-	31 499	31 499
Total comprehensive income for the period		-	31 499	31 499
Transactions with owners in their capacity as owners:	9.8			
Royalties for Regions capital funding		250	-	250
Other contribution by owners		33 362	-	33 362
Distribution to owners		(49 492)	-	(49 492)
Total		(15 880)	-	(15 880)
Transfer of debit balance in contributed equity to accumulated Surplus		15 880	(15 880)	-
Balance at 30 June 2019		-	161 835	161 835
Balance at 1 July 2019		-	161 835	161 835
Initial application of AASB 15/1058		-	(17)	(17)
Restated balance at 1 July 2019		-	161 818	161 818
Surplus		-	53 629	53 629
Total comprehensive income for the period		-	53 629	53 629
Transactions with owners in their capacity as owners:	9.8			
Capital appropriations		130	-	130
Royalties for Regions capital funding		(179)	-	(179)
Other contributions by owners		2 171	-	2 171
Distributions to owners		(16 030)	-	(16 030)
Total		(13 908)	-	(13 908)
Transfer of debit balance in contributed equity to accumulated Surplus		13 908	(13 908)	-
Balance at 30 June 2020		-	201 539	201 539

The Statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows
For the year ended 30 June 2020

	Notes	2020 \$000	2019 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		331 527	352 243
Capital appropriations		130	-
Royalties for Regions Fund		46 087	4 287
Grants and subsidies from State Government agencies		5 331	-
Contribution of capital funding from other sources		-	136
Net cash provided by State Government		383 075	356 666
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(47 059)	(49 117)
Supplies and services and other expenses		(35 844)	(33 008)
Finance costs		(2)	-
Grants and subsidies		(469 150)	(467 708)
GST payments on purchases		(13 233)	(13 648)
Receipts			
User charges and fees		22 606	26 164
Commonwealth grants		194 368	185 149
Interest received		485	704
GST receipts on sales		938	940
GST receipts from taxation authority		12 295	12 708
Other receipts		9 142	8 381
Net cash provided by / (used in) operating activities	7.3	(325 454)	(329 435)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(17 397)	(17 489)
Net cash provided by / (used in) investing activities		(17 397)	(17 489)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal elements of lease payments		(116)	-
Equity transfer to TAFEs for capital purchases		(583)	(1 197)
Net cash provided by / (used in) financing activities		(699)	(1 197)
Net increase / (decrease) in cash and cash equivalents		39 525	8 545
Cash and cash equivalents at the beginning of the period		94 427	85 882
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.3	133 952	94 427

The Statement of cash flows should be read in conjunction with the accompanying notes.

Summary of consolidated account appropriations
For the year ended 30 June 2020

	2020 Budget Estimate \$000	2020 Supplemen- tary Funding \$000	2020 Revised Budget \$000	2020 Actual \$000	2020 Variance \$000
Delivery of Services					
Item 58 Net amount appropriated to deliver services	335 419	-	333 474	333 474	(1 945)
Amount authorised by other statutes - <i>Salaries and Allowances Act 1975</i>	1 815	-	1 815	1 815	-
Total appropriations provided to deliver services	337 234	-	335 289	335 289	(1 945)
Capital					
Item 128 Capital appropriations	3 060	-	130	130	(2 930)
GRAND TOTAL	340 294	-	335 419	335 419	(4 875)

No supplementary income was received by the Department.

Notes to the financial statements
For the year ended 30 June 2020

1. Basis of preparation

The Department of Training and Workforce Development is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Department is a not-for-profit entity (as profit is not its principal objective).

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

These annual financial statements were authorised for issue by the Director General of the Department on 25 August 2020.

Statement of compliance

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

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

The *Financial Management Act 2006* and the Treasurer's Instructions take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Judgements and estimates

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

Contributed equity

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

2. Department outputs

How the Department operates

This section includes information regarding the nature of funding the Department receives and how this funding is utilised to achieve the Department's objectives. This note also provides the distinction between controlled funding and administered funding:

	Note
Department objectives	2.1
Schedule of income and expenses by service	2.2
Schedule of assets and liabilities by service	2.3

2.1 Department objectives

Mission

The Department of Training and Workforce Development's mission is to build the Western Australian workforce to meet the State's economic and community needs.

The Department is predominantly funded by Parliamentary appropriations supplemented by funding received from the Australian Government.

Services

The Department provides the following services:

Service 1: Workforce Planning and Development

The Department works closely with industry, the community and across government in gathering and analysing workforce data and intelligence to identify the State's workforce development and training priorities.

Service 2: Development of Vocational Education and Training Policy and Programs

The Department develops policies and programs that promote the effective and efficient operation of the State's vocational education and training system. Policy and program development is aligned to the Department's strategic direction for workforce development and training including higher education and the school sector.

Service 3: Jobs and Skills Centre Services

Jobs and Skills Centre Services provide education and training information, career guidance to the Western Australian community, as well as employment, training and mentoring services to Aboriginal people and communities. Under the Government's election commitment, these services have largely been transitioned to 'Jobs and Skills Centres' located at the TAFE Colleges.

Service 4: Skilled Migration, including Overseas Qualification Assessment

Skilled migration, including Overseas Qualification Assessment, assesses applications from intending skilled migrants to Western Australia, and assesses post-secondary qualifications gained overseas for Western Australian residents. The service aims to facilitate skilled migration to Western Australia to supplement the local workforce and enable overseas-trained residents to access education, training and employment through recognition of overseas qualifications.

Service 5: Apprenticeships and Traineeship Administration and Regulation

Apprenticeship and Traineeship Administration and Regulation includes registration of training contracts and administration of contract variations, educating participants on training contract and legislation requirements, dispute resolution and monitoring of legislative compliance.

Service 6: Procurement of Training

Procurement of training comprises the purchasing of training delivery services from TAFE colleges and private training providers in accordance with the State's priorities and the State Training Plan. The service is differentiated according to the major Jobs and Skills WA funding categories and now includes the cost of grants and administration associated with the Employer Incentive Scheme.

Service 7: Recruitment and Management of International Students

Recruitment and Management of International Students involves the marketing of Western Australian TAFE colleges and public schools offshore and onshore, and managing admissions, compliance and welfare of international students according to relevant legislation.

Service 8: Infrastructure Management for TAFE Colleges

Infrastructure Management for TAFE colleges includes the maintenance, administration and strategic development of land and buildings used to deliver publicly funded training in campuses across the State.

Service 9: Support Services to TAFE Colleges

Support Services to TAFE colleges include the supply, management and maintenance of information communication technology, finance and human resource services.

Service 10: Regulatory services to Registered Training Organisations (RTOs)

The Training Accreditation Council (the Council) has the statutory responsibility for providing regulatory services to RTOs operating solely in Western Australia. The Council is established under the *Vocational Education and Training Act 1996* and is supported by the Department through the services of the Council Secretariat. Regulatory Services to RTOs include quality assurance and recognition of vocational education and training services.

The Training Accreditation Council Secretariat was transferred from the Department of Education on 1 January 2019.

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to, the function of the Department. These administered balances and transactions are not recognised in the principal financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at Note 10.1 'Disclosure of administered income and expenses by service' and Note 10.3 'Administered assets and liabilities'.

2.2 Schedule of income and expenses by service

For the year ended 30 June 2020

	Workforce Planning and Development		Development of Vocational Education and Training Policy and Programs		Jobs and Skills Centre Services		Skilled Migration, including Overseas Qualification Assessment	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES								
Expenses								
Employee benefits expense	4 284	4 169	4 481	4 505	869	1 525	863	579
Supplies and services	981	804	784	754	346	417	208	176
Depreciation and amortisation expense	151	117	143	124	30	43	34	25
Accommodation expense	377	401	357	425	75	148	85	85
Finance costs	-	-	-	-	-	-	-	-
Grants and subsidies	3 972	3 822	23	-	10 981	11 387	29	-
Loss on disposal of non-current assets	-	-	-	-	-	-	-	-
Other expenses	169	42	140	36	46	12	33	7
Total cost of services	9 934	9 355	5 928	5 844	12 347	13 532	1 252	872
Income								
User charges and fees	-	-	-	-	-	-	451	149
Commonwealth grants	-	-	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	-	-	-
Other revenue	39	37	40	39	10	15	9	8
Other (losses)/ gains	(12)	13	(11)	13	(3)	5	(3)	3
Total income other than income from State Government	27	50	29	52	7	20	457	160
NET COST OF SERVICES	9 907	9 305	5 899	5 792	12 340	13 512	795	712
Income from State Government								
Service appropriation	9 954	10 068	5 928	6 267	12 397	14 620	800	770
Services received free of charge	13	13	8	8	16	20	1	1
Royalties for Regions Fund	-	-	-	-	-	312	-	-
Grants and subsidies from State Government agencies	-	-	-	-	-	-	-	-
Total income from State Government	9 967	10 081	5 936	6 275	12 413	14 952	801	771
SURPLUS/ (DEFICIT) FOR THE PERIOD	60	776	37	483	73	1 440	6	59

The Schedule of income and expenses by service should be read in conjunction with the accompanying notes.

2.2 Schedule of income and expenses by service (continued)

For the year ended 30 June 2020	Apprenticeship and Traineeship Administration and Regulation		Procurement of Training		Recruitment and Management of International Students		Infrastructure Management for TAFE Colleges	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES								
Expenses								
Employee benefits expense	4 769	5 621	8 527	6 787	3 945	3 948	1 462	1 472
Supplies and services	1 622	879	3 447	3 536	3 990	3 654	1 826	1 758
Depreciation and amortisation expense	626	182	747	610	77	10	46	41
Accommodation expense	428	621	759	690	34	388	115	142
Finance costs	-	-	2	-	-	-	-	-
Grants and subsidies	28	-	436 075	434 627	18 068	19 767	1 550	799
Loss on disposal of non-current assets	-	1	-	1	10	-	-	-
Other expenses	168	53	4 290	2 263	7	61	48	12
Total cost of services	7 641	7 357	453 847	448 514	26 131	27 828	5 047	4 224
Income								
User charges and fees	-	-	18	92	24 133	26 584	-	-
Commonwealth grants	-	-	190 243	185 149	-	-	-	-
Interest revenue	-	-	88	164	279	509	-	-
Other revenue	49	61	1 547	1 717	57	111	12	13
Other (losses)/ gains	(13)	19	363	209	-	-	(4)	5
Total income other than income from State Government	36	80	192 259	187 331	24 469	27 204	8	18
NET COST OF SERVICES	7 605	7 277	261 588	261 183	1 662	624	5 039	4 206
Income from State Government								
Service appropriation	7 640	7 874	262 831	282 595	1 671	675	5 063	4 552
Services received free of charge	10	11	336	376	2	1	6	6
Royalties for Regions Fund	-	-	46 283	3 725	-	-	-	-
Grants and subsidies from State Government agencies	-	-	4 331	-	-	-	1 000	-
Total income from State Government	7 650	7 885	313 781	286 696	1 673	676	6 069	4 558
SURPLUS/ (DEFICIT) FOR THE PERIOD	45	608	52 193	25 513	11	52	1 030	352

The Schedule of income and expenses by service should be read in conjunction with the accompanying notes.

2.2 Schedule of income and expenses by service (continued)

For the year ended 30 June 2020	Support Services to TAFE Colleges		Regulatory Services to Registered Training Organisations ^(a)		Total	
	2020	2019	2020	2019	2020	2019
	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES						
Expenses						
Employee benefits expense	17 276	17 668	1 892	1 177	48 368	47 451
Supplies and services	11 541	10 188	719	389	25 464	22 555
Depreciation and amortisation expense	1 338	1 598	50	51	3 242	2 801
Accommodation expense	1 495	1 678	252	248	3 977	4 826
Finance costs	-	-	-	-	2	-
Grants and subsidies	503	-	7	-	471 236	470 402
Loss on disposal of non-current assets	-	2	-	-	10	4
Other expenses	745	293	61	65	5 707	2 844
Total cost of services	32 898	31 427	2 981	1 930	558 006	550 883
Income						
User charges and fees	-	-	715	418	25 317	27 243
Commonwealth grants	-	-	-	-	190 243	185 149
Interest revenue	-	-	-	-	367	673
Other revenue	6 335	6 282	11	18	8 109	8 301
Other (losses)/ gains	(47)	52	(3)	5	267	324
Total income other than income from State Government	6 288	6 334	723	441	224 303	221 690
NET COST OF SERVICES	26 610	25 093	2 258	1 489	333 703	329 193
Income from State Government						
Service appropriation	26 736	27 150	2 269	1 610	335 289	356 181
Services received free of charge	34	36	3	2	429	474
Royalties for Regions Fund	-	-	-	-	46 283	4 037
Grants and subsidies from State Government agencies	-	-	-	-	5 331	-
Total income from State Government	26 770	27 186	2 272	1 612	387 332	360 692
SURPLUS/ (DEFICIT) FOR THE PERIOD	160	2 093	14	123	53 629	31 499

^(a) The service has been introduced to reflect the transfer of the Training Accreditation Council Secretariat from the Department of Education on 1 January 2019. The Schedule of income and expenses by service should be read in conjunction with the accompanying notes.

2.3 Schedule of assets and liabilities by service

As at 30 June 2020	Workforce Planning and Development		Development of Vocational Education and Training Policy and Programs		Jobs and Skills Centre Services		Skilled Migration, including Overseas Qualification Assessment	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets								
Current assets	2 466	1 716	1 471	1 072	3 065	2 482	311	160
Non-current assets	1 717	1 569	1 025	980	2 134	2 270	216	146
Total assets	4 183	3 285	2 496	2 052	5 199	4 752	527	306
Liabilities								
Current liabilities	554	495	331	309	689	716	70	46
Non-current liabilities	41	42	25	26	51	61	5	4
Total liabilities	595	537	356	335	740	777	75	50
NET ASSETS	3 588	2 748	2 140	1 717	4 459	3 975	452	256

The Schedule of assets and liabilities by service should be read in conjunction with the accompanying notes.

2.3 Schedule of assets and liabilities by service (continued)

As at 30 June 2020	Apprenticeship and Traineeship Administration and Regulation		Procurement of Training		Recruitment and Management of International Students		Infrastructure Management for TAFE Colleges	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets								
Current assets	1 897	1 349	112 658	82 254	6 486	5 103	1 253	775
Non-current assets	1 321	1 234	78 461	75 247	4 517	4 669	872	709
Total assets	3 218	2 583	191 119	157 501	11 003	9 772	2 125	1 484
Liabilities								
Current liabilities	426	389	25 314	23 732	1 457	1 472	281	223
Non-current liabilities	32	33	1 884	2 008	108	125	21	19
Total liabilities	458	422	27 198	25 740	1 565	1 597	302	242
NET ASSETS	2 760	2 161	163 921	131 761	9 438	8 175	1 823	1 242

The Schedule of assets and liabilities by service should be read in conjunction with the accompanying notes.

2.3 Schedule of assets and liabilities by service (continued)

As at 30 June 2020	Support Services to TAFE Colleges		Regulatory Services to Registered Training Organisations ^(a)		Total	
	2020	2019	2020	2019	2020	2019
	\$000	\$000	\$000	\$000	\$000	\$000
Assets						
Current assets	8 166	5 763	740	354	138 513	101 028
Non-current assets	5 687	5 274	515	324	96 465	92 422
Total assets	13 853	11 037	1 255	678	234 978	193 450
Liabilities						
Current liabilities	1 835	1 664	166	102	31 123	29 148
Non-current liabilities	137	140	12	9	2 316	2 467
Total liabilities	1 972	1 804	178	111	33 439	31 615
NET ASSETS	11 881	9 233	1 077	567	201 539	161 835

^(a) The service has been introduced to reflect the transfer of the Training Accreditation Council Secretariat from the Department of Education on 1 January 2019.

The Schedule of assets and liabilities by service should be read in conjunction with the accompanying notes.

3. Use of our funding

Expenses incurred in the delivery of services

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

	Notes	2020 \$000	2019 \$000
Employee benefits expenses	3.1 (a)	48 368	47 451
Employee benefits provisions	3.1 (b)	12 365	11 702
Grants and subsidies	3.2	471 236	470 402
Other expenditure	3.3	35 148	30 225

3.1 (a) Employee benefits expenses

	2020 \$000	2019 \$000
Employee Benefits	43 634	41 543
Termination benefits	399	1 673
Superannuation – defined contribution plans	4 335	4 235
Total employee benefits expenses	48 368	47 451
Add: AASB 16 Non-monetary benefits	76	-
Less: Employee contributions	(35)	-
Net employee benefits	48 409	47 451

Employee benefits: Includes wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave; and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Department is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation: The amount recognised in profit or loss of the Statement of comprehensive income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

AASB 16 Non-monetary benefits: Employee benefits in the form of non-monetary benefits such as provision of motor vehicles or housing are measured at the cost incurred by the Department.

3.1 (b) Employee related provisions

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

	2020 \$000	2019 \$000
Current		
<u>Employee benefits provision</u>		
Annual leave ^(a)	4 083	3 192
Long service leave ^(b)	6 026	5 988
Purchased leave ^(c)	36	29
	10 145	9 209
<u>Other provisions</u>		
Employment on-costs ^(d)	24	26
Total current employee related provisions	10 169	9 235

	2020 \$000	2019 \$000
Non-current		
<u>Employee benefits provision</u>		
Long service leave ^(b)	2 190	2 460
	2 190	2 460
<u>Other provisions</u>		
Employment on-costs ^(d)	6	7
Total non-current employee related provisions	2 196	2 467
Total employee related provisions	12 365	11 702

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

Within 12 months of the end of the reporting period	2 939	2 437
More than 12 months after the end of the reporting period	1 144	755
	4 083	3 192

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

- (b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	1 880	2 050
More than 12 months after the end of the reporting period	6 336	6 398
	8 216	8 448

The provision for long service leave are calculated at present value as the Department does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

- (c) **Purchased leave liabilities:** Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. This leave must be used each calendar year and cannot be accrued from year to year.
- (d) **Employment on-costs:** The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses, note 3.3' and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'

Employment on-costs provision

	2020 \$000	2019 \$000
Carrying amount at start of period	33	51
Reversals of provisions recognised	(3)	(18)
Carrying amount at end of period	30	33

Key sources of estimation uncertainty – long service leave

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

Several estimates and assumptions are used in calculating the Department's long service leave provision. These include:

- Expected future salary rates;
- Discount rates;
- Employee retention rates; and
- Expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

3.2 Grants and subsidies

	2020 \$000	2019 \$000
Recurrent		
Contracts and agreements for the delivery of training and employment services by:		
TAFE colleges and Western Australian Academy of Performing Arts	356 349	355 522
Private training providers	80 691	84 212
Other training providers	26 524	28 215
Employer Incentive Scheme payments ^(a)	5 676	-
Other grants	1 996	2 453
	471 236	470 402

^(a) The Employer Incentive Scheme was introduced on 1 July 2019 to grow apprenticeships and traineeships and make it more affordable for employers to take on apprentices and trainees.

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

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

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

3.3 Other expenditure

	2020 \$000	2019 \$000
Supplies and services		
Commissions	1 735	1 521
Communications	3 313	3 024
Consultants and contractors	13 403	10 337
Electricity and water expenses	680	682
Minor equipment purchases	3 199	3 675
Operating leases	193	508
Other staffing costs	341	265
Other ^(a)	1 918	1 768
Services received free of charge from other government agencies	428	474
Travel	254	301
Total supplies and services expenses	25 464	22 555

	2020 \$000	2019 \$000
Accommodation expense		
Rentals ^(b)	3 976	4 822
Leasing consultancy services	1	4
Total accommodation expense	3 977	4 826
Other expenses		
Repairs, maintenance and minor works	769	766
Employment on-costs	193	10
Expected credit losses expense	-	81
VET FEE HELP Assistance scheme	2 969	1 347
Disposal costs ^(c)	191	98
Miscellaneous expenses paid on behalf of TAFEs	492	274
Other	1 093	268
Total other expenses	5 707	2 844
Total other expenditure	35 148	30 225

^(a) Includes insurance payments to the Insurance Commission and Riskcover fund.

^(b) Included within rental costs are variable lease payments and low value leases of up to \$5,000. This excludes leases with another wholly-owned public sector lessor agency. Refer to note 5.2 for variable lease payments and low value leases expenses.

^(c) Disposal costs relating to biological assets.

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

Rental expenses include:

- i. Short term leases with a lease term of 12 months or less;
- ii. Low-value leases with an underlying value of \$5,000 or less;
- iii. Variable lease payments, recognised in the period in which the event of condition that triggers those payments occurs; and
- iv. Government Office Accommodation under a Memorandum of Understanding (MOU) Agreement with the Department of Finance for the leasing of office accommodation.

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

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

Expected credit losses is an allowance of trade receivables, measured at the lifetime expected credit losses at each reporting date. The Department has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to note 6.1.1. Movement in the allowance for impairment of trade receivables.

Employment on-costs includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at note 3.1(b) Employee benefits provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

VET Fee Help Assistance scheme relates to Western Australia's share of VET loan impairment costs paid to the Commonwealth Government. The Commonwealth Actuary estimates annual impairment costs as a percentage of all loan values, which are then applied to the calendar year value of VET loans in Western Australia.

4. Our funding sources

How we obtain our funding

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

	Notes	2020 \$000	2019 \$000
Income from State Government	4.1	387 332	360 692
User charges and fees	4.2	25 317	27 243
Commonwealth grants	4.3	190 243	185 149
Other revenue	4.4	8 109	8 301
Gains/(Losses)	4.5	267	324

4.1 Income from State Government

	2020 \$000	2019 \$000
Appropriation received during the period:		
Service appropriation	335 289	356 181
	335 289	356 181
Services received free of charge from other State Government agencies during the period:		
Department of Finance	328	338
Department of Justice	92	113
Landgate	7	21
Department of Education	1	1
Department of Primary Industries and Regional Development	1	1
Total services received	429	474
Royalties for Regions Fund:		
Regional Community Services Account	46 283	3 725
Regional Infrastructure and Headworks Account	-	312
Total Royalties for Regions Fund	46 283	4 037
Grants and subsidies from State Government agencies	5 331	-
Total Grants and subsidies from State Government agencies	5 331	-
Total income from State Government	387 332	360 692

Service appropriations are recognised as income at the fair value of consideration received in the period in which the Department gains control of the appropriated funds. The Department gains control of the appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered (as set out in note 2.2). Appropriation revenue comprises the following:

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

The Regional Infrastructure and Headworks Account, and, Regional Community Services Accounts are sub-funds within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as income when the Department receives the funds. The Department has assessed Royalties for Regions agreements and concludes that they are not within the scope of AASB 15 as they do not meet the 'sufficient specific' criterion.

The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income from State Government.

4.2 User charges and fees

	2020	2019
	\$000	\$000
Overseas student course fees	23 774	26 160
Regulatory and compliance fees	714	418
Other fees and charges	829	665
	25 317	27 243

Until 30 June 2019, revenue was recognised and measured at the fair value of consideration received or receivable, unless it pertained to fees received in advance.

From 1 July 2019, revenue is recognised at the transaction price when the Department transfers control of the services to customers. Revenue is recognised for the major activities as follows:

Overseas student course fees:

Income is recognised when the student is marked as 'attended' on semester commencement. Completion of semesters fall within the same financial year; therefore, income is recognised in the same period.

Regulatory and compliance fees:

Income is recognised on satisfaction of performance obligations.

Other fees and charges:

Income is recognised on satisfaction of performance obligations.

4.3 Commonwealth grants

	2020	2019
	\$000	\$000
National Agreement for Skills and Workforce Development	158 091	156 783
National Partnership Agreement on the Skilling Australians Fund	32 000	28 207
Other grants	152	159
	190 243	185 149

Until 30 June 2019

Income from Commonwealth grants is recognised at fair value when the grant is receivable.

From 1 July 2019

Recurrent grants are recognised as income when the grants are receivable.

4.4 Other revenue

	2020	2019
	\$000	\$000
Service revenue	6 173	6 112
Recoveries and refunds	475	316
Rental premises	468	615
Sale of goods and service	832	966
Other miscellaneous revenue	112	189
Commissions	49	103
	8 109	8 301

4.5 Gains/(Losses)

	2020 \$000	2019 \$000
<u>Net proceeds from disposal of non-current assets</u>		
Office equipment	-	-
	-	-
<u>Carrying amount of non-current assets disposed</u>		
Office equipment	10	4
	10	4
Net losses	(10)	(4)
Gain arising from changes in fair value – building	66	137
Gain arising from changes in fair value - livestock	166	175
Other gains	35	12
Total other gains	267	324
Total net gains	257	320

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

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

5. Key assets

Assets the Department utilises for economic benefit or service potential

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

	Notes	2020 \$000	2019 \$000
Property, plant and equipment	5.1	31 527	29 521
Right-of-use assets	5.2	204	-
Intangible assets	5.3	14 597	16 670
Total key assets		46 328	46 191

5.1 Property, plant and equipment

Year ended 30 June 2019	Land	Buildings	Leasehold Improve- ments	Plant & machine -ry	Motor vehicles	Comput -ers	Office equipme -nt	Artwork	Furniture & fittings	Capital works in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
1 July 2018											
Gross carrying amount	8 810	14 709	534	1 063	159	3 345	387	101	17	6 630	35 755
Accumulated depreciation	-	-	(219)	(283)	(128)	(3 342)	(259)	-	(16)	-	(4 247)
Accumulated impairment loss	-	-	(315)	-	-	-	-	-	-	-	(315)
Carrying amount at start of period	8 810	14 709	-	780	31	3	128	101	1	6 630	31 193
Additions	-	-	-	223	-	-	-	-	-	13 433	13 656
Disposals	-	-	(315)	-	-	-	(4)	-	-	-	(319)
Transfers to/(from) work in progress ^(a)	-	-	-	-	-	-	-	-	-	(14 823)	(14 823)
Impairment losses reversed ^(b)	-	-	315	-	-	-	-	-	-	-	315
Revaluation increments/(decrements)	-	137	-	-	-	-	-	-	-	-	137
Depreciation	-	(448)	-	(125)	(28)	(3)	(33)	-	(1)	-	(638)
Carrying amount at 30 June 2019	8 810	14 398	-	878	3	-	91	101	-	5 240	29 521
Gross carrying amount	8 810	14 398	-	1 286	159	3 345	383	101	17	5 240	33 739
Accumulated depreciation	-	-	-	(408)	(156)	(3 345)	(292)	-	(17)	-	(4 218)

^(a) The Department carries out capital works on behalf of the TAFE colleges. Upon completion of construction, these assets are transferred out to TAFE colleges as distribution to owners.

^(b) Impairment losses are recognised in the Statement of comprehensive income. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

Information on fair value measurements is provided in Note 8.3.

5.1 Property, plant and equipment (continued)

Year ended 30 June 2020	Land	Buildings	Leasehold Improve- ments	Plant & machine -ry	Motor vehicles	Comput- ers	Office equipme- nt	Artwork	Furniture & fittings	Capital works in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
1 July 2019											
Gross carrying amount	8 810	14 398	-	1 286	159	3 345	383	101	17	5 240	33 739
Accumulated depreciation	-	-	-	(408)	(156)	(3 345)	(292)	-	(17)	-	(4 218)
Carrying amount at start of period	8 810	14 398	-	878	3	-	91	101	-	5 240	29 521
Additions	-	-	-	-	-	-	7	-	-	16 774	16 781
Disposal	-	-	-	-	-	-	(10)	-	-	-	(10)
Transfers to/from work in progress ^(a)	-	292	-	-	-	-	-	-	-	(14 518)	(14 226)
Revaluation increments/(decrements)	-	66	-	-	-	-	-	-	-	-	66
Depreciation	-	(438)	-	(137)	(3)	-	(27)	-	-	-	(605)
Carrying amount at 30 June 2020	8 810	14 318	-	741	-	-	61	101	-	7 496	31 527
Gross carrying amount	8 810	14 318	-	1 286	159	3 345	380	101	17	7 496	35 912
Accumulated depreciation	-	-	-	(545)	(159)	(3 345)	(319)	-	(17)	-	(4 385)

^(a) The Department carries out capital works on behalf of the TAFE colleges. Upon completion of construction, these assets are transferred out to TAFE colleges as distribution to owners.

Information on fair value measurements is provided in Note 8.3.

Initial recognition

Items of property, plant and equipment, costing \$5 000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment costing less than \$5 000 are immediately expensed direct to the Statement of comprehensive income (other than where they form part of a group of similar items which are significant in total).

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

Subsequent measurement

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

Land is carried at fair value.

Buildings are carried at fair value less accumulated depreciation and accumulated impairment losses.

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

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

Land and buildings were revalued as at 1 July 2019 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2020 and recognised at 30 June 2020. In undertaking the revaluation, fair value was determined by reference to current use for land: \$8 810 000 (2019: \$8 810 000) and current replacement cost for buildings: \$14 051 750 (2019: \$14 398 050).

Revaluation model:

(a) Fair value where market-based evidence is available:

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

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

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

Existing use buildings: Fair value is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Where the fair value of buildings is determined on the current replacement cost basis, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

Restricted use land: Fair value is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Significant assumptions and judgements: The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

5.1.1 Depreciation and impairment

Charge for the period

	2020 \$000	2019 \$000
Depreciation		
Buildings	438	448
Plant and machinery	137	125
Motor Vehicles	3	28
Computers	-	3
Office equipment	27	33
Furniture and fittings	-	1
Total depreciation for the period	605	638
Total depreciation and impairment for the period	605	638

As at 30 June 2020 there were no indications of impairment to property, plant and equipment.

All surplus assets at 30 June 2020 have either been classified as assets held for sale or have been written-off.

Finite useful lives

All property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include assets held for sale and land.

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

Asset	Useful life: years
Buildings	40 years
Plant and machinery	5 to 12 years
Office equipment	3 to 15 years
Computer equipment	3 to 5 years
Furniture and fittings	10 years
Motor vehicles	5 years

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

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

Subsequent to initial recognition as an asset, the valuation model is used for the measurement of artwork. The Department has a policy of revaluing artworks at fair value which is undertaken every 5 years. The revaluation of the Department's artworks was undertaken in June 2018 by independent valuer - Japingka Indigenous Fine Art Gallery.

Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

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

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

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

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

5.2 Right-of-use Assets

Year ended 30 June 2020	Plant and equipment \$000	Motor Vehicles \$000	Total \$000
At 30 June 2019			
Opening net carrying amount	-	-	-
Recognition of right-of-use assets on initial application of AASB 16	130	132	262
Restated opening carrying amount	130	132	262
1 July 2019			
Gross carrying amount	130	132	262
Accumulated depreciation	-	-	-
Carrying amount at start of period	130	132	262
Additions	-	57	57
Disposals	-	-	-
Depreciation	(41)	(74)	(115)
Carrying amount at 30 June 2020	89	115	204
Gross carrying amount	130	181	311
Accumulated depreciation	(41)	(66)	(107)

Initial recognition

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

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

This includes all leased assets other than investment property ROU assets, which are measured in accordance with AASB 140 *Investment Property*.

The Department has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5 000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Department 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.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 5.1.1.

The following amounts relating to leases have been recognised in the Statement of comprehensive income

	2020 \$000	2019 \$000
Depreciation expense of right-of-use assets	115	-
Lease interest expense	2	-
Expenses relating to variable lease payments not included in lease liabilities	4	-
Short term leases	5	-
Total amount recognised in the Statement of comprehensive income	126	-

The total cash outflow for leases in 2020 was \$4 103 823.

The Department's leasing activities and how these are accounted for:

The Department has leases for vehicles, machinery and office accommodation.

The Department has also entered into a MOU Agreement with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

Up to 30 June 2019, the Department classified leases as either finance leases or operating leases. From 1 July 2019, the Department recognises leases as right-of-use assets and associated lease liabilities in the Statement of financial position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 7.1.

5.3 Intangible assets

Year ended 30 June 2019

	Computer software \$000	Work in progress (internally developed software) \$000	Total \$000
1 July 2018			
Gross carrying amount	16 953	396	17 349
Accumulated amortisation	(1 802)	-	(1 802)
Carrying amount at start of period	15 151	396	15 547
Additions	-	3 286	3 286
Transfer to/from work in progress	3 511	(3 511)	-
Amortisation expense	(2 163)	-	(2 163)
Carrying amount at 30 June 2019	16 499	171	16 670

Year ended 30 June 2020

	Computer software	Work in progress (internally developed software)	Total
	\$000	\$000	\$000
1 July 2019			
Gross carrying amount	20 464	171	20 635
Accumulated amortisation	(3 965)	-	(3 965)
Carrying amount at start of period	16 499	171	16 670
Additions	-	449	449
Transfer to/from work in progress	620	(620)	-
Amortisation expense	(2 522)	-	(2 522)
Carrying amount at 30 June 2020	14 597	-	14 597

Initial recognition

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

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- An intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefit;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Acquisitions of intangible assets costing \$5 000 or more and internally generated intangible assets costing \$1 000 000 or more that comply with the recognition criteria as per AASB 138.57 (as noted above), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of comprehensive income.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

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

5.3.1 Amortisation and impairment

Charge for the period

	2020 \$000	2019 \$000
Amortisation		
Computer software	2 522	2 163
Total amortisation for the period	2 522	2 163

As at 30 June 2020 there were no indications of impairment to intangible assets.

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

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Department have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Computer software ^(a)	3 to 5 years
Internally developed software	3 to 10 years

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

Impairment of intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in note 5.1.1.

6. Other assets and liabilities

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

	Notes	2020 \$000	2019 \$000
Other assets			
Receivables	6.1	2 871	4 949
Amounts receivable for services	6.2	49 063	45 301
Other assets	6.3	2 347	2 199
Other liabilities			
Payables	6.4	8 857	8 872
Contract liabilities	6.5	7 428	-
Grant liabilities	6.6	4 142	-
Other liabilities	6.7	444	11 041

6.1 Receivables

	2020 \$000	2019 \$000
<u>Current</u>		
Trade receivables	1 194	3 369
Allowance for impairment of trade receivables	(93)	(118)
Accrued revenue	72	253
GST receivable	1 698	1 445
Total receivables	2 871	4 949

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

6.1.1 Movement in the allowance for impairment of trade receivables

	2020 \$000	2019 \$000
Reconciliation of changes in the allowance for impairment of trade receivables:		
Opening balance	118	500
Expected credit losses expense	-	66
Amounts written off during the period	(13)	(442)
Impairment losses reversed during the period	(12)	(6)
Balance at end of period	93	118

The maximum exposure to credit risk at the end of the reporting period for trade receivables is the carrying amount of the asset inclusive of any allowance for impairment as shown in the table at Note 8.1 (c) 'Financial instruments disclosures'.

The Department does not hold any collateral as security or other credit enhancements for trade receivables.

6.2 Amounts receivables for services (Holding account)

	2020	2019
	\$000	\$000
Non-current	49 063	45 301
Balance at end of period	49 063	45 301

Amounts receivable for services represent the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Amounts receivable for services are not considered to be impaired (i.e. there is no expected credit losses of the holding accounts).

6.3 Other assets

	2020	2019
	\$000	\$000
<u>Current</u>		
Prepayments	2 347	2 199
Balance at end of period	2 347	2 199

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

6.4 Payables

	2020	2019
	\$000	\$000
<u>Current</u>		
Trade payables	15	1 423
Accrued expenses	8 041	7 019
Accrued salaries	801	430
Balance at end of period	8 857	8 872

Payables are recognised at the amounts payable when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as settlement is generally within 30 days.

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

The accrued salaries suspense account (See note 7.3.1 'Restricted cash and cash equivalents') consists of amounts paid annually, from Department appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

6.5 Contract liabilities

	2020	2019
	\$000	\$000
Current	7 428	-
Total contract liabilities	7 428	-

The Department's contract liabilities relate to overseas student course fees for future semesters that are received in advance, registration fees and accommodation charges where the services are yet to be performed at the end of the reporting period.

6.5.1 Movement in contract liabilities

	2020 \$000	2019 \$000
<u>Reconciliation of changes in contract liabilities</u>		
Opening balance	-	-
Adjustments ^(a)	10 031	-
Restatement of prior year's balance	10 031	-
Additions	23 109	-
Recognised as revenue in the reporting period	(25 712)	-
Balance at end of period	7 428	-

^(a) At 1 July 2019, on adoption of AASB 15 and AASB 1058, the 2019 balance has been restated to include income in advance, which was previously disclosed under Note 6.7 Other liabilities.

The Department expects to satisfy the performance obligations unsatisfied at the end of the reporting period within the next 12 months.

6.6 Grant liabilities

	2020 \$000	2019 \$000
Current	4 142	-
Total grant liabilities	4 142	-

The Department's grant liabilities relate to the National Infection Control Training and Indian Oceans Territories funding, which are specific Commonwealth funded projects.

6.6.1 Movement in grant liabilities

	2020 \$000	2019 \$000
<u>Reconciliation of changes in grant liabilities</u>		
Opening balance	-	-
Additions	4 147	-
Recognised as revenue in the reporting period	(5)	-
Balance at end of period	4 142	-

6.6.2 Expected satisfaction of grant liabilities

	2020 \$000	2019 \$000
<u>Income recognition</u>		
1 year	4 142	-
	4 142	-

6.7 Other liabilities

	2020 \$000	2019 \$000
<u>Current</u>		
Income received in advance ^(a)	-	10 031
Other	444	1 010
Balance at end of period	444	11 041

^(a) At 1 July 2019, on adoption of AASB 15 and AASB 1058, the 2019 balance has been restated to exclude income in advance, which is now included in Note 6.5 Contract liabilities.

7. Financing

This section sets out the material balances and disclosures associated with the financing and cash flows of the Department.

	Notes
Lease liabilities	7.1
Finance costs	7.2
Cash and cash equivalents	7.3
Reconciliation of cash	7.3.1
Reconciliation of operating activities	7.3.2
Commitments	7.4
Non-cancellable operating lease commitments	7.4.1
Capital commitments	7.4.2

7.1 Lease liabilities

	2020 \$000	2019 \$000
Current	83	-
Non-current	120	-
Total lease liabilities	203	-

The Department measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Department uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Department as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payment for penalties for terminating a lease, where the lease term reflects the Department exercising an option to terminate the lease.

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

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

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Department in profit or loss in the period in which the condition that triggers those payment occurs.

This section should be read in conjunction with note 5.2.

Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

Assets pledged as security

The Department does not have assets pledged as security.

7.2 Finance costs

Finance costs

Lease interest expense

Finance costs expensed

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

2020 \$000	2019 \$000
2	-
2	-

7.3 Cash and cash equivalents

7.3.1 Reconciliation of cash

Cash and cash equivalents

Restricted cash and cash equivalents

Unexpended Commonwealth grants ^(a)

TAFE International WA interest bearing account ^(b)

Muresk interest bearing account

Royalties for Regions Fund ^(c)

Accrued salaries suspense account ^(d)

Balance at end of period

2020 \$000	2019 \$000
51 119	38 745
51 119	38 745
54 747	25 013
17 027	21 354
10 349	8 750
-	-
710	565
82 833	55 682
133 952	94 427

(a) The amounts relate to unexpended Commonwealth grants, which stipulate the monies shall be expended in a particular manner.

(b) The amounts held in the TAFE International WA interest bearing account is only to be used for the purposes as determined by the *Vocational and Education Training Act 1996*.

(c) Unspent funds are committed to projects and programs in WA regional areas.

(d) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years.

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

7.3.2 Reconciliation of net cost of services to net cash flows used in operating activities

	Notes	2020 \$000	2019 \$000
Net cost of services		(333 703)	(329 193)
Non-cash items			
Depreciation and amortisation expense	5.1.1, 5.2, 5.3.1	3 241	2 801
Expected credit losses expense	3.3	-	81
Services received free of charge	4.1	429	474
Non-cash asset transfers to external		916	
Net (gain)/loss on disposal of property, plant and equipment	4.5	10	4
(Gain)/loss arising from changes in fair value - building		(66)	(137)
(Gain)/loss arising from changes in fair value - livestock	4.5	(166)	(175)
Other Gains		(35)	(12)
Adjustments for other non-cash items		205	(465)
(Increase)/decrease in assets			
Current receivables ^(a)		2 195	1 934
Inventories		-	(12)
Non-current biological assets		-	(92)
Increase/(decrease) in liabilities			
Current payables ^(a)		1 675	(3 007)
Other current liabilities		(566)	(685)
Current provisions		934	(1 032)

	Notes	2020 \$000	2019 \$000
Non-current provisions		(271)	(137)
Net GST receipts/(payments) ^(b)		(1 103)	(1)
Change in GST receivables/payables ^(c)		851	219
Net cash provided by/(used in) operating activities		(325 454)	(329 435)

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

7.4 Commitments

7.4.1 Contractual commitments

	2020 \$000	2019 \$000
Commitments are payable as follows:		
Within 1 year	3 419	4 392
Later than 1 year and not later than 5 years	14 600	18 197
Later than 5 years	30 340	41 711
	48 359	64 300

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

The Department has entered into a property lease which is a non-cancellable lease with a fourteen year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that minimum lease payments shall be increased 3.5% per annum. An option exists to renew the lease at the end of the fourteen year term for an additional term of two years.

From 1 July 2019, the Department has recognised the right-of-use assets and corresponding lease liability for all non-cancellable operating lease commitments for leased motor vehicles and plant and equipment, apart from short term and low value leases. Refer to note 7.1.

The Department has also entered into a MOU Agreement with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

7.4.2 Capital commitments

	2020 \$000	2019 \$000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	28 871	22 694
Later than 1 year and not later than 5 years	31 822	55 626
Later than 5 years	-	-
Balance at end of period	60 693	78 320

The totals presented for capital commitments are GST inclusive.

The Department's capital expenditure commitments relate to payments for the asset investment program.

Judgements made by management in applying accounting policies – operating lease commitments

The Department has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

8. Risks and Contingencies

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

Notes

Financial risk management	8.1
Contingent assets and liabilities	8.2
Fair value measurements	8.3

8.1 Financial risk management

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, receivables, payables and lease liabilities. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

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

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than Government, the Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. Debt will be written-off against the allowance account when it is improbable or uneconomical to recover the debt. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due. The Department is exposed to liquidity risk through its trading in the normal course of business.

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not materially exposed to other price risks [for example, equity securities or commodity prices changes]. The Department's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations.

Other than as detailed in the interest rate sensitivity analysis table at Note 8.1(e), the Department is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing and it has no borrowings other than finance leases (fixed interest rate).

(b) Categories of financial instruments

	2020 \$000	2019 \$000
<u>Financial assets</u>		
Cash and cash equivalents	51 119	38 745
Restricted cash and cash equivalents	82 833	55 682
Financial assets at amortised cost ^(a)	50 236	48 805
Total financial assets	184 188	143 232
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	9 060	8 872
Total financial liabilities	9 060	8 872

^(a) The amount of financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

(c) Credit risk exposure

The following table details the credit risk exposure on the Department's trade receivables using a provision matrix.

	Total \$000	Current \$000	Days past due		
			31-60 days \$000	61-90 days \$000	> 91 days \$000
30 June 2020					
Government debtors					
Expected credit loss rate		0%	0%	0%	0%
Estimated total gross carrying amount at default	601	557	44	-	-
Expected credit losses	-	-	-	-	-
Payroll debtors					
Expected credit loss rate		1.65%	0%	0%	57.48%
Estimated total gross carrying amount at default	21	2	-	6	13
Expected credit losses	(8)	-	-	-	(8)
Private training providers					
Expected credit loss rate		0%	0%	0%	11.59%
Estimated total gross carrying amount at default	57	8	8	-	41
Expected credit losses	(5)	-	-	-	(5)
Companies and individuals					
Expected credit loss rate		0%	0%	2.91%	0%
Estimated total gross carrying amount at default	144	100	-	43	1
Expected credit losses	(1)	-	-	(1)	-
Overseas students					
Expected credit loss rate		0%	0%	16.67%	22.52%
Estimated total gross carrying amount at default	371	14	3	6	348
Expected credit losses	(79)	-	-	(1)	(78)

30 June 2019**Government debtors**

Expected credit loss rate	
Estimated total gross carrying amount at default	2 300
Expected credit losses	-

Payroll debtors

Expected credit loss rate	
Estimated total gross carrying amount at default	129
Expected credit losses	(4)

Private training providers

Expected credit loss rate	
Estimated total gross carrying amount at default	91
Expected credit losses	(19)

Companies and individuals

Expected credit loss rate	
Estimated total gross carrying amount at default	672
Expected credit losses	(31)

Overseas students

Expected credit loss rate	
Estimated total gross carrying amount at default	177
Expected credit losses	(64)

Total \$000	Current \$000	Days past due		
		31-60 days \$000	61-90 days \$000	> 91 days \$000
	0%	0%	0%	0%
2 300	2 226	-	69	5
-	-	-	-	-
	0%	2.57%	0%	38.09%
129	116	4	-	9
(4)	-	-	-	(4)
	0%	0%	0%	20.94%
91	-	-	-	91
(19)	-	-	-	(19)
	0.04%	2.27%	2.99%	9.89%
672	286	15	85	286
(31)	-	-	(3)	(28)
	0.16%	16.67%	8.75%	46.15%
177	33	6	2	136
(64)	-	(1)	-	(63)

(d) Liquidity risk and interest rate exposure

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

Interest rate exposure and maturity analysis of financial assets and financial liabilities											
	Weighted average effective interest rate %	Carrying amount \$000	Interest rate exposure			Nominal amount \$000	Maturity dates				
			Fixed interest rate \$000	Variable interest rate \$000	Non- interest bearing \$000		Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2020											
<u>Financial assets</u>											
Cash and cash equivalents	0.00	51 119	-	-	51 119	51 119	51 119	-	-	-	-
Restricted cash and cash equivalents	0.52	82 833	-	27 376	55 457	82 833	82 123	-	-	-	710
Receivables ^(a)		1 173	-	-	1 173	1 173	752	109	312	-	-
Amount receivable for services		49 063	-	-	49 063	49 063	-	-	-	49 063	-
		184 188	-	27 376	156 812	184 188	133 994	109	312	49 063	710
<u>Financial liabilities</u>											
Payables		8 857	-	-	8 857	8 857	8 857	-	-	-	-
Lease liabilities ^(b)	2.07	203	203	-	-	203	-	14	69	120	-
		9 060	203	-	8 857	9 060	8 857	14	69	120	

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

^(b) The amount of lease liabilities includes \$113 172 from leased vehicles and \$90 076 from leased plant and machinery.

(d) Liquidity risk and interest rate exposure (continued)

Interest rate exposure and maturity analysis of financial assets and financial liabilities											
	Weighted average effective interest rate %	Carrying amount	Interest rate exposure			Nominal amount	Maturity dates				
			Fixed interest rate	Variable interest rate	Non- interest bearing		Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2019											
<u>Financial assets</u>											
Cash and cash equivalents	0.00	38 745	-	-	38 745	38 745	38 745	-	-	-	-
Restricted cash and cash equivalents	1.83	55 682	-	30 104	25 578	55 682	55 117	-	-	-	565
Receivables ^(a)		3 504	-	-	3 504	3 504	3 504	-	-	-	-
Amount receivable for services		45 301	-	-	45 301	45 301	-	-	-	45 301	-
		143 232	-	30 104	113 128	143 232	97 366	-	-	45 301	565
<u>Financial liabilities</u>											
Payables		8 872	-	-	8 872	8 872	8 872	-	-	-	-
		8 872	-	-	8 872	8 872	8 872	-	-	-	

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

(e) Interest rate sensitivity analysis

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

	Carrying amount \$000	-100 basis points Surplus	Equity	+100 basis points Surplus	Equity
		\$000	\$000	\$000	\$000
2020					
Financial assets					
Restricted cash and cash equivalents ^(a)	27 376	(274)	(274)	274	274
Total increase / (decrease)	27 376	(274)	(274)	274	274
2019					
Financial assets					
Restricted cash and cash equivalents ^(a)	30 104	(301)	(301)	301	301
Total increase / (decrease)	30 104	(301)	(301)	301	301

^(a) The TAFE International WA and Muresk interest bearing accounts are the only cash balances within restricted cash subject to interest earnings.

8.2 Contingent assets and liabilities

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

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

8.2.1 Contingent assets

The Department did not identify any contingent assets for the current reporting period.

8.2.2 Contingent liabilities

The following contingent liabilities are excluded from the liabilities included in the financial statements:

Native Title Claims

The Department is subject to ten native title claims lodged with the National Native Title Tribunal that have been accepted for registration in the Federal Court. The financial effect, should these claims be successful, cannot be estimated at this time.

Contaminated sites

The Department works together with the TAFE Colleges, as the site managing body, to maintain a safe environment for site users. Under the *Contaminated Sites Act 2003* (CSA), the Department is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the CSA, DWER classifies these sites according to the anticipated risk to health, the environment and environmental values. Where sites are classified as 'contaminated – remediation required' or 'possibly contaminated – investigation required', the Department may have liability in respect of investigation or remediation expenses.

The Department has previously identified one site classified as 'Possibly contaminated – investigation required' for which assessment and a partial remediation process has been completed and the auditors' recommendations have now been accepted by DWER. The recommendations of the auditors' report was that the part of the site which has been remediated is reclassified as 'remediated for restricted use' with the remainder of the site likely to remain as 'Possibly contaminated – investigation'. DWER will process the reclassification for the remediated part of the site in late 2020.

Additionally, the Department has previously identified two further sites classified as 'Possibly contaminated – investigation required' and is awaiting the outcome of assessments by Landgate and DWER.

The Department is unable to assess the likely outcome of the classification process for all three sites identified, as noted above, and accordingly it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. While there is no possibility of reimbursement of any future expenses

that may be incurred in the remediation of these sites, the Department may apply for funding from DWER's Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

Cladding remediation

The Department is undertaking a review of its building portfolio to identify any potential risk associated with aluminium combustible cladding (ACP) and all high risk, high-rise building cladding as per the audit scope defined by the WA Building Commission.

The Department consulted with the TAFE Colleges to determine the number of buildings that met the criteria of the audit scope and as a result, two buildings were identified as low risk, requiring further investigation. Subsequently the Department commissioned a Fire Safety Engineer to assess the buildings and provide a Performance Solution Report with recommendations for interim management strategies and long-term measures. The Fire Safety Engineer is currently completing the Performance Solution Report, with input from the Department of Fire and Emergency Services. It is not practicable to estimate the potential financial effort or timing of any outflows. It is likely that the ACP situation for the two buildings can be managed over the short term as both are modern buildings with contemporary fire systems and procedures, and neither building is used for residential purposes. However, over the medium to long term, it is likely that an infrastructure business case will be required to seek State Government funding to fund the substantial cost of ACP replacement.

8.3 Fair value measurements

Assets measured at fair value:	Level 1	Level 2	Level 3	Fair value at end of period
	\$000	\$000	\$000	\$000
2020				
Biological assets	-	364	-	364
Artwork (Note 5.1)	-	101	-	101
Land (Note 5.1)	-	-	8 810	8 810
Buildings (Note 5.1)	-	-	14 318	14 318
	-	465	23 128	23 593
Assets measured at fair value:	Level 1	Level 2	Level 3	Fair value at end of period
	\$000	\$000	\$000	\$000
2019				
Biological assets	-	365	-	365
Artwork (Note 5.1)	-	101	-	101
Land (Note 5.1)	-	-	8 810	8 810
Buildings (Note 5.1)	-	-	14 398	14 398
	-	466	23 208	23 674

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

Valuation techniques to derive Level 2 fair values

Level 2 fair values of Artwork and Biological assets are derived using the market approach.

Fair value measurements using significant unobservable inputs (Level 3)

	Land	Buildings
	\$000	\$000
2020		
Fair value at start of period	8 810	14 398
Transfers from work in progress	-	292
Revaluation increments / (decrements) recognised in Profit or Loss	-	66
Depreciation expense	-	(438)
Fair value at end of period	8 810	14 318

	Land	Buildings
2019	\$000	\$000
Fair value at start of period	8 810	14 709
Revaluation increments / (decrements) recognised in Profit or Loss	-	137
Depreciation expense	-	(448)
Fair value at end of period	8 810	14 398

Valuation processes

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

Land (Level 3 fair values)

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuations and Property Analytics) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Buildings (Level 3 fair values)

Fair value for existing use specialised buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications, adjusted for obsolescence. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external obsolescence).

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

Basis of valuation

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

9. Other disclosures

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

	Notes
Events occurring after the end of the reporting period	9.1
Initial application of Australian Accounting Standards	9.2
Future impact of Australian standards issued but not yet operative	9.3
Key management personnel	9.4
Related party transactions	9.5
Affiliated bodies	9.6
Remuneration of auditors	9.7
Equity	9.8
Supplementary financial information	9.9
Explanatory statement	9.10
Services provided free of charge	9.11
Indian Ocean Territories	9.12

9.1 Events occurring after the end of the reporting period

The Department has not identified any material events after the end of the reporting period that would require any adjustment or disclosure.

9.2 Initial application of Australian Accounting Standards

(a) AASB 15 *Revenue from Contract with Customers* and AASB 1058 *Income of Not-for-Profit Entities*

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

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

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

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

In addition, income other than from contracts with customers are subject to AASB 1058 *Income of Not-for-Profit Entities*. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Department.

The Department adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information is restated under this approach, and the Department recognises the cumulative effect of initially applying the standard as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Department elects not to apply the Standard retrospectively to non-completed contracts at the date of initial application.

Refer to Notes 4.1, 4.2, 4.3 and 4.4 for the revenue and income accounting principles adopted from 1 July 2019.

The effect of adopting AASB 15 and AASB 1058 as at 1 July 2019 are as follows:

	30 June 2020	Adjustments	30 June 2020 under AASB 118 and 1004
	\$000	\$000	\$000
Commonwealth grants	190 243	(17)	190 226
Net result	190 243	(17)	190 226

(b) AASB 16 *Leases*

AASB 16 *Leases* supersedes AASB 117 *Leases*, and related Interpretations. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The Department applies AASB 16 *Leases* from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of accumulated surplus/(deficit).

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of financial position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5 000). The operating lease and finance lease distinction for lessees no longer exists.

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

- (a) Right-of-use assets and lease liabilities in the Statement of financial position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.1%) on 1 July 2019;
- (b) Depreciation of right-of-use assets and interest on lease liabilities in the Statement of comprehensive income; and
- (c) The total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Statement of cash flows.

In relation to leased vehicles that were previously classified as finance leases, their carrying amount before transition is used as the carrying amount of the right-of-use assets and the lease liabilities as of 1 July 2019.

The Department measures concessionary leases that are of low value terms and conditions at cost at inception. There is no financial impact as the Department is not in possession of any concessionary leases at the date of transition.

The right-of-use assets are assessed for impairment at the date of transition and has not identified any impairments to its right-of-use assets.

On transition, the Department has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

- (a) A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- (b) The Department has relied on its assessment of whether existing leases were onerous in applying AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review. The Department has adjusted the ROU asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the Statement of financial position at 30 June 2019;
- (c) Where the lease term at initial application ended within 12 months, the Department has accounted for these as short-term leases;
- (d) Initial direct costs have been excluded from the measurement of right-of-use asset;
- (e) Hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

The Department has not assessed whether existing contracts are, or contained a lease at 1 July 2019. The requirements of paragraph 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

Measurement of lease liabilities

	\$000
Operating Lease commitments disclosed as at 30 June 2019	64 300
Less: Operating leases not related to right-of-use assets	(64 010)
Operating Lease commitments for right-of-use assets as at 30 June 2019	290
Discounted using incremental borrowing rate at date of initial application ¹	263
Lease liability recognised at 1 July 2019	263
Current lease liabilities	106
Non-current lease liabilities	157

¹ The WATC incremental borrowing rate was used for the purposes of calculating the lease transition opening balance.

9.3 Future impact of Australian Accounting Standards issued but not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 1101. Where applicable, the Department plans to apply the following Australian Accounting Standards from their application date.

**Operative for
reporting periods
beginning on /
after
1 Jan 2020**

<i>AASB 1059</i>	<i>Service Concession Arrangements: Grantors</i>	
	<p>This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided.</p> <p>The Department does not manage any public private partnership that is within the scope of the Standard.</p>	
<i>AASB 2016-8</i>	<i>Amendments to Australian Accounting Standards – Definition of a Business</i>	1 Jan 2020
	<p>The Standard amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.</p> <p>There is no financial impact.</p>	
<i>AASB 2018-7</i>	<i>Amendments to Australian Accounting Standards – Definition of Material</i>	1 Jan 2020
	<p>The Standard principally amends AASB 101 and AASB 108. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.</p> <p>There is no financial impact.</p>	
<i>AASB 2019-1</i>	<i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i>	1 Jan 2020
	<p>This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB.</p> <p>There is no financial impact.</p>	

		Operative for reporting periods beginning on / after 1 Jan 2020
AASB 2019-2	<i>Amendments to Australian Accounting Standards – Implementation of AASB 1059</i>	
	This Standard makes amendments to AASB 16 and AASB 1059 to: (a) amend the modified retrospective method set out in paragraph C4 of AASB 1059; (b) modify AASB 16 to provide a practical expedient to grantors of service concession arrangements so that AASB 16 would not need to be applied to assets that would be recognised as service concession assets under AASB 1059; and (c) include editorial amendments to the application guidance and implementation guidance accompanying AASB 1059.	
	The Department does not maintain any public private partnership that is within the scope of the Standard.	
AASB 2020-1	<i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>	1 Jan 2022
	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the Statement of financial position as current or non-current.	
	There is no financial impact	

9.4 Key management personnel

The Department has determined key management personnel to include cabinet ministers and senior officers of the Department. The Department does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

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

Compensation band (\$)	2020	2019
350 001 – 360 000	-	1
340 001 – 350 000	1	-
220 001 – 230 000	2	1
210 001 – 220 000	-	2
200 001 – 210 000	1	1
190 001 – 200 000	1	-
50 001 – 60 000	-	1
	2020	2019
	\$000	\$000
Short-term employee benefits	989	1 054
Post-employment benefits	87	89
Other long-term benefits	120	125
Total compensation of senior officers	1 196	1 268

Total compensation includes the superannuation expense incurred by the Department in respect of senior officers.

9.5 Related party transactions

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

Related parties of the Department include:

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

Significant transactions with the government-related entities

In conducting its activities, the Department is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- income from State Government (note 4.1);
- equity contributions (note 9.8);
- superannuation payments to GESB (Note 3.1(a))
- lease rental payments to the Department of Finance (Government Office Accommodation) (note 3.3);
- payments to State Fleet for leased motor vehicles (note 7.1);
- insurance payments to the Insurance Commission and Riskcover fund (note 3.3);
- grants provided to TAFE colleges (note 3.2); and
- remuneration for services provided by the Auditor General (note 9.7).

Material transactions with other related parties

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

9.6 Affiliated bodies

The table below are government affiliated bodies that received grants from the Department. These Training Councils are not subject to operational control by the Department.

	2020 \$000	2019 \$000
Community Services, Health and Education Training Council	495	413
Financial, Administrative and Professional Services Training Council	530	413
Food, Fibre & Timber Industries Training Council	495	413
Futurenow - Creative and Leisure Industries Training Council	570	413
Logistics Training Council	465	413
Retail and Personal Services Industry Training Council	435	413
Resources Industry Training Council	377	357
Utilities, Engineering, Electrical and Automotive Training Council	530	627
	3 897	3 462

9.7 Remuneration of auditors

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

	2020 \$000	2019 \$000
Auditing the accounts, financial statements controls and key performance indicators	187	203
	187	203

9.8 Equity

Contributed equity

Balance at start of period

Contribution by owners

Capital appropriations

Other contribution by owners

Royalties for Regions Fund – Regional Infrastructure and Headworks Account

Royalties for Regions Fund – Regional Community Services Account

Return surplus Royalties for Regions funds to Department of Primary Industries and Regional Development

Transfer of net assets from other agencies

Transfer of assets from TAFE colleges

Transfer of asset from other government agencies

Total contribution by owners

Distribution to owners

Transfer of net assets to other agencies:

Transfer of completed capital works projects to TAFE colleges

Transfers related to capital works projects to TAFE colleges

Transfers to other government agencies

Total distribution to owners

Transfer of debit balance in contributed equity to accumulated surplus

Balance at the end of period

Accumulated surplus

Balance at start of period

Restatement of prior year's balance

Result for the period

Transfer of debit balance in contributed equity to accumulated surplus

Balance at end of period

	2020 \$000	2019 \$000
Balance at start of period	-	-
<i>Contribution by owners</i>		
Capital appropriations	130	-
<i>Other contribution by owners</i>		
Royalties for Regions Fund – Regional Infrastructure and Headworks Account	-	200
Royalties for Regions Fund – Regional Community Services Account	-	225
Return surplus Royalties for Regions funds to Department of Primary Industries and Regional Development	(179)	(175)
<i>Transfer of net assets from other agencies</i>		
Transfer of assets from TAFE colleges	2 171	33 471
Transfer of asset from other government agencies	-	(109)
Total contribution by owners	2 122	33 612
<i>Distribution to owners</i>		
Transfer of net assets to other agencies:		
Transfer of completed capital works projects to TAFE colleges	(14 192)	(14 757)
Transfers related to capital works projects to TAFE colleges	(583)	(1 264)
Transfers to other government agencies	(1 255)	(33 471)
Total distribution to owners	(16 030)	(49 492)
Transfer of debit balance in contributed equity to accumulated surplus	13 908	15 880
Balance at the end of period	-	-
<u>Accumulated surplus</u>		
Balance at start of period	161 835	146 216
Restatement of prior year's balance	(17)	-
Result for the period	53 629	31 499
Transfer of debit balance in contributed equity to accumulated surplus	(13 908)	(15 880)
Balance at end of period	201 539	161 835

9.9 Supplementary financial information

(a) Write-offs

During the financial year, \$12 733 (2019: \$459 573) of debts due to the Department were written off under the authority of:

The accountable authority

Executive Council

	2020 \$000	2019 \$000
The accountable authority	13	43
Executive Council	-	418
	13	461

(b) Losses through theft, defaults and other causes

Losses of public money and public and other property through theft or default

	2020 \$000	2019 \$000
Losses of public money and public and other property through theft or default	-	1
	-	1

(c) Gifts of public property

During the financial year, the Department did not provide gifts of public property.

9.10 Explanatory statement (Controlled Operations)

All variances between annual estimates (original budget) and actual results for 2020, and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key major variances, which are generally greater than 10% and \$1 million for the Statements of comprehensive income, cash flows and the Statement of financial position.

9.10.1 Statement of comprehensive income variances

	Variance Note	Estimate 2020	Actual 2020	Actual 2019	Variance between estimate and actual	Variance between actual results for 2020 and 2019
		\$000	\$000	\$000	\$000	\$000
COST OF SERVICES						
Expenses						
Employee benefits expense		48 748	48 368	47 451	(380)	917
Supplies and services	a	27 783	25 464	22 555	(2 319)	2 909
Depreciation and amortisation expense	1	6 867	3 242	2 801	(3 625)	441
Accommodation expense	1	1 225	3 977	4 826	2 752	(849)
Finance costs	1	1 386	2	-	(1 384)	2
Grants and subsidies		486 894	471 236	470 402	(15 658)	834
Loss on disposal of non-current assets		-	10	4	10	6
Other expenses	b	4 713	5 707	2 844	994	2 863
Total cost of services		577 616	558 006	550 883	(19 610)	7 123
Income						
Revenue						
User charges and fees	2	29 926	25 317	27 243	(4 609)	(1 926)
Commonwealth grants		187 293	190 243	185 149	2 950	5 094
Interest revenue		905	367	673	(538)	(306)
Other revenue		8 531	8 109	8 301	(422)	(192)
Total revenue		226 655	224 036	221 366	(2 619)	2 670
Gains						
Other gains		-	267	324	267	(57)
Total gains		-	267	324	267	(57)
Total income other than income from State Government		226 655	224 303	221 690	(2 352)	2 613
NET COST OF SERVICES		350 961	333 703	329 193	(17 258)	4 510

	Variance Note	Estimate 2020	Actual 2020	Actual 2019	Variance between estimate and actual	Variance between actual results for 2020 and 2019
		\$000	\$000	\$000	\$000	\$000
Income from State Government						
Service appropriation	1	337 234	335 289	356 181	(1 945)	(20 892)
Services received free of charge		294	429	474	135	(45)
Royalties for Regions Fund	c	46 722	46 283	4 037	(439)	42 246
Grants and subsidies from State Government agencies	3,d	-	5 331	-	5 331	5 331
Total income from State Government		384 250	387 332	360 692	3 082	26 640
SURPLUS/DEFICIT FOR THE PERIOD		33 289	53 629	31 499	20 340	22 130
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		33 289	53 629	31 499	20 340	22 130

Major estimate and actual (2020) variance narratives

- The 2019-20 budget papers included a portion of capital appropriation and non-cash recurrent appropriation that was allocated for Government Office Accommodation (GOA) leasing arrangements. Subsequent guidance has been published by the Department of Treasury in conjunction with the Department of Finance that these arrangements fall out of scope of AASB 16 and therefore are no longer to be reported on balance sheet. GOA arrangements are now expensed as incurred. As a result of this accounting treatment change and based on official communication from the Department of Treasury, the Department has reflected:

Statement of Comprehensive Income

Decrease in depreciation and amortisation expense of \$3.6 million;

Decrease in finance costs of \$1.4 million;

Increase in accommodation expense of \$2.8 million; and

Decrease in service appropriation of \$1.9 million.

Statement of Financial Position

Decrease in amounts receivable for services of \$3.6 million;

Decrease in right-of-use assets of \$28.8 million;

Decrease in current lease liabilities of \$3.1 million; and

Decrease in non-current lease liabilities of \$26.0 million.

Statement of Cash Flows

Increase in service appropriation of \$1.7 million;

Decrease in capital appropriation of \$2.9 million;

Decrease in finance costs of \$1.4 million; and

Decrease in principal elements of lease payments of \$2.9 million.

The 2019-20 budget and mid-year review update had already been published before this change was effected, and therefore the 2019-20 budget statements reflect the on-balance sheet approach under AASB 16, resulting in the above variance.

2. User charges and fees was lower than estimates by \$4.6 million (15%) largely due to lower international student numbers as a result of COVID-19.
3. Grants and subsidies from State Government agencies was \$5.3 million higher than estimates due to new funding for the Lower Fees Local Skills initiative through the Department of Communities.

Major actual (2020) and comparative (2019) variance narratives

- a. Supplies and services increased by \$2.9 million (13%) largely due to higher advertising costs relating to the new Employer Incentive Scheme and Lower Fees Local Skills initiatives and an increase in software development.
- b. Other expenses increased by \$2.9 million (101%) largely due to an increase in the State's contribution to VET FEE HELP and the transfer of Murray House to a local council.
- c. Royalties for regions fund increased by \$42.2 million (1046%) largely due to funding received for TAFE Regional Subsidies.
- d. Grants and subsidies from State Government agencies increased by \$5.3 million due to new funding for the Lower Fees Local Skills initiative through the Department of Communities.

9.10.2 Statement of financial position variances

	Variance Note	Estimate 2020	Actual 2020	Actual 2019	Variance between estimate and actual	Variance between actual results for 2020 and 2019
		\$000	\$000	\$000	\$000	\$000
ASSETS						
Current assets						
Cash and cash equivalents		73 542	51 119	38 745	(22 423)	12 374
Restricted cash and cash equivalents		39 299	82 123	55 117	42 824	27 006
Inventories		6	53	18	47	35
Receivables		6 365	2 871	4 949	(3 494)	(2 078)
Other assets		2 275	2 347	2 199	72	148
Total current assets		121 487	138 513	101 028	17 026	37 485
Non-current assets						
Restricted cash and cash equivalents		400	710	565	310	145
Biological assets		273	364	365	91	(1)
Amounts receivable for services	1	52 668	49 063	45 301	(3 605)	3 762
Property, plant and equipment	4	41 379	31 527	29 521	(9 852)	2 006
Right-of-use assets	1	29 014	204	-	(28 810)	204
Intangible assets	5,e	17 314	14 597	16 670	(2 717)	(2 073)
Total non-current assets		141 048	96 465	92 422	(44 583)	4 043
TOTAL ASSETS		262 535	234 978	193 450	(27 557)	41 528
LIABILITIES						
Current liabilities						
Payables		13 316	8 857	8 872	(4 459)	(15)
Contract liabilities	6,f	-	7 428	-	7 428	7 428
Grant liabilities	7,g	-	4 142	-	4 142	4 142
Lease liabilities	1	3 229	83	-	(3 146)	83
Employee related provisions	8	11 388	10 169	9 235	(1 219)	934
Other current liabilities	9,h	10 852	444	11 041	(10 408)	(10 597)
Total current liabilities		38 785	31 123	29 148	(7 662)	1 975

	Variance Note	Estimate 2020	Actual 2020	Actual 2019	Variance between estimate and actual	Variance between actual results for 2020 and 2019
		\$000	\$000	\$000	\$000	\$000
Non-current liabilities						
Lease liabilities	1	26 166	120	-	(26 046)	120
Employee related provisions		2 757	2 196	2 467	(561)	(271)
Total non-current liabilities		28 923	2 316	2 467	(26 607)	(151)
TOTAL LIABILITIES		67 708	33 439	31 615	(34 269)	1 824
NET ASSETS		194 827	201 539	161 835	6 712	39 704
EQUITY						
Contributed equity		-	-	-	-	-
Accumulated surplus		194 827	201 539	161 835	6 712	39 704
TOTAL EQUITY		194 827	201 539	161 835	6 712	39 704

Major estimate and actual (2020) variance narratives

4. Property, plant and equipment is lower than estimates by \$9.9 million (24%) largely due to a delay in the construction of the Esperance campus as well as the timing of capital works projects carried out on behalf of the TAFE colleges.
5. Intangible assets is lower than estimates by \$2.7 million (16%) largely due to the amortisation of Computer Software.
6. Contract liabilities is higher than estimates by \$7.4 million largely due to the adoption of the new accounting standards on revenue.
7. Grant liabilities is higher than estimates by \$4.1 million largely due to a grant received for National Infection Control training.
8. Employee related provisions is lower than estimates by \$1.2 million (11%) largely due to a reduction in leave balances as a result of a leave management strategy adopted by the Department.
9. Other liabilities is lower than estimates by \$10.4 million (96%) largely due to the adoption of the new accounting standards on revenue.

Major actual (2020) and comparative (2019) variance narratives

- e. Intangible assets decreased by \$2.1 million (12%) largely due to the amortisation of computer software.
- f. Contract liabilities increased by \$7.4 million largely due to the adoption of the new accounting standards on revenue.
- g. Grant liabilities increased by \$4.1 million largely due to a grant received for National Infection Control training.
- h. Other liabilities decreased by \$10.6 million (96%) largely due to the adoption of the new accounting standards on revenue.

9.10.3 Statement of cash flows variances

	Variance Note	Estimate 2020	Actual 2020	Actual 2019	Variance between estimate and actual	Variance between actual results for 2020 and 2019
		\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	1	329 867	331 527	352 243	1 660	(20 716)
Capital appropriations	1	3 060	130	-	(2 930)	130
Royalties for Regions Fund	10,i	52 722	46 087	4 287	(6 635)	41 800
Grants and subsidies from State Government agencies	11,j	-	5 331	-	5 331	5 331
Contribution of capital funding from other sources		-	-	136	-	(136)
Net cash provided by State Government		385 649	383 075	356 666	(2 574)	26 409
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(47 962)	(47 059)	(49 117)	903	2 058
Supplies and services and other expenses		(33 535)	(35 844)	(33 008)	(2 309)	(2 836)
Finance costs	1	(1 386)	(2)	-	1 384	(2)
Grants and subsidies		(486 894)	(469 150)	(467 708)	17 744	(1 442)
GST payments on purchases	12	(20 821)	(13 233)	(13 648)	7 588	415
Receipts						
User charges and fees	13,k	29 598	22 606	26 164	(6 992)	(3 558)
Commonwealth grants		187 293	194 368	185 149	7 075	9 219
Interest received		905	485	704	(420)	(219)
GST receipts on sales		840	938	940	98	(2)
GST receipts from taxation authority	12	19 981	12 295	12 708	(7 686)	(413)
Other receipts		8 859	9 142	8 381	283	761
Net cash provided by / (used in) operating activities		(343 122)	(325 454)	(329 435)	17 668	3 981

	Variance Note	Estimate 2020	Actual 2020	Actual 2019	Variance between estimate and actual	Variance between actual results for 2020 and 2019
		\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets	14	(21 300)	(17 397)	(17 489)	3 903	92
Net cash provided by / (used in) investing activities		(21 300)	(17 397)	(17 489)	3 903	92
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Principal elements of lease payments	1	(3 060)	(116)	-	2 944	(116)
Equity transfer to TAFEs for capital purchases		-	(583)	(1 197)	(583)	614
Net cash provided by / (used in) financing activities		(3 060)	(699)	(1 197)	2 361	498
Net increase / (decrease) in cash and cash equivalents		18 167	39 525	8 545	21 358	30 980
Cash and cash equivalents at the beginning of the period		95 074	94 427	85 882	(647)	8 545
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		113 241	133 952	94 427	20 711	39 525

Major estimate and actual (2020) variance narratives

10. Royalties for regions fund was lower than estimates by \$6.6 million (13%) due to the re-cashflow of the Esperance campus project.
11. Grants and subsidies from State Government agencies was higher than estimates by \$5.3 million due to new funding for the Lower Fees Local Skills initiative through the Department of Communities.
12. GST payment on purchases and GST receipts from taxation authority was lower than estimates by \$7.6 million (36%) and \$7.7 million (38%) respectively due to an overall reduction in payments.
13. User charges and fees was lower than estimates by \$7.0 million (24%) due to lower international student numbers as a result of COVID-19.
14. Purchases of non-current assets was lower than estimates by \$3.9 million (18%) due to the timing of capital works projects carried out on behalf of the TAFE colleges.

Major actual (2020) and comparative (2019) variance narratives

- i. Royalties for regions fund increased by \$41.8 million (975%) due to recurrent funding received for TAFE Regional Subsidies.
- j. Grants and subsidies from State Government agencies increased by \$5.3 million due to new funding for the Lower Fees Local Skills initiative through Department of Communities.
- k. User charges and fees decreased by \$3.6 million (14%) largely due to lower international student numbers as a result of COVID-19.

9.11 Services provided free of charge

During the period the following services were provided to other agencies free of charge:

	2020	2019
	\$000	\$000
North Metropolitan TAFE	5 965	5 539
South Metropolitan TAFE	6 148	5 357
North Regional TAFE	1 331	1 619
Central Regional TAFE	1 542	1 367
South Regional TAFE	2 077	1 665
WA Academy of Performing Arts (Edith Cowan University)	15	21
	17 078	15 568

9.12 Indian Ocean Territories

Reconciliation of Commonwealth funds received and expended for the Indian Ocean Territories

	2020	2019
	\$000	\$000
Opening balance	18	9
Receipts	148	159
Payments	(153)	(150)
Closing balance	13	18

10. Administered disclosures

This section sets out all of the statutory disclosures regarding the financial performance of the Department.

	Notes
Disclosure of administered income and expenses by service	10.1
Explanatory statement for administered income and expenses	10.2
Administered assets and liabilities	10.3

10.1 Disclosure of administered income and expenses by service

	Workforce Planning and Development		Development of Vocational Education and Training Policy and Programs		Jobs and Skills Centre Services		Skilled Migration, including Overseas Qualification Assessment	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000
INCOME FROM ADMINISTERED ITEMS								
Income								
For transfer:								
Temporary Worker (Skilled) Visa Holder (Subclass 457) Child School Fee	-	-	-	-	-	-	-	-
Total administered income	-	-	-	-	-	-	-	-
Expense								
Payment to the consolidated account	-	-	-	-	-	-	-	-
Total administered expense	-	-	-	-	-	-	-	-

10.1 Disclosure of administered income and expenses by service (continued)

	Apprenticeship and Traineeship Administration and Regulation		Procurement of Training		Recruitment and Management of International Students		Infrastructure Management for TAFE Colleges	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000
INCOME FROM ADMINISTERED ITEMS								
Income								
For transfer:								
Temporary Worker (Skilled) Visa Holder (Subclass 457) Child School Fee	-	-	-	-	2 839	3 479	-	-
Total administered income	-	-	-	-	2 839	3 479	-	-
Expense								
Payment to the consolidated account	-	-	-	-	2 839	3 479	-	-
Total administered expense	-	-	-	-	2 839	3 479	-	-
	Support Services to TAFE Colleges		Regulatory services to Registered Training Organisations ^(a)		Total			
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000		
INCOME FROM ADMINISTERED ITEMS								
Income								
For transfer:								
Temporary Worker (Skilled) Visa Holder (Subclass 457) Child School Fee	-	-	-	-	2 839	3 479		
Total administered income	-	-	-	-	2 839	3 479		
Expense								
Payment to the consolidated account	-	-	-	-	2 839	3 479		
Total administered expense	-	-	-	-	2 839	3 479		

^(a) The service has been introduced to reflect the transfer of the Training Accreditation Council Secretariat from the Department of Education on 1 January 2019.

10.2 Explanatory statement for administered income and expenses

All variances between annual estimates and actual results for 2020, and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key major variances, which are generally greater than 10% and \$1 million.

	Variance Note	Estimate 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between estimate and actual \$000	Variance between actual results for 2020 and 2019 \$000
INCOME FROM ADMINISTERED ITEMS						
Income						
For transfer:						
Temporary Worker (Skilled) Visa Holder (Subclass 457) Child School Fee	1	4 346	2 839	3 479	(1 507)	(640)
Total administered income		4 346	2 839	3 479	(1 507)	(640)
Expense						
Payment to the consolidated account	1	4 346	2 839	3 479	(1 507)	(640)
Total administered expense		4 346	2 839	3 479	(1 507)	(640)

Major estimate and actual (2020) variance narratives

1. Variance reflects falling student numbers, largely due to the impact of COVID 19.

10.3 Administered assets and liabilities

Current assets

Cash and cash equivalents
Total administered current assets
TOTAL ADMINISTERED ASSETS

Current liabilities

Payables
Total administered current liabilities
TOTAL ADMINISTERED LIABILITIES

2020 \$000	2019 \$000
1 408	1 187
1 408	1 187
1 408	1 187
1 408	1 187
1 408	1 187
1 408	1 187

Additional Key Performance Indicators information

Certification of Key Performance Indicators For the reporting period ended 30 June 2020

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Training and Workforce Development's performance, and fairly represent the performance of the Department of Training and Workforce Development for the reporting period ended 30 June 2020.



ANNE DRISCOLL
Director General
(Accountable Authority)

25 August 2020

Framework

The Department's outcome based management framework was developed in consultation with the Department of Treasury. The effectiveness and efficiency indicators reflect a broad scope of the Department's services.

Each of the Department's desired outcomes contributes to achieving the **State Government goal** of **Future Jobs and Skills**: grow and diversify the economy, create jobs and support skills development.

Desired outcomes	Key Effectiveness Indicators
A skilled workforce that meets the State's economic and community needs	Extent to which Jobs and Skills Centre services provided to individuals and businesses result in career, employment or training outcomes
	Proportion of State nominated skilled migrants employed in priority occupations after arrival
A flexible, responsive, innovative and quality training system	Proportion of delivery in training aligned with State priority occupations
	Proportion of graduates satisfied with the overall quality of training
	Percentage of registered training organisations compliant with the <i>Standards for Registered Training Organisations (RTOs) 2015</i>

Services	Key Efficiency Indicators
Workforce planning and development	Average cost per industry and stakeholder contact
Development of VET policy and programs	Average cost of meeting major policy milestones
Jobs and Skills Centre services	Average cost per Jobs and Skills Centre individual and business client contact
Skilled migration, including overseas qualification assessment	Average cost to administer migration applications and overseas qualification assessments
Apprenticeship and traineeship administration and regulation	Average cost per active training contract
Procurement of training	Cost per student curriculum hour
Recruitment and management of international students	Average cost of recruitment and management per full-time equivalent international student
Infrastructure management for TAFE colleges	Average cost to administer training infrastructure per TAFE college
Support services to TAFE colleges	Average cost to administer support services per TAFE college
Regulatory services to registered training organisations	Cost of regulatory services per registered training organisation

Key outcome effectiveness indicators

OEI 1.1: Extent to which Jobs and Skills Centre services provided to individuals and businesses result in career, employment or training outcomes

OEI 1.1 measures the proportion of Jobs and Skills Centre clients who entered employment, education or training, changed employment or made a career decision, choice or plan after receiving direct assistance. A higher proportion indicates greater development and use of skills in the workforce.

Data for this indicator are derived from a Department survey of clients. In 2019-20 the survey was sent to 9,270 clients and there were 3,439 responses (a response rate of 37.1%). Of these, a weighted total of 2,365 clients had an employment, career or training outcome (the survey sample data are weighted to reflect the relative populations of the two client groups: individuals and businesses). The survey confidence interval at the 95% confidence level was $\pm 1.2\%$.

Table 1: Extent to which Jobs and Skills Centre services provided to individuals and businesses result in career, employment or training outcomes

2019-20 Target	2019-20 Actual	2018-19 Actual	Variance
62%	68.8%	63.7%	Note ¹

Source: DTWD survey.

The quarterly survey was conducted from 9 September to 1 October 2019 for quarter 1, from 19 November to 14 December 2019 for quarter 2, from 18 March to 2 April 2020 and 30 April to 4 May 2020 for quarter 3 and from 18 May to 15 June 2020 for quarter 4.

¹ The variance from the target may be attributed to the consolidation of the Jobs and Skills Centre services, ongoing refinement of the client relationship management system and an increase in training outcomes.

OEI 1.2: Proportion of State nominated skilled migrants employed in priority occupations after arrival

OEI 1.2 measures the number of migrants nominated under Western Australia's State Nominated Migration Program and residing in WA who are working in a priority occupation. A higher proportion indicates the SNMP is supplementing the State's workforce with a more appropriate skilled migration intake.

Data for this indicator are derived from a Department survey of clients. The survey was sent to the 65 skilled migrants who had registered with the Department since 1 July 2019, of which 65 responded (a response rate of 100%). In 2019-20 there were 60 respondents who were living in WA. Of these, 55 clients were employed in a priority occupation.

Table 2: Proportion of State nominated skilled migrants employed in priority occupations after arrival

2019-20 Target	2019-20 Actual	2018-19 Actual	Variance
70.0%	91.7%	44.4%	Note ²

Source: DTWD survey. The survey was conducted from 21 May to 13 June 2020.

² The variance between the 2019-20 actual and the target, and between the 2019-20 actual and the 2018-19 actual, reflects recent changes in the policy settings to target migrants who have studied and worked in Australia. Employability factors that affect migrants are not captured as part of the survey and could also contribute to a greater variance between program years.

OEI 2.1: Proportion of delivery in training aligned with State priority occupations

OEI 2.1 measures the hours of publicly funded delivery in priority training as a proportion of all publicly funded delivery. A higher proportion indicates the training system is more responsive to the employment and skill needs of the State and flexible in adapting to the State's priorities.

Hours calculations are based on the 2019 calendar year. In 2019 there was a total of 29,240,781 publicly funded delivery hours. Of these, 18,141,022 hours were delivered in priority training areas. Priority training areas include apprenticeships and traineeships, institutional activity in qualifications eligible for an entitlement plus foundation skills courses including CAVSS and USIQ.

Table 3: Proportion of delivery in training aligned with State priority occupations

2019-20 Target	2019-20 Actual	2018-19 Actual
65%	62.0%	62.2%

Source: DTWD VET Enrolment Collection

OEI 2.2: Proportion of graduates satisfied with the overall quality of training

OEI 2.2 measures the proportion of vocational education and training graduates in Western Australia who are satisfied with the overall quality of training. A higher proportion indicates a better quality training system.

Data for this indicator are derived from a National Centre for Vocational Education Research survey. There were 17,790 Western Australian graduates in scope in the sample and 5,951 responses (a response rate of 33.5%). The survey confidence level interval at the 95% confidence level was $\pm 0.7\%$.

Table 4: Proportion of graduates satisfied with the overall quality of training

2019-20 Target	2019-20 Actual	2018-19 Actual
90%	89.0%	87.8%

Source: National Centre for Vocational Education Research, Student Outcomes Survey 2019.
The survey was conducted from 3 June to 23 August 2019.

OEI 2.3: Percentage of Registered Training Organisations compliant with the *Standards for Registered Training Organisations (RTOs) 2015*

The Training Accreditation Council (TAC) Secretariat was transferred from the Department of Education to the Department of Training and Workforce Development on 1 January 2019.

This indicator is calculated by determining the number of RTOs audited during the financial year that did not receive a sanction divided by the total number of RTOs audited during the year.

In 2018-19, the indicator divided the number of compliant RTOs that did not receive a sanction during the financial year by the total number of RTOs as at 30 June 2019. The methodology has been improved for 2019-20 without any noticeable effect on the reported percentages. The 2018-19 actual has not been restated using the new methodology because the figure is similar.

RTOs are considered to have not complied with the standards if their registration was cancelled or suspended at any time during the financial year.

In 2019-20, TAC conducted 115 audits with 83 RTOs. During the period, no RTOs had their registration cancelled or suspended due to non-compliances with the Standards. The rate of RTO compliance was 100%.

Table 5: Percentage of Registered Training Organisations compliant with the Standards for Registered Training Organisations (RTOs) 2015

2019-20 Target	2019-20 Actual	2018-19 Actual
100%	100%	99%

Source: Training Accreditation Council Secretariat administrative data

Service efficiency indicators (SEI)

SEI1.1: Average cost per industry and stakeholder contact

The Department works closely with industry, the community and across government in gathering and analysing workforce data and intelligence to identify the State's workforce development and training priorities.

SEI 1.1 measures the average cost (including overheads) per formal contact on workforce planning and development matters with external organisations identified on endorsed stakeholder lists (including a separate list for regional labour market reviews). Grants to industry training councils are excluded from the total cost.

A lower cost indicates more cost effective coordination of workforce planning and development consultations. Total costs for 2019-20 were \$6,036,761.

In 2019-20 there were 2,893 formal contacts with stakeholders. These include planning meetings and official correspondence via letters, emails and scheduled phone calls.

Table 6: Average cost per industry and stakeholder contact

2019-20 Target	2019-20 Actual	2018-19 Actual	Variance
\$2,090	\$2,087	\$1,759	Note ³

Source: DTWD finance and administrative data

³ The variance from the 2018-19 actual is due to discontinuing industry consultations associated with regional labour market reviews. Given the COVID-19 pandemic, the regional labour market reviews were discontinued in 2020 due to regional travel restrictions and the need to alleviate business from survey fatigue.

SEI2.1: Average cost of meeting major policy milestones

The Department develops policies and programs that promote the effective and efficient operation of the State's vocational education and training system. Policy and program development is aligned to the Department's strategic direction for workforce development and training including higher education and the school sector.

SEI 2.1 measures the cost of Policy, Planning and Research branch (including overheads) per Ministerial briefing note. A lower cost indicates more cost effective policy and program development.

The number of Ministerial briefing notes in 2019-20 was 214. Total costs were \$5,928,597.

Table 7: Average cost of meeting major policy milestones

2019-20 Target	2019-20 Actual	2018-19 Actual	Variance
\$28,382	\$27,704	\$16,190	Note ⁴

Source: DTWD finance and administrative data

⁴ The variance from the 2018-19 actual is due to the decrease in business-as-usual Ministerial briefings since the start of the COVID 19 pandemic. Resources were redirected to focus on Western Australia's response and recovery. While the overall volume of briefings decreased over this period, the level of complexity significantly increased.

SEI3.1: Average cost per Jobs and Skills Centre individual and business client contact

Jobs and Skills Centre services provide education and training information, and career guidance to the Western Australian community, as well as employment, training and mentoring services to Aboriginal people and communities.

SEI 3.1 measures the average cost (including overheads) of providing Jobs and Skills Centre services per client contact. A lower cost indicates a more cost effective provision of Jobs and Skills Centre services.

The total number of client contacts was 35,706.

Total expenditure on career and workforce development centres in 2019-20 was \$12,346,489.

Table 8: Average cost per Jobs and Skills Centre individual and business client contact

2019-20 Target	2019-20 Actual	2018-19 Actual	Variance
\$419	\$346	\$432	Note ⁵

Source: DTWD finance and administrative data

⁵ The variance between the 2019-20 actual and the target, and between the 2019-20 actual and the 2018-19 actual, is likely due to maturity in the Jobs and Skills Centre (JSC) strategy being in its second year of operation, an increase in demand for JSC services particularly after the government relaxation of the COVID-19 restrictions and the government initiatives promoted through the JSC network.

SEI4.1: Average cost to administer migration applications and overseas qualification assessments

Skilled migration, including overseas qualification assessment, assesses applications from intending skilled migrants who wish to migrate to Western Australia, and assesses post-secondary qualifications gained overseas for Western Australian residents. The service aims to facilitate skilled migration to Western Australia to supplement the local workforce and enable overseas trained residents to access education, training and employment through recognition of overseas qualifications.

SEI 4.1 measures the average cost (including overheads) to process migration and overseas qualification applications. A lower cost indicates a more cost effective process for assessing overseas qualifications and administering migration program applications.

In 2019-20 there were 4,110 migration applications and qualification assessments. Total expenditure was \$1,253,281.

Table 9: Average cost to administer migration applications and overseas qualification assessments

2019-20 Target	2019-20 Actual	2018-19 Actual	Variance
\$450	\$305	\$360	Note ⁶

Source: DTWD finance and administrative data

⁶ The variance between the 2019-20 actual and the target, and between the 2019-20 actual and the 2018-19 actual, is largely due to an increase in Migration Applications following Perth's reinstatement as a regional city by the Commonwealth Government and changes to the Graduate stream of the State Nominated Migration Program.

SEI5.1: Average cost per active training contract

Apprenticeship and traineeship administration and regulation includes registration of training contracts and administration of contract variations, educating participants on training contract and legislation requirements, dispute resolution and monitoring of legislative compliance.

SEI 5.1 measures the average cost to Apprenticeship Office (including overheads) of administering apprenticeship and traineeship training contracts. A lower cost indicates more cost effective administration and regulation of apprenticeships and traineeships.

In 2019-20 there were 28,593 active training contracts (this figure is weighted according to the number of days contracts were active during the year). Total expenditure was \$7,640,291.

Table 10: Average cost per active training contract

2019-20 Target	2019-20 Actual	2018-19 Actual
\$244	\$267	\$244

Source: DTWD finance data and WA Apprenticeship Management System

SEI6.1: Cost per student curriculum hour (SCH)

Procurement of training comprises the purchasing of training delivery services from TAFE colleges and private training providers in accordance with the State's priorities and the State Training Plan. The service is differentiated according to the major funding categories.

SEI 6.1 measures the average value of Government subsidy per student curriculum hour for each funding category. Hours are reported on a calendar year non-adjusted end-of-study basis. A lower cost indicates a more cost effective administration of the State training system.

The number of funded hours in 2019 was 29,240,781. Total expenditure on procurement of training in 2019-20 was \$449,557,187.

Table 11: Cost per student curriculum hour

	2019-20 Target	2019-20 Actual	2018-19 Actual	Variance
Diploma and above	\$12.11	\$12.11	\$11.42	
Apprentices and trainees (certificate IV and below)	\$17.26	\$17.95	\$16.25	Note ⁷
Priority industry training (certificate I to certificate IV)	\$12.95	\$12.52	\$12.85	
General industry training (certificate I to certificate IV)	\$16.39	\$16.22	\$16.29	
Foundation skills courses	\$18.36	\$18.18	\$18.20	

Source: DTWD finance data and VET Enrolment Collection

⁷ The variance from the 2018-19 actual is due primarily to the introduction of an employer incentive scheme for apprentices and trainees.

SEI7.1: Average cost of recruitment and management per full-time equivalent international student

Recruitment and management of international students involves the marketing of Western Australian TAFE colleges and public schools off shore and on shore, and the management of admissions, compliance and the welfare of international students according to relevant legislation.

SEI 7.1 measures the average cost per student (including overheads) to recruit and monitor compliance of international students. A lower cost indicates more efficient management of the international education and training business.

The total number of international full-time equivalent student enrolments in 2019-20 was 5,571. (Note, full-time equivalent numbers include students on short enrolments. If length of enrolment was taken into account, this would reduce to 5,124 over two 20-week semesters.) Total expenditure, excluding grants to training providers and schools, was \$8,064,762.

Table 12: Average cost of recruitment and management per full-time equivalent international student

2019-20 Target	2019-20 Actual	2018-19 Actual
\$1,471	\$1,448	\$1,394

Source: DTWD finance and TAFE WA International enrolment data

SEI8.1: Average cost to administer training infrastructure per TAFE college

Infrastructure management for TAFE colleges includes the maintenance, administration and strategic development of land and buildings used to deliver publicly funded training in campuses across the State.

SEI 8.1 measures the average cost per TAFE college (including overheads) for providing training infrastructure management services and support. A lower cost indicates more efficient administration of training infrastructure management.

Total costs in 2019-20 (excluding grants and capital program costs, lease costs and infrastructure administration costs borne by the colleges) were \$3,505,335.

Table 13: Average cost to administer training infrastructure per TAFE college

2019-20 Target	2019-20 Actual	2018-19 Actual
\$698,646	\$701,067	\$685,052

Source: DTWD finance data

SEI9.1: Average cost to administer support services per TAFE college

Support services to TAFE colleges include the supply, management and maintenance of information and communication technology, finance, and human resource services.

SEI 9.1 measures the average cost per TAFE college (including overheads) for providing corporate services, and information and communication technology systems and support. A lower cost indicates more cost effective delivery of support services for the TAFE network.

Total costs in 2019-20 (excluding ICT and other costs borne by the colleges) were \$32,897,866.

Table 14: Average cost to administer support services per TAFE college

2019-20 Target	2019-20 Actual	2018-19 Actual
\$7,101,431	\$6,579,573	\$6,285,302

Source: DTWD finance data

SEI10.1: Cost of regulatory services per Registered Training Organisation

The Training Accreditation Council (TAC) Secretariat was transferred from the Department of Education to the Department of Training and Workforce Development on 1 January 2019.

Regulatory services to Registered Training Organisations (RTOs) operating solely in Western Australia are the statutory responsibility of the Training Accreditation Council (TAC).

SEI 10.1 measures the cost of providing regulatory services to RTOs.

This indicator is calculated by dividing costs by the number of RTOs with an active registration at any time during the financial year.

In 2018-19, the cost of regulatory services per RTO was measured using the number of RTOs as at 30 June 2019 as the denominator. The methodology has been improved in 2019-20. The 2018-19 actual has not been restated using the new methodology because the figure is similar.

Total costs in 2019-20 were \$2,980,488 which includes all regulatory activity, including assessments of RTO compliance. A weighted total of 193 RTOs had an active registration during the financial year.

Table 15: Cost of regulatory services per Registered Training Organisation

2019-20 Target	2019-20 Actual	2018-19 Actual	Variance
\$19,364	\$15,443	\$9,598	Note ⁸

Source: Training Accreditation Council Secretariat administrative data

⁸ The variance from the target is due to lower than anticipated use of contract staff and external audit services. The variance from the 2019-20 actual is due to the transfer of TAC to DTWD from the Department of Education on 1 January 2019. Therefore only 6 months of costs were included in the 2018-19 actuals.

Major capital works in 2019-20

The State Training Asset Management Plan (STAMP) provides a strategic asset plan for the State training sector. The plan:

- highlights infrastructure priorities to improve quality and relevance of facilities;
- recommends new infrastructure funding proposals to the State Government;
- shows where critical remedial works are needed;
- redevelops outdated campus facilities; and
- increases utilisation of facilities by ensuring ageing facilities are fit for purpose.

TAFE colleges inform the STAMP by providing individual Strategic Infrastructure Plans to the Department every two years.

Completed projects

The following key Remedial Works Program (RWP) projects were completed in the 2019-20 financial year.

Upgrade to existing kitchen training facilities at Bentley campus	\$3.2 million
New student hub at Pundulmurra campus	\$2.2 million
Refurbishment and upgrades to Collie campus	\$1.5 million
Upgrade and separation of air-conditioning at South Hedland campus	\$1.2 million
Lift refurbishments at East Perth campus (\$586,000) and Peel campus (\$171,000)	\$757,000
Stage 2 of live work expansion for wellness and beauty training at McLarty campus	\$623,000
Campus Score Card (CSC) projects – the assessment and implementation of priority remedial works to extend the lifespan of current infrastructure:	\$9.67 million
<ul style="list-style-type: none"> • Balga, Stage 1 upgrades (\$0.5 million): L Block roof replacement • Bunbury, Stage 1 upgrades (\$4.47 million): Services (electrical and water supply), air-conditioning, roofing and internal refurbishments • Kalgoorlie, Stage 1 upgrades (\$2.1 million): Services (electrical and fire), roofing, air-conditioning and universal access • Karratha, Stage 1 and 2 upgrades (\$2.1 million): Roofing, structural, mechanical, toilet refurbishments and holding yard construction • Midland, Stage 1 upgrades (\$0.5 million): Workshop internal refurbishment 	

Projects in progress (includes key RWP projects)

TAFE college	Project	Estimated completion date	Actual expenditure 2019-20 \$000	Actual expenditure 2018-19 (incl. capital grants) \$000	Estimated cost to complete \$000	Estimated total cost \$000
North Metropolitan TAFE	METRONET Training Centre at Midland campus ¹	Jun 2021	187	NIL	1,613	1,800
North Metropolitan TAFE	Belt splicing training facilities at Midland campus	Jun 2021	NIL	NIL	2,000	2,000
North Metropolitan TAFE	Library relocation, NDIS and nursing training repurposing at Mount Lawley campus (RWP) ²	May 2021	153	21	147	321
North Metropolitan TAFE	Repurposing S Block at McLarty campus into an NDIS and nursing training facility	Nov 2021	174	NIL	1,326	1,500
South Metropolitan TAFE	Essential maintenance at Fleet Street (Fremantle) campus at Victoria Quay (RWP)	Jun 2022	0	0	1,700	1,700
South Metropolitan TAFE	Purchase of simulated welders for Naval Base campus	Jan 2021	NIL	NIL	800	800
South Regional TAFE	New replacement campus at Esperance ³	Aug 2021	1,548	414	6,730	8,692
South Regional TAFE	Heavy Haulage repurposing at Collie campus	Feb 2021	NIL	NIL	500	500
Central Regional TAFE	Agricultural Training Centre at Moora campus ⁴	Jun 2021	NIL	NIL	700	700
Campus						
	CSC projects:					
Balga	Stage 2 upgrades (\$5 million)	Jul 2023	NIL	NIL	5,000	5,000
Bentley	Stage 3 upgrades (\$6.4 million)	Jul 2024	NIL	NIL	6,400	6,400
Bunbury	Stage 2 upgrades (\$1.5 million)	Jul 2022	NIL	NIL	1,500	1,500
Carlisle	Stage 2 upgrades (\$4.6 million)	Jul 2023	9	NIL	4,591	4,600
Kalgoorlie	Stage 2 upgrades (\$3.3 million)	Jul 2022	1,117	NIL	2,183	3,300
Karratha	Stage 2 upgrades (\$4.2 million)	Jul 2023	NIL	NIL	4,200	4,200

Notes:

¹ Funding does not include \$0.7M provided by Commonwealth. Total estimated combined project budget is \$2.5M.

² Funding does not include \$0.9M provided by Commonwealth, \$0.65M provided by Department of Communities. Total estimated combined project budget is \$1.87M.

³ Funding does not include \$10M Royalties for Regions funding. Total estimated combined project budget is \$18.69M.

⁴ Funding does not include \$0.5M provided by Commonwealth. Total estimated combined project budget is \$1.2M.

Other legal requirements

Expenditure on advertising

In accordance with section 175ZE of the Electoral Act 1907, the agency incurred the following expenditure in advertising, market research, polling, direct mail and media advertising. Total expenditure for 2019-20 was \$507,410 and was incurred in the following areas.

Expenditure	Agency	Amount	Total
Advertising agencies	Likeable Creative	\$124,031	\$124,031
Market research organisations		Nil	Nil
Polling organisations		Nil	Nil
Direct mail organisations		Nil	Nil
Media advertising organisations	Carat Australia	\$293,575	\$383,380
	Initiative Media	\$ 89,805	

Human Resources

Employee profile

The Department employs public service officers who are primarily located in the metropolitan area. In 2019-20 there were 420 Full Time Equivalent employees in the Department.

	2018-19		2019-20	
	Male	Female	Male	Female
Employee by gender (headcount)	161	293	171	297
Employee median age	47	45	48	44
Employment arrangement: part time (headcount)	13	64	13	70
Employment arrangement: full time (headcount)	148	229	158	227
Employee work location: metropolitan (FTE)	394		410	
Employee work location: regional (FTE)	10		10	
Employment status: permanent (headcount)	416		431	
Employment status: fixed term (headcount)	38		37	
Employment status: casual (headcount)	0		0	

Source: Human Resources Management Information System (HRMIS) 30 June 2020.

Note: Includes officers on secondment from other Government agencies.

Learning and development

In 2019–20, the Department provided:

- a calendar of professional development which had 353 attendees and included training programs for managers and supervisors;
- a virtual training program during COVID-19;

- a blended face to face/online corporate induction program which 58 new employees completed;
- a government traineeship program for nine trainees; and
- an interagency mentoring program with the Department of Finance, the Department of Treasury, the Department of Planning, Lands and Heritage, the Department of Health, the Department of Justice, the Department of Water and Environmental Regulation, the Department of Communities, the Department of the Premier and Cabinet, Lotterywest, Mental Health Commission, Economic Regulation Authority and Landgate.

Industrial relations

The Department's Human Resources branch coordinates workplace and industrial matters across the training sector. This includes providing industrial relations advocacy, advice and support to the Department and to TAFE colleges on a broad range of matters, such as coordinating bargaining for industrial instruments, such as the Western Australian TAFE Lecturers' General Agreement.

The Department's Human Resources branch has coordinated the Department and TAFE colleges' implementation of the Government's commitment to permanency in the public sector. Under Commissioner's Instruction No. 23 applicable to all public sector employees, eligible fixed term contract and casual employees continue to be reviewed for possible conversion to permanency.

Governance disclosures: Contracts with senior officers

At the date of reporting, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the Department other than normal contracts of employment.

Disability access and inclusion plan outcomes

In accordance with the *Disability Services Act 1993 (amended 2004)* the Department has developed and implemented a *Disability Access and Inclusion Plan (DAIP) 2017–2021*. The DAIP specifies actions and responsibilities for each directorate to improve access to facilities, services and information for people with disability.

DAIP progress is reported annually to ensure the Department continues to provide an acceptable level of access. During 2019-20, the Department achieved the following:

- \$3.3 million was provided to TAFE colleges to support students with disability.
- A new universal access toilet was completed at the Muresk Institute in July 2019.
- A new Workforce Plan was implemented in July, highlighting representation of people with disability in the workplace and includes strategies to increase representation and equity.
- The use of section 66R of the Equal Employment Opportunity Act in job adverts was introduced as a measure to achieve equality and increase representation of people with disability employed at the Department.
- Windows 10 was deployed to all public access machines, enabling the magnifier application, increasing accessibility for users.
- Work commenced on the Accessibility Implementation Plan. The plan will address all customer-facing websites and online/digital content, and includes the development of guidelines and standards.

Compliance with public sector standards and ethical codes

The Department complies with Public Sector Standards and the WA Public Sector Code of Ethics through its own Code of Conduct. Breach of Standard claims are managed in accordance with the *Public Sector Management (Breaches of Public Sector Standards) Regulations 2005*.

The Department ensures compliance with the Public Sector Standards by:

- providing information about the standards in relevant human resource management policies and resources;
- providing an advisory and consultancy service to staff on standards related matters;
- including information about the Public Sector Code of Ethics and the Department's Code of conduct in the staff induction program;
- notifying job applicants of their rights and obligations prescribed by the regulations; and
- requiring all new staff to complete training in accountable and ethical decision making.

During the reporting period, one breach claim was lodged against the employment standard, which was dismissed by the Public Sector Commission.

Misconduct management

The Department reports potential misconduct to the Corruption and Crime Commission (CCC) and the Public Service Commission as required under the relevant legislation. In 2019–20, two notifications of potential misconduct were made to the CCC and PSC.

Management of complaints

General complaints are managed in accordance with the Department's Complaints Management Policy which conforms to Australian Standard and Public Sector requirements. In 2019–20, 27 complaints from members of the public were received and satisfactorily resolved.

Internal grievance issues are managed in accordance with the Grievance Resolution Policy consistent with relevant legislation, the Public Sector Code of Ethics, the Department's Code of Conduct and relevant Department policies.

The Commonwealth Government's National Training Complaints Hotline set up in early 2015 resides with the Department, receiving complaints referred by the Commonwealth to Western Australia. The Department's Complaints Management Policy applies for complaints received about its own products and services. All other complaints are referred to relevant agencies for action. Quarterly updates are provided to Corporate Executive.

Public interest disclosure

The *Public Interest Disclosure Act 2003* facilitates the disclosure of information in the public interest about matters of wrongdoing, corruption or improper conduct within the Western Australian public sector. The Department has six fully trained Public Interest Disclosure (PID) officers. There were no public interest disclosures during 2019–20. The Department's induction program provides information on the PID legislation.

Working with children checks

The *Working with Children (Criminal Record Checking) Act 2004* makes it compulsory for people in child related work to apply for a Working with Children Check. The Department currently has 28 positions assessed as requiring a Working with Children Check.

Criminal convictions screening

The Department's Criminal Convictions Screening Policy requires all employees to hold a criminal convictions screening clearance which is valid for five years. In the 2019–20 year, 109 employees were screened for criminal convictions.

Record keeping

Under the *State Records Act 2000*, each government agency is required to develop a Record keeping plan (RKP). The efficiency and effectiveness of the Department's RKP is evaluated regularly to ensure compliance to the Act. The Department is working closely with the five TAFE Colleges to support their record keeping responsibilities.

With the progress of the project to streamline and standardise policy, procedures and record keeping systems across the TAFE Sector, the Training Business Services dataset was made read-only in January 2019 with records now being registered in the relevant Department corporate and TAFE systems respectively.

The Department uses Content Manager (CM) as the mandated Electronic Document and Records Management System (EDRMS) to manage physical and electronic records, including the management of the retention and disposal of such records. In 2019-20, approximately 138,647 documents were registered in CM. New staff are made aware of their record keeping obligations and all staff must complete the Records Awareness Training, CM Introduction and the associated online assessment before access to CM is granted. During 2019-20, 67 Department staff completed the CM introductory course.

Government policy requirements

Language services policy

The Western Australian Language Services Policy aims to ensure that language is not a barrier to Government services and programs. The Department focuses on those business areas which deliver services directly to the public. Translating and interpreting services are provided when required by clients.

Substantive equality

The Department ensured that substantive equality was integrated into policies, workplaces and services provided to and by the Department. The Substantive Equality Framework and the Substantive equality policy continued to be implemented in 2019-20. The Substantive equality policy is reviewed annually.

Commitment to occupational safety and health and injury management

The Director General communicated to all employees regarding the Department's ongoing commitment to recognising safety and health as a shared responsibility between management, employees and contractors, following the State Government's announcement of its vision for public sector workplace safety and health, and proposed future revision of the *Occupational Safety and Health Act 1984*.

The ongoing support of safety and health is underpinned by the Department's Occupational Safety and Health Management Plan, Code of Conduct, Occupational Safety and Health Policy and Workers' Compensation and Injury Management Policy, which were all reviewed by Corporate Executive in 2019-20.

The Department's commitment to workplace safety and health was recognised following achievement of Gold certification in the WorkSafe Plan Assessment in 2019-20. The Department is working towards the agreed actions arising from the WorkSafe Plan Assessment.

Corporate Executive receives quarterly reports of accidents and incidents, hazards and workers' compensation statistics. Regular communication of safety and health topics to employees occurs through the Department's internal e-newsletter, *The Good Oil*, on the Department's intranet and by direct email from the Director General.

Occupational safety and health management system

The Department's Occupational Safety and Health Management Plan outlines key occupational safety goals and targets for the Department, in addition to those provided in the *Public Sector Commissioner's Circular 2018-03 Code of Practice: Occupational Safety and Health in the Western Australian public sector*.

The Department has a total of six elected safety and health representatives across its work locations. In 2019-20 one new safety and health representative was elected. All safety and health representatives are provided with training or refresher training as required by the *Occupational Safety and Health Act 1984*. Our safety and health representatives are provided with time to undertake tasks such as floor inspections, attending to accidents and incidents, reporting hazards and attending OSH Committee meetings.

The Department has incorporated occupational safety and awareness training into its mandatory induction program. The Department mandates additional comprehensive occupational safety and health training, including an online training program especially for managers and supervisors. As at 30 June 2020, 85 percent of managers have completed this training.

An assessment of the Department's occupational safety and health management system was last conducted internally in 2012. In July 2019 a WorkSafe Plan Assessment of the Department's occupational safety and health system was carried out by a qualified external assessor, focusing on its metropolitan work locations. The Department achieved Gold certification and is working towards implementing the agreed actions from the assessment.

Due to the unique operations of Muresk Institute as a working farm, a discrete WorkSafe Plan Assessment was completed by a qualified external auditor in 2016. Implementation of all remaining actions recommended by the assessment was completed in 2019-20.

Formal occupational safety and health and injury management consultative mechanisms

The Department's OSH Committee consists of representatives from Corporate Executive, management and elected safety and health representatives who meet on a quarterly basis. The OSH Committee is a forum for discussion regarding accidents and incidents, hazard management and workers' compensation statistics across each of the Department's work locations, as well as other topical occupational safety and health matters.

Minutes of OSH Committee meetings are tabled to Corporate Executive, providing opportunity for senior management response to issues or trends. Meeting minutes are published on the Department's intranet and a list of current OSH Committee members is published on the Department's intranet.

The Department achieved the following progress in occupational safety and health and injury management activities in 2019-20:

- Five trained safety and health representatives across the Department, with a further representative to complete training in the first quarter of 2020-21. A register of current representatives was maintained.
- Quarterly reports against the Department's incident and hazard identification process.
- Biannual workplace inspections across the Department.
- 13 trained first aid officers and 36 trained fire wardens in place across the Department.
- Delivered a Health and Wellbeing program across the Department.
- Extensively promoted all health and wellbeing activities through internal newsletter articles, Corporate Leadership Group emails and posters displayed in communal areas across all Department sites.
- Established a network of 12 Mental Health First Aid Contact Officers.
- Completed 75 ergonomic assessments.
- Online OSH reporting system at Muresk Institute.

Workers' compensation and injury management

The Department's Workers' Compensation and Injury Management Policy is published on the intranet and was developed consistent with the requirements under the *Workers' Compensation and Injury Management Act 1981*, and also provides guidance for and management of employees with non-work related injury or illness.

Employees who sustain an injury or illness during the course of their duties, or who have a non-work related injury or illness, are provided with the assistance required to ensure that they can continue to work or achieve early return to work, where practicable.

Return to work programs are developed in consultation with injured employees, their treating medical practitioners, managers and a representative from Human Resources, consistent with the requirements of the *Workers' Compensation and Injury Management Act 1981*.

All workers' compensation claims are managed by the Department, with the assistance of the Government Insurance Division at Insurance Commission WA, to minimise time lost. In 2019–20 there were two new workers' compensation claims, with no claims carried over from the previous reporting period.

Measure	Actual results		Target	Comment on result
	2018-19	2019-20		
Number of fatalities	0	0	0	Target achieved
Lost time injury and/or disease incidence rate	0.45	0	0 or 10% improvement on the previous three years	Target achieved
Lost time injury and/or disease severity rate	0	0	0 or 10% improvement on the previous three years	Target achieved
Percentage of injured workers returned to work within 13 weeks	a. N/A	a. 100%	Greater than or equal to 80% return to work within 26 weeks	Targets exceeded
within 26 weeks	b. N/A	b. 100%		
Percentage of managers trained in occupational safety, health and injury	85%	85%	Greater than or equal to 80%	Target achieved

Unauthorised use of credit cards

Agencies are required to publish in their annual report details of instances where a Western Australian Government Purchasing Card (a 'credit card') was utilised for personal use. In 2019–20, there were three such instances.

Aggregate amount of personal use expenditure	\$51.40
Aggregate amount of personal use expenditure settled within five days	\$51.40
Aggregate amount of personal use expenditure settled by 30 June 2020	\$51.40
Aggregate amount of personal use expenditure outstanding at 30 June 2020	Nil
Number of referrals for disciplinary action	Nil

Reconciliation Action Plan

The Department's commitment to reconciliation and work on its Stretch Reconciliation Action Plan (RAP) continued in 2019–20. Development and implementation of the RAP is guided by the RAP Steering Group.

Key actions were undertaken to embed reconciliation initiatives in the Department's business and engage staff and visitors to the Department in Aboriginal culture, including:

- renaming of meeting rooms at the Optima site to words in the Noongar language; and
- development of pocket sized Acknowledgement of Country reference cards, available in all meeting rooms, to assist staff to acknowledge the traditional custodians of the land during meetings with internal and external stakeholders.

The Department also continued its cultural learning journey with three sessions with Bindi Bindi Dreaming during the year:

- *Aboriginal History* in September 2019;
- *Focus on Languages* in November 2019; and
- *Connection to Country* in December 2019.

The following events were organised in 2019-20:

July 2019	<p>The 2019 NAIDOC theme was <i>Voice. Treaty. Truth. Let's work together for a shared future</i>. The Department's NAIDOC celebration event was held in partnership with the Department of Finance and featured speeches from the Hon Ben Wyatt MLA, Treasurer and Minister for Finance, Aboriginal Affairs and Lands; and James Back, CEO Reconciliation WA.</p> <p>Aboriginal culture was celebrated with a performance by women's dance group Kwarbah Djookian. Aboriginal history was shared by Tony Hansen, Aboriginal Practice Leader from Parkerville Children and Youth Care. A survivor of the stolen generation, Tony shared stories about growing up in a mission settlement near Katanning and its impact on his life.</p>
October 2019	<p>The Great Book Swap raised over \$1,000 for the Indigenous Literacy Fund.</p>
May 2020	<p>In response to COVID-19, National Reconciliation Week was celebrated online. The official National Reconciliation Week event hosted by Auspire WA, 'Online Lunch with Leaders' was streamed online at Department sites Optima Centre, Prospect Place, Muresk Institute and TAFE International WA.</p> <p>A panel of four highly respected Aboriginal community leaders discussed the theme <i>In This Together</i> and shared their stories, thoughts and ideas on what reconciliation, culture, understanding and acknowledgement means to them.</p> <p>Aboriginal Cultural Awareness Training moved online with a session facilitated by Kambarang Services.</p> <p>The Director General addressed staff at all sites in a recorded video, to encourage participation in online activities and promote the online resources available to staff on the Department's intranet.</p>

APPENDICES

Appendix 1: Legislation

Administered legislation

The *Vocational Education and Training Act 1996* is administered by the Minister for Training and Workforce Development with the assistance of the Department.

The *Training Legislation Amendment and Repeal Act 2008* came into operation on 10 June 2009. This legislation amended the *Vocational Education and Training Act 1996* and repealed the *Industrial Training Act 1975*. It provided a new legislative framework which allows for greater flexibility and a more contemporary training system

Other key legislation

In the performance of its functions the Department complies with the following relevant written laws.

- *Auditor General Act 2006*
- *Children and Community Services Act 2004*
- *Contaminated Sites Act 2003*
- *Corruption, Crime and Misconduct Act 2003*
- *Disability Services Act 1993*
- *Education Services for Overseas Students Act 2000*
- *Electoral Act 1907*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *National Vocational Education and Training Regulator Act 2011*
- *Occupational Safety and Health Act 1984*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *School Education Act 1999*
- *Standards for Registered Training Organisations (RTOs) 2015*
- *State Records Act 2000*
- *State Supply Commission Act 1991*
- *Student Identifiers Act 2014*
- *Vocational Education and Training (General) Regulations 2009*
- *Vocational Education and Training (Colleges) Regulations 2006*
- *Workers' Compensation and Injury Management Act 1981*
- *Working with Children (Criminal Record Checking) Act 2004*

Appendix 2: Department services contact details

Jobs and Skills Centres – Primary metropolitan, regional and specialist locations

North Metropolitan TAFE

Balga Jobs and Skills Centre
North Metropolitan TAFE
18 Loxwood Road
Balga WA 6061
T: 13 64 64
E: balgajsc@nmtafe.wa.edu.au

Joondalup Jobs and Skills Centre
North Metropolitan TAFE
35 Kendrew Crescent
Joondalup WA 6027
T: 13 64 64
E: joondalupjsc@nmtafe.wa.edu.au

Northbridge Jobs and Skills Centre
North Metropolitan TAFE
30 Aberdeen Street
Northbridge WA 6003
T: 13 64 64
E: northbridgejsc@nmtafe.wa.edu.au

South Metropolitan TAFE

Peel Jobs and Skills Centre
South Metropolitan TAFE
2 Education Drive
Greenfields WA 6210
T: 13 64 64
E: peeljsc@smtafe.wa.edu.au

Rockingham Jobs and Skills Centre
South Metropolitan TAFE
Simpson Avenue
Rockingham WA 6168
T: 13 64 64
E: rockinghamjsc@smtafe.wa.edu.au

Thornlie Jobs and Skills Centre
South Metropolitan TAFE
Burslem Drive
Thornlie WA 6108
T: 13 64 64
E: thornliejsc@smtafe.wa.edu.au

North Regional TAFE

Broome Jobs and Skills Centre
North Regional TAFE
68 Cable Beach Road
Broome WA 6725
T: 13 64 64
E: kimberleyjsc@nrtafe.wa.edu.au

Karratha Jobs and Skills Centre
North Regional TAFE
Dampier Road
Karratha WA 6714
T: 13 64 64
E: pilbarajsc@nrtafe.wa.edu.au

Central Regional TAFE

Geraldton Jobs and Skills Centre
Central Regional TAFE
Fitzgerald Street
Geraldton WA 6530
T: 13 64 64
E: midwestjsc@crtafe.wa.edu.au
E: gasgoynejsc@crtafe.wa.edu.au

Kalgoorlie Jobs and Skills Centre
Central Regional TAFE
34 Cheetham Street
Kalgoorlie WA 6430
T: 13 64 64
E: goldfieldsjsc@crtafe.wa.edu.au

Northam Jobs and Skills Centre
Central Regional TAFE
LOT 1, Hutt Street
Northam WA 6401
T: 13 64 64
E: wheatbeltjsc@crtafe.wa.edu.au

South Regional TAFE

Bunbury Jobs and Skills Centre
South Regional TAFE
Robertson Drive
Bunbury WA 6230
T: 13 64 64
E: bunburyjsc@srtafe.wa.edu.au

Albany Jobs and Skills Centre
South Regional TAFE
5 Anson Road
Albany WA 6330
T: 13 64 64
E: albanyjsc@srtafe.wa.edu.au

Specialist services

Multicultural Services Centre WA
(People from Culturally and Linguistically Diverse backgrounds):

- 14 Brewer Place
Mirrabooka WA 6061
- 20 View Street
North Perth WA 6006
- 13/64-66 Kent Street
Cannington WA 6107
- 5 Bookham Street
Morley WA 6062

T: 08 9254 9992
E: jsc@mscwa.com.au

Outcare (Ex-offenders)
27 Moore Street
East Perth WA 6004
T: 08 6263 8622
E: reception@outcare.com.au

Other Department services

Apprenticeship Office

16 Parkland Road
Osborne Park WA 6017
T: 13 19 54
E: apprenticeshipoffice@dtwd.wa.gov.au

Migration Services

1 Prospect Place
West Perth WA 6005
P: Locked Bag 16, Osborne Park DC 6916
T: +618 9224 6540
E: migration@dtwd.wa.gov.au

Muresk Institute

Muresk Road
Northam WA 6401
T: 1300 994 031
E: muresk@dtwd.wa.gov.au

Office of the State Training Board

16 Parkland Road
Osborne Park WA 6017
T: 08 6551 5593
E: ostb@dtwd.wa.gov.au

TAFE Admissions

P: Locked Bag 16
Osborne Park DC 6916
T: 08 6212 9888
E: tafe.admissions@dtwd.wa.gov.au

TAFE International Western Australia

East Perth TAFE Campus
Building B, Level 2, 140 Royal Street
East Perth WA 6004
P: Locked Bag 16, Osborne Park WA 6916
T: +618 9218 2100
E: admissions.tiwa@dtwd.wa.gov.au

Training Accreditation Council Secretariat

Level 9, 20 Walters Drive
Osborne Park WA 6017
P: Locked Bag 16, Osborne Park DC WA 6916
T: 08 9224 6510
E: tac@dtwd.wa.gov.au

Appendix 3: Acronyms, terms and definitions

Acronyms

ASBT	Aboriginal school-based training
CCC	Corruption and Crime Commission
CISC	COAG Industry and Skills Council
CM	Content Manager
COAG	Council of Australian Governments
CSA	Civil Service Association
DAIP	Disability Access and Inclusion Plan
DPA	Delivery and Performance Agreements
EBT	Employment-based training
EIS	Employer Incentive Scheme
ELICOS	English Language Intensive Course for Overseas Students
FTE	Full Time Equivalent
GTO	Group Training Organisation
ICT	Information and Communications Technology
IBT	Institutional-based training
JSC	Jobs and Skills Centre
LGA	Local Government Area
OQU	Overseas Qualifications Unit
OSH	Occupational Safety and Health
PID	Public Interest Disclosure
RKP	Record Keeping Plan
RPL	Recognition of Prior Learning
RTO	Registered Training Organisation
RTW	Return to Work
SCH	Student curriculum hours
SNMP	State Nominated Migration Program
SPOL	State Priority Occupation List
SRC	State Records Commission
STAMP	State Training Asset Management Plan
STB	State Training Board
STEM	Science, technology, engineering and mathematics
TAC	Training Accreditation Council
TAFE	Technical and Further Education
TIWA	TAFE International WA
VET	Vocational education and training
WAAMS	Western Australian Apprenticeship Management System

Terms and definitions

Broad priority training: Apprenticeships and traineeships, priority industry qualifications, Lower fees, local skills, and other foundation and equity courses where the Government subsidises the majority of course costs (that is, all training other than general industry training).

Calendar year: While most data in this report describe the 2019–20 financial year, some data describe the 2019 calendar year. This is because most VET courses are delivered by calendar year. Where possible, snapshots of training activity as at 30 June 2020 are also provided, to provide an indication of more recent activity.

Course enrolments: This measure is used in preference to a head-count of students, because it provides a more reliable measure, allowing the data to be consistently analysed by variables such as delivery location and funding source. Enrolments are considered valid once some activity has been recorded which excludes cases where students enrol but do not commence training.

State Priority Occupations: Occupations that are rated at a State level priority through the annual *State Priority Occupation List* (SPOL) process undertaken by the Department. For more information on the SPOL visit dtwd.wa.gov.au.

State priority qualifications/State priority courses: This group comprises apprenticeships and traineeships, priority industry qualifications, Lower fees, local skills and the two priority foundation skills courses, Course in Applied Vocational Study Skills and Course in Underpinning Skills for Industry Qualifications.

Student curriculum hours (SCH): This measure describes the agreed nominal value of hours associated with a module or unit of competency. It is a fixed value (or 'weighting') and does not describe the actual hours that an individual student spends in class or doing homework. SCH is considered the most objective measure of VET effort as it reflects the volume of training activity occurring.

Appendix 4: Department services and programs – Additional information

Aboriginal School-based Training Program provides an opportunity for Aboriginal students in years 10, 11 and 12 to start training while at school to gain a qualification or sustainable employment.

Apprenticeships are structured employment-based training programs that lead to apprentices gaining a nationally recognised qualification in traditional and technical trade related areas.

Apprenticeship and Traineeship Re-engagement Incentive (12 months) provides employers with a one-off payment of \$6,000 for hiring an apprentice and \$3,000 for hiring a trainee whose training contract was terminated during the COVID-19 pandemic period.

Enterprise Training Program supports the training of existing workers in enterprises by assisting them to respond to current skill gaps and future workforce requirements. The program is a structured partnership between a registered training organisation and an eligible enterprise designed to develop and implement a training program to upskill the enterprise's existing workforce to meet current and emerging demands.

Group Training Organisations employ apprentices and trainees and place them with host employers, giving businesses access to apprentices and trainees on a rotational basis without having to commit to a full term. The State funded Western Australian Group Training program maintained its commitment to Aboriginal people, including at risk students, people with disability, school-based, women in non-traditional trades, regional and remote area apprentices and trainees.

Jobs and Skills Centres are one-stop shops for careers, training and employment advice and assistance. Services are free, and accessible to all members of the community.

Jobs and Skills WA Employer Incentive was developed to grow apprenticeships and new entrant traineeships by assisting employers with the cost of taking on new apprentices and new entrant trainees to expand their businesses.

Lower fees, local skills halved course fees for 34 targeted vocational qualifications from 1 January 2020 until 31 December 2021 to stimulate training in growth areas such as tourism and hospitality, METRONET, construction, defence and healthcare. The list includes qualifications that are suited to younger people and qualifications that offer good local employment prospects in industry areas with high jobs growth.

Overseas Qualifications Unit provides free comparative assessments of overseas qualifications against Australian qualification levels.

Participation program provides vocational education and training programs to people within the general community who face barriers in accessing mainstream training programs.

Pre-apprenticeships provide the opportunity for students to gain introductory trade skills and a pathway into an apprenticeship program (also available to students while still at school). A pre-apprenticeship is a Certificate II program that includes a mandatory work placement coordinated by the training provider. It provides industry specific training, combined with hands-on experience, including in a real workplace making participants more competitive when applying for an apprenticeship.

Pre-traineeships provide learners with industry specific training, combined with adequate time in a real work place to gain skills, knowledge and behaviours to transition into a traineeship.

Priority Start Policy applies to tenders issued from 1 April 2019 and replaced the previous *Government building training (GBT) policy*. Priority Start aims to ensure a sustainable construction trades' workforce for WA by increasing the overall number of apprentices and trainees in the building and construction industry. The policy requires companies awarded State Government building, construction and maintenance contracts, valued over \$5 million to meet the industry training rate for employment of apprentices and trainees.

State Nominated Migration Program is managed by the Department on behalf of the Western Australian Government. Two visas are available under the SNMP – the Skilled Nominated visa (subclass 190) and Skilled Work Regional (Provisional) visa (subclass 491). To be considered for State nomination in Western Australia an applicant must have an occupation on the *Western Australian Skilled Migration Occupation List* or the *Graduate Occupation List*, and also meet other selection criteria set by the State Government.

State Priority Occupation List guides workforce planning and development for Western Australia. The SPOL includes those occupations considered a priority in Western Australia and is produced in consultation with key stakeholders, including the State's industry training council network.

State Training Asset Management Plan provides a strategic asset plan for the State training sector, including the TAFE Colleges. It is primarily used to highlight infrastructure priorities related to improving the quality and industry relevance of training facilities for students and is used to recommend new infrastructure funding proposals to the State Government, which enhance the training capacity of the TAFE network.

TAFE International Western Australia (TIWA) is responsible for the recruitment and admission of international students studying at Western Australian TAFE colleges and public schools. All international students applying to study at a TAFE college must apply through TIWA. TIWA is also responsible for the management and maintenance of a system-wide international admissions database.

Traineeships are structured employment-based training programs that lead to the trainee gaining a nationally recognised qualification, typically in non-trade related areas.

Travel and Accommodation Allowance provides financial assistance to apprentices and trainees required to travel long distances to attend off the job training.

VET delivered to secondary students enables secondary students to undertake a nationally recognised VET qualification while completing their Western Australian Certificate of Education.

VET Qualifications Register for Secondary Students is updated annually in collaboration with industry training councils, provides industry advice on the suitability of qualifications for school students, and informs the list of qualifications eligible for Department funding.