

Annual Report

2019-20



LETTER OF COMPLIANCE

10 September 2020

The Honourable Shannon Fentiman MP
Minister for Employment and Small Business and
Minister for Training and Skills Development
PO Box 15483
CITY EAST QLD 4002

Dear Minister Fentiman

I am pleased to submit for presentation to the Parliament the Annual Report 2019-20 and financial statements for TAFE Queensland.

I certify that this report complies with the:

- prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019*, and
- detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found at page 71 of this annual report.

Yours sincerely



Annabel Dolphin
Chairperson
TAFE Queensland

ABOUT OUR ANNUAL REPORT

The TAFE Queensland Annual Report 2019–20 is an integral part of our corporate governance framework. It aligns with the TAFE Queensland Strategic Plan 2018–22, summarising our key achievements, performance and financial position for 2019–20.

The annual report plays an important role in fulfilling TAFE Queensland's commitment to accountability, transparency and continuous improvement.

It also provides information on our future direction, people management and corporate governance.

View our report online

TAFE Queensland's annual reports (including information on TAFE Queensland's government body) are available online at tafeqld.edu.au.

For enquiries about this annual report, please contact TAFE Queensland by phone on +61 7 3514 3600 or via email at tafe.queensland@tafeqld.edu.au.

More information – open data

Several annual reporting requirements for this year are addressed through publishing information on the Queensland Government Open Data Portal. These are:

- consultancies
- overseas travel
- Queensland Language Services Policy.

For further information, please visit data.qld.gov.au.

Interpreter services



TAFE Queensland is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have any difficulty in understanding the annual report, please call TAFE Queensland on +61 7 3514 3600 and we will arrange an interpreter to effectively communicate the report to you.

Providing feedback

We continually strive to meet best practice reporting standards and value the views of our readers. We invite you to provide feedback on this report by completing a survey on the Get Involved website getinvolved.qld.gov.au/annualreportfeedback.

Copies of this publication can be obtained at tafeqld.edu.au or by phoning the TAFE Queensland Correspondence Unit on +61 7 3514 3600 or emailing tafe.queensland@tafeqld.edu.au.

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INTRODUCTION

MESSAGE FROM THE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

As the state's premier provider of quality vocational education and training (VET), TAFE Queensland made a critical contribution this year to the Queensland Government's objectives for *Our Future State: Advancing Queensland's Priorities to Create jobs in a strong economy* by aligning skills development to industry demand and job opportunities to support Queensland's prosperity.

Through our commitment to delivering industry-relevant and future-focused training, TAFE Queensland supported over 109,000 students throughout the year to gain the skills needed to enter the workforce or to further their career or study ambitions. This was achieved alongside significant efforts to successfully gain re-registration as a Registered Training Organisation (RTO) and transition the business to remote learning during the COVID-19 global pandemic.

TAFE Queensland has a 93.2 per cent employer satisfaction rating and 88.3 per cent student satisfaction rating, demonstrating TAFE Queensland's commitment to delivering quality education and training to the industries and communities we serve.

TAFE Queensland continues to demonstrate a broader remit than the delivery of training alone, playing a unique role in providing substantial services to the public and local communities. Our achievements have included responding to over 18,300 referrals to connect disadvantaged jobseekers with training and skills development—linked to real jobs in local communities—under the Queensland Government's Back to Work employment programs. We have provided career and training advice to more than 5,300 individuals who were at-risk of losing their job or impacted by significant company closures (across the state). We worked with these individuals to give them the confidence to promote their existing skills or upskill, re-train or diversify their skills to transition into local employment opportunities under the Queensland Government's 2017–20 Regional Skills Adjustment Strategy.

Throughout the year, we awarded \$290,000 in merit and access and equity scholarships to assist TAFE Queensland students to achieve their study and career goals.

Now in its second year, TAFE Queensland's Innovate Reconciliation Action Plan has helped us move closer to achieving our goal to close the gap and ensure our First Australians are afforded the same opportunities for learning and prosperity. We are proud of our achievements during the past year, and look forward to taking the next steps on our reconciliation journey.

This year we also celebrated being recognised for our contribution to the VET sector by winning the:

- International Training Provider of the Year at the 2019 Australian Training Awards
- Education and Training Award at the 2019 Queensland and National Australian Event Awards.

Importantly, the Australian Skills Quality Authority (ASQA) granted TAFE Queensland renewed status as a RTO and provider status on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS). TAFE Queensland's registration was renewed for seven years with no compliance notations and extends through to 2026. This outcome is an outstanding achievement for TAFE Queensland and substantiates our commitment to delivering quality, practical and industry-relevant training to students with the skills and experience they need to build lifelong careers.

TAFE Queensland has invested in its future sustainability by realising significant savings to its operating costs. These savings have been achieved within current workforce parameters and without impact to the expectations of TAFE Queensland as the State's premier public provider of VET. TAFE Queensland maintains its high quality standards, flexibility of training delivery and support to communities and industries across Queensland including regional and remote areas.

A key element of quality training provision is the suitability of the facilities from which TAFE Queensland operates. The significant capital improvement and maintenance programs being undertaken by the Queensland Government to its priority training sites continues to enhance the quality of training delivered to Queenslanders and improves the overall student experience.

In a world of continuing occupational change and adoption of new technologies as we navigate the COVID-19 global pandemic, there is increasing recognition of the vital role that TAFE Queensland and the broader VET sector play in maintaining and building the skills of the existing workforce and preparing communities for future work.

This has seen the establishment of new products in market by TAFE Queensland including micro-credentials and skill sets which provide options for students to quickly build on their existing skills or retrain in a new and emerging areas. TAFE Queensland has also worked in partnership with the Queensland Government to deliver a suite of free online training to ensure Queensland's future workforce has the right skills to support business affected by the economic impact of COVID-19.

With such a large and diverse student population, and an overwhelmingly passionate body of staff, we have so many stories to tell. The following pages highlight just some of our key achievements in 2019–20 against TAFE Queensland's key strategic pillars:

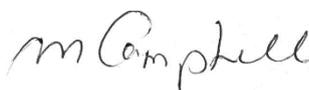
- industry, employer and student focus
- our people make great happen
- exceptional learning experiences for our students
- a strong and sustainable TAFE Queensland.

In the year ahead, we will be working towards finalising the establishment of the TAFE Queensland Foundation and enabling our educational staff to continue their innovation and excellence in teaching practice. Our engagement with industries and communities across Queensland and our support for their skilling needs will remain strong in 2020-21, as will the development of technology and systems that support student learning and the efficient delivery of services to our students, employers and stakeholders.

We look forward to continuing our efforts in 2020–21 to ensure that all Queenslanders have the skills and opportunities to participate and prosper in the economy.



Annabel Dolphin
Chairperson
TAFE Queensland



Mary Campbell
Chief Executive Officer
TAFE Queensland

OUR ORGANISATION

OPERATING ENVIRONMENT

TAFE Queensland was established by the *TAFE Queensland Act 2013* (TQ Act) as a statutory body under the *Financial Accountability Act 2009* (FAA) and the *Statutory Bodies Financial Arrangements Act 1982* on 1 July 2014. This legislation prescribes our objectives and functions—noting our primary role is to provide VET services in a way that is efficient, effective and responsive to the needs of industry, students and the general community.

TAFE Queensland is the state's largest and most experienced further education and training provider, delivering practical, industry-relevant courses. This year we provided training for 109,221 students (including 6,779 international students from over 132 countries) across more than 460 qualifications that range from foundation skills to degree level, along with a series of micro-credentials, skill sets and short courses.

Operating as one network of over 50 campuses across Queensland, online, at employer workplaces and in markets offshore, we provide individuals with training options at every stage of their career and employers with skilling solutions that respond to complex and ever-changing workforce needs.

Our state-wide delivery model supports our commitment to working with students from a wide-range of socio-economic and cultural backgrounds, in regional and remote locations and with students with diverse needs. Our responsive approach allows us to adapt our offerings to meet the needs of local industries and strengthens local communities. Our training results in contemporary skills that prepares graduates for the jobs of today, and the required upskilling and re-skilling for the jobs of tomorrow.

VISION, MISSION AND VALUES

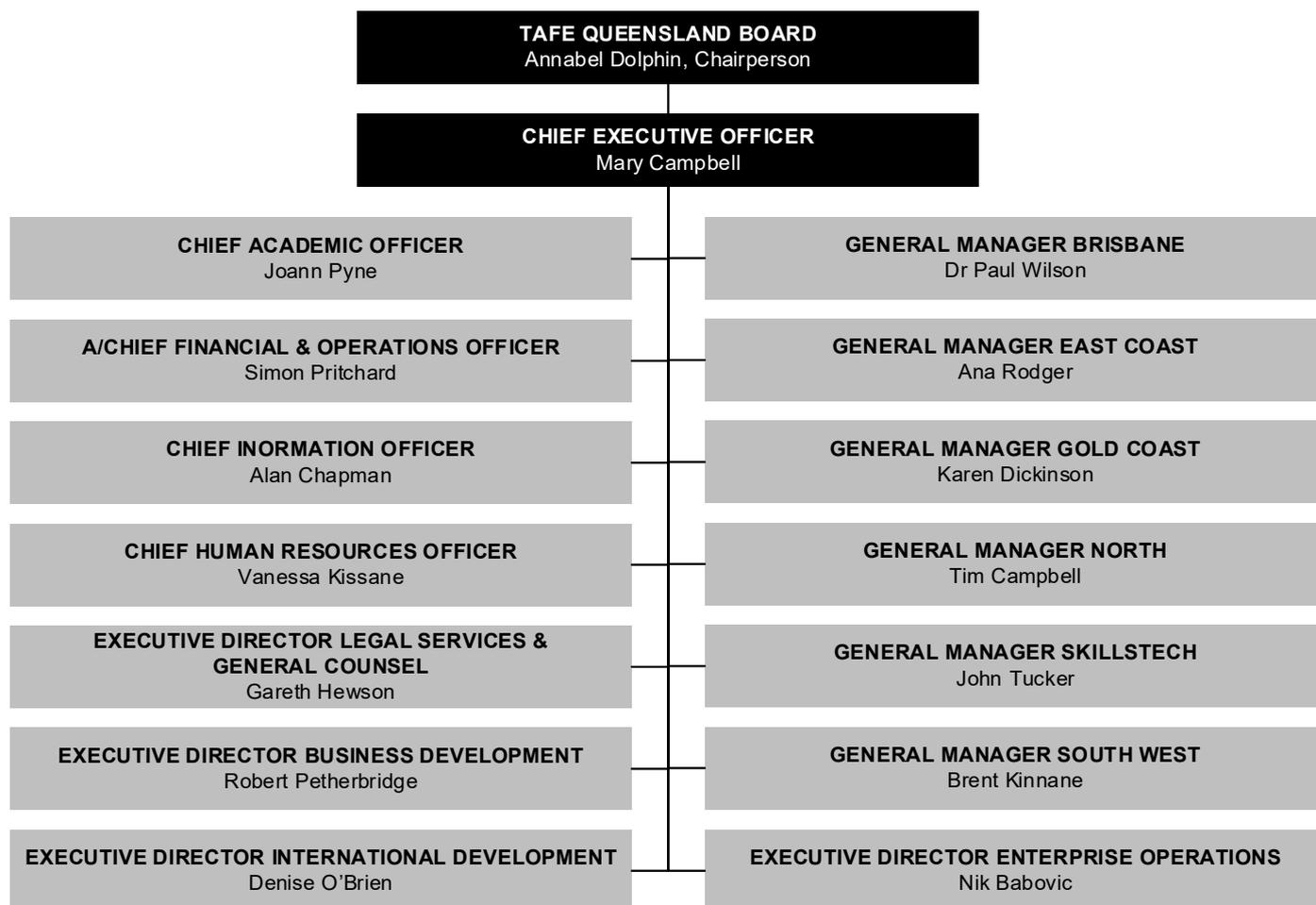
Though our form has changed many times throughout our proud 138-year history, our vision has stayed the same: **to be the leading provider of vocational education and training that is at the heart of community success.**

At TAFE Queensland, *we deliver quality education and training that enables the careers of our students and the development of the industries and communities we serve* by holding true to our values: **safety first, working together, focusing on our customers, taking responsibility and showing initiative.** In doing so, we continue to strengthen our reputation as a leading provider of high-quality education and training. TAFE Queensland's values support the Queensland Government's public service values.

OUR ORGANISATION

EXECUTIVE MANAGEMENT

TAFE Queensland’s executive team functions under the authority of the TAFE Queensland board and reports to the board through the Chief Executive Officer (CEO). The executive team, led by the CEO, provides the leadership and direction to achieve our strategic goals and draws on the expertise of other staff when required.



Profiles of the TAFE Queensland executive team are located on the TAFE Queensland website at: <https://tafeqld.edu.au/about-us/who-we-are/executive.html>

FINANCIAL PERFORMANCE

TAFE Queensland is reporting a consolidated loss of \$34.7 million for 2019-20. Overall revenue decreased by 3 per cent mainly as a result of reduced grant revenue and also from extending a significant volume of training into 2020-21 as a result of COVID-19 training restrictions from March to June 2020.

Expenses rose by 1.9 per cent during the year. Employee expenses increased by 5.5 per cent as a result of training demand increases prior to COVID-19 restrictions as well as a one-off payment to educators under revised enterprise

bargaining arrangements. Other expenses reduced by 5.2 per cent especially during COVID-19 restrictions.

TAFE Queensland has managed its resources effectively in a difficult operating environment, continuing to maintain a strong balance sheet underpinned by considerable holdings of liquid assets.

Snapshots from the 2019-20 year are provided below. Further details are contained in the financial statements.

Operating Performance (financial highlights)	2018-19 \$'000	2019-20 \$'000
Income	616,214	597,963
Expenses	620,576	632,663
Operating surplus	(4,362)	(34,700)
Cash and cash equivalents	185,231	174,219
Total assets	386,235	425,233
Total equity	302,962	255,223

OUR PERFORMANCE

The following service standards were used by government to assess the overall performance of TAFE Queensland.

Performance measures	2019-20 Target	2019-20 Actual
<i>Effectiveness measures</i>		
Proportion of all attempted competencies successfully completed ¹	91.0%	89.3%
Student post training outcomes (employed or in further study after training) ²	88.0%	86.6%
Proportion of graduates satisfied with the overall quality of their training ²	89.0%	88.3%
Proportion of employers satisfied with the overall quality of training ³	89.0%	93.2%
<i>Efficiency measure</i>		
Average cost per competency successfully completed ^{4, 5}	\$792	\$855

Notes:

- The proportion of all competencies successfully completed and is sourced from the TAFE Queensland student management system.
- Post training outcome/satisfaction with the quality of training and is sourced from the National Centre for Vocational Education Research (NCVER) National Student Outcomes Survey.
- Employer satisfaction with the quality of training and is sourced from the TAFE Queensland's Annual Quality Indicator Learner Engagement and Employer Satisfaction (AQILEES) Survey 2019.
- The average cost to TAFE Queensland for the delivery of each competency, excluding expenses and units of competency related to the Australian Pacific Training Coalition and Aviation Australia. The calculation methodology for this measure is total operating expenses of TAFE Queensland divided by the total units of competencies delivered within a financial year.
- Average cost per competency is impacted by a number of variables, including volume of training activity, type and duration of competencies delivered, class sizes, general cost increases (wage and Consumer Price Index increases) and, in 2019-20, by the COVID-19 global pandemic.

YEAR IN REVIEW 2019–20

This section summarises TAFE Queensland’s performance across four pillars of the Strategic Plan 2018-22. The TAFE Queensland Strategic Plan 2018-22 can be viewed on the [TAFE Queensland website](#).

INDUSTRY, EMPLOYER AND STUDENT FOCUS

TAFE Queensland continues to work in partnership with industry to understand evolving skills needs and inform new product and service developments that will enable skills required now and for future work.

OUR STRATEGIES

- Deepen our stakeholder engagement with a focus on the long-term needs of communities
- Support communities to identify the skills required for now and the future
- Innovate our learning products and options to respond to customer expectations and skills demand
- Build market and customer awareness of the value of quality vocational education and training
- Use market insights and thought leadership to influence the policy agenda

HIGHLIGHTS

- Delivered job-focused training to over 109,000 students
- Launched TAFE Queensland’s Sports Academies
- Partnered with Rheinmetall Defence to enable a skilled workforce for defence and manufacturing industries
- Delivered free training via micro-credentials and skill sets to support business and individuals affected by the economic impact of COVID-19
- Worked with industry to define new and emerging skills and technology advances that are important for the future of work

Meeting our objectives

Long-term partner in the economic success of communities

- Partnered with Rheinmetall Defence to bridge the international welding certification gap in Australia through the provision of ISO9606 welding training. This partnership supports Rheinmetall production, supply chain organisations and other defence and advanced manufacturing industries to attract appropriately skilled welders and upskill existing and transitional entrant welders to meet the minimum international welding standard.
- Partnered with the Foundation for Young Australians (FYA), in response to the Queensland Government’s Skills Strategy, for the design and development of a framework of enterprise skills micro-credentials within the health and community services sectors. This, in turn, developed responsive approaches to training that are transferable, sustainable, agile and targeted to meet the needs of industry.
- Advanced key strategies of TAFE Queensland’s *Innovate* Reconciliation Action Plan including making cultural learning available to all staff, updating our procurement strategy, developing an education strategy and a cultural protocol reference guide. An Aboriginal and Torres Strait Islander employment and retention strategy has been progressed, as well as the building of a framework for the engagement of an Aboriginal and Torres Strait Islander Advisory Group. A copy of TAFE Queensland’s Reconciliation Action Plan can be accessed via our website at tafeqld.edu.au.

- Partnered with Queensland Rugby League and Queensland Cricket to launch TAFE Queensland's Sports Academies; the Maroons Academy and the Queensland Cricket Academy. These Academies will provide specialised training aimed at developing key skills for a range of professional roles and careers in the professional sports industry.
- Received Defence Aviation Safety Authority (DASA) approval to recognise Aviation Australia's maintenance training and assessments in accordance with the company's CASA and EASA Part 147 approvals. This is the first of its kind issued by DASA and provides our current and future military customers with a high level of confidence that our training and assessment activities are first-class and acceptable to DASA for applicants to seek the issuance/upgrade of a Military Aircraft Maintenance Licence.
- Extended Aerospace Gateway to Industry Schools Program service agreement with the Queensland Government for an additional two years, providing students the opportunity to gain the knowledge and skills required to enter the aviation and aerospace industry.
- Partnered with the Sunshine Coast City Council and Queensland Tourism Industry Council in presenting an overview on the economic development, future major projects and workforce needs for the tourism and hospitality industry by hosting the Tourism and Hospitality Skills summit. The summit engaged industry in discussions to address growing concerns with the availability of skilled workers across the region and identified a range of recruitment and retention strategies, and a framework for a future action plan.
- In association with the Papua New Guinea Counsellor's Association (PNGCA), the Australia Pacific Technical Coalition (APTC) developed a PNG Certificate IV in Counselling using a model that incorporated advisory services from a PNG counselling reference group. This marked the beginning of the localisation of counselling programs and paved the way for other program development projects across countries of the Pacific.
- Organised a skills forum in Samoa to engage and strengthen linkages between the private sector and industries to highlight the potential and benefits of collective action, increased collaboration and a partnership approach for Samoa's Technical and Vocational Education and Training (TVET) sector.
- Gained approval from the Northern Territory for Aviation Australia to commence the Certificate III in Aviation (Remote Pilot) (AVI30419) and Remote Pilot Licence training in the Tennant Creek High School. This follows the growing success of the Certificate II in Aircraft Line Maintenance (AVI20518) program offered to Year 11 and 12 students and has established Aviation Australia as a trusted training provider to the Northern Territory Government.

Strong reputation for our innovative and technology-enhanced training solutions

- Joined the Queensland Future Skills Partnership, led by BHP Mitsubishi Alliance (BMA) and including TAFE Queensland and CQUniversity as education partners, to develop a qualification framework that will pave the way for the introduction of new technologies across the mining and resources sector that will support Industry 4.0 technology advances.
- Completed a project with the Queensland Resources Council to develop seven digital literacy and data analysis modules for online delivery. The self-paced delivery saw 672 enrolments by the end of February 2020 with a 90 per cent satisfaction rating.
- Hosted the inaugural Digital Transformation Expo where the world's leading technology companies showcased the very latest and emerging technologies in the education space. Technologies included virtual reality for teaching and learning, gamification of the learning experience, audio-visual technologies for use in teaching spaces, smart classroom technologies, 3D modelling and visualisation technologies and a variety of applications that aid learning experiences and engagement in work. The exploration of the digital future in vocational education is a key aspect to preparing TAFE Queensland's training and delivery for the workplaces of today and for future work.

- Developed micro-credential products, an appropriate academic and recognition framework and a badging software solution as part of the Queensland Government's three-year \$5.5 million micro-credentialing pilot project. Micro-credentials in ICT skills, soft skills and allied health skills were launched to support employers and their workers gain the skills needed to adapt to workplace changes.
- Partnered with the Queensland Government to develop and launch a suite of free online training to ensure Queensland's future workforce have the right skills to support the businesses affected by the economic impact of COVID-19. This initiative saw 16,000 Queenslanders receive learning opportunities and included development of:
 - Six micro-credentials focusing on digital literacy, cyber security and business, responsive to local, national and international demands and changing industry needs.
 - Nine skills sets aimed to build on existing skills or retrain in a new area without having to commit to a full qualification in areas such as food service, health and aged care, transport and mental health.
- Worked closely with East Coast Apprenticeships to develop and provide the Veterans Pathways Program for carpentry, shop fitting, and cabinet making trades to support veterans to transition to the civilian workforce. This program was awarded the 2020 Winner of Excellence in Supporting Veterans Employment at the Prime Minister's Veterans' Employment Awards.
- Participated in Tryptych, a collaborative project at the leading Amsterdam Fashion Institute, which saw 22 students from the Bachelor of Applied Fashion (305JA.1) conceptualising, designing, producing and showcasing collections that explored futuristic alter-egos, and what fashion and self-expression will look like in the year 2030.

Recognised for the role we play in strengthening the quality of the VET sector

- Joint development of 32 units from the new training package for Certificate III in Flooring Technology (MSF30818) with TAFE NSW. Our organisations commenced a series of collaboration and co-development projects which will extend to similar developments across plumbing, ICT, engineering and fashion qualifications; with an appetite for a more strategic approach to sharing product, knowledge and best practices. Licensing and collaboration interest was also received from TAFE SA, TAFE Tasmania and TAFE institutions in Victoria. Joint development of vocational products will provide efficiencies to all organisations and drive the ongoing development of high-quality product across the VET sector.
- Co-established a National VET Educator Capability Development Network comprising TAFE representatives from each state to progress work on a National Digital Capability Framework, National Professional Standards for VET Educators and National Guidelines for Higher Level Qualifications in Adult Education.
- Participated in the TAFE Directors Australia (TDA) annual convention in Brisbane with a program that highlighted the *Power of Australian TAFEs*, celebrating the distinct role the public provider plays across the schooling, vocational education and training, and higher education sectors. TAFE Queensland hosted delegate visits to South Bank and Acacia Ridge campuses including a showcase by World Skills Australia 2019 competition participants recently returned from Kazan, Russia.

OUR PEOPLE MAKE GREAT HAPPEN

TAFE Queensland's employees are united and take pride in the quality of their work and the difference they make to students and the communities they serve.

OUR STRATEGIES

- Enhance our safety culture and leadership to deliver improved safety performance
- Enable our people to achieve their potential and be partners in our success
- Reward and recognise values-based behaviours
- Invest in educational leadership with a focus on preparing our workforce to deliver education and training that supports jobs of the future and the effects of the digital age
- Extend our market reach and capability through quality assured and like-minded partners

HIGHLIGHTS

- Awarded 2019 Australian International Training Provider of the Year Award
- Recognised the outstanding contribution to VET by key staff at the AUSTAFE awards
- Continued organisation-wide implementation of our safety first culture
- Supported our educators' transition to remote learning, in response to COVID-19, through digital literacy training

TAFE Queensland Workforce 2019-20

- Engaged a workforce of 3,871.2 full-time equivalent staff
- Permanent 2,711.5 | Temporary 865.9 | Casual 147.3 | Contract 146.5
- Permanent Separation Rate 5.5 per cent

Meeting our objectives

Our people, students and visitors are safe every day

- Managed the unprecedented business disruption brought about by the COVID-19 global pandemic including prioritisation of the safety of our people, students and visitors whilst business continuity and emergency response plans were activated. Queensland Health protocols and directions were observed, including social distancing and stay home, stay safe protocols. The TAFE Queensland workforce responded in challenging and uncertain times to manage impacts on the way people work, and respond to students' educational and support needs.
- Continued to lead a *safety first* culture by providing staff with a clear understanding of how to identify, assess, control and review risks and continue to improve the safety culture across the business.
- Senior managers completed a quarterly *Walk the Talk* to provide an opportunity for workplace safety conversations with staff, as well as identifying and resolving any potential issues and supporting the organisational value of *safety first*.
- Participated in Work Safe Month, making visible our commitment to improving safety and health in our workplace by hosting and participating in a variety of events and initiatives across the state, targeted at both staff and students.
- Staff participation in events that focus on wellness, including:
 - Push-Up Challenge in both 2019 and 2020: A fundraising initiative focused on mental health awareness and support of Headspace, the National Youth Mental Health Organisation.
 - R U OK?: As part of the commitment to a mentally healthy workplace, staff came together across regions and campuses to share a collective message that any day is the day to ask, 'are you OK?'

- World's Big Sleep Out: A team of 12 participated in the Brisbane event held at the Gabba, raising funds for the local registered charity Mercy Community, in the world's largest display of solidarity and support of those experiencing homelessness and displacement.
- To show support for 2,400 international students who found themselves thousands of kilometres from their family, unemployed and without financial assistance following the economic downturn brought about by COVID-19, TAFE Queensland established a food drive as state-wide effort to bring together individuals, community groups and business to source, fund and distribute meals, groceries and essential items. Support and goodwill from organisations such as Allianz Global Assistance, OzHarvest, A Touch of Compassion Inc. and Community Friends, along with many individuals, has been positively received and allowed students to continue their studies during extremely challenging times.

Our people and leaders are united and take pride in the contributions they make to the communities we serve

- Continued the Connected Leaders Program which brings together a network of over 100 senior leaders from across the state in a deliberate strategy to grow leadership capability across the organisation.
- Evolving the Connected Leaders Program to become a program developed by the leaders, for the leaders and focused on initiatives identified through feedback from our staff through the annual Employee Engagement Survey. This has actively promoted supportive senior leadership that provides a clear approach to change management and decision making, demonstrating our commitment to the organisational value of *working together*.

Our workforce is confident, capable and future focused

- Transitioning to digital delivery as part of TAFE Queensland's response to COVID-19 saw the delivery of training to all educators and team managers across the state, focused on digital literacy and the development of necessary skills to engage and support students in the online learning environment. Over 2,100 educators attended these sessions. In addition, 33 training sessions for the Zoom platform were delivered to approximately 2,500 staff.
- Finalised the Educator Capability Strategy 2020-2022, focusing on building the capacity of educators to adapt and evolve to meet the varying demands for education and training in a highly competitive marketplace. This strategy supports TAFE Queensland in positioning itself as the market leader of high quality education and training in Queensland, nationally and internationally.
- Delivered the Professional Learning Program, focusing on micro-credential courses, digital literacy, on-boarding and inclusion processes for educators, professional learning calendar of events and the 70.20.10 professional learning model.
- Delivered annual HR refresher program to all staff demonstrating our alignment to the organisational values of *safety first* and *taking responsibility*. Training encompassed employer and employee obligations and responsibilities covering four key areas: work health and safety, code of conduct, information security and data privacy.

Known for our market leading educators

- Awarded International Training Provider of the Year at the 2019 Australian Training Awards, recognising TAFE Queensland's achievements in providing high-quality vocational education and training products and services to students, businesses and government partners from more than 90 countries. With 80 nationally recognised, industry-endorsed programs registered on the CRICOS across 50 campuses, TAFE Queensland is regarded as one of the best training providers in Australia and this award is an acknowledgment of our competence in providing customised skilling solutions to respond to the complex workforce needs of the many individuals and organisations we work with both onshore and overseas.

- Back to Work initiative shortlisted as a finalist in the Create Jobs in a Strong Economy category at the 2019 Premier's Awards for Excellence, recognising teams and individuals across the Queensland public service who have demonstrated outstanding achievement in progressing the government's Advancing Queensland's Priorities.
- Celebrated the outstanding achievements of leaders and legends in the VET sector at the AUSTAFE Queensland Leaders and Legends Gala dinner with staff recognised for their outstanding contribution to TAFE Queensland and the VET sector.
- TAFE Queensland Leading Vocational Plumbing Teacher, Honora Gee, received an Honorary Life Member of the Chapter Award with the Association of Hydraulic Services Consultants of Australia (AHSCA), acknowledging the instrumental role Honora played in transitioning the Diploma in Hydraulic Design program from face-to-face delivery to online, allowing access to training for hydraulic consultants from all over Australia.
- Individual Support teacher, Chris Gauld, received the 2019 Professional Development Award at the Diversional and Recreation Therapy Australia (DRTA) Awards for Excellence, recognising excellence in Diversional and Recreation Therapy practice.
- Celebrated World Teachers Day 2019 with a theme '*A day to celebrate our talented, dedicated educators – Empowering minds and enriching lives*'. Twenty regional representatives, nominated by regions for their outstanding educational practice, were invited to TAFE Queensland South Bank campus for a full day of professional learning activities, providing educators the opportunity to cross-fertilise ideas, explore opportunities, engage in design thinking and showcase exceptional practices.

EXCEPTIONAL LEARNING EXPERIENCES FOR OUR STUDENTS

TAFE Queensland continues to strengthen its position as the quality leader of practical, industry-relevant programs and contemporary learning environments.

OUR STRATEGIES

- Deliver a seamless customer experience
- Ensure our students are job-ready, tech savvy and in-demand
- Integrate with industry to provide 'real world' learning experiences
- Provide lifelong learning opportunities from foundation skills to higher education
- Provide support services that improve the job prospects of our students
- Build existing and new revenue sources

HIGHLIGHTS

- Successfully renewed RTO status until 2026
- Launched TAFE Queensland Product Strategy and TAFE Queensland's Student Success and Retention Plan for VET and Higher Education 2019–2021
- Delivered a Volunteers and Events Training Program to support areas of North and Far North Queensland that have been affected by disasters
- Landscape and Horticulture student named 2019 Vocational Student of the Year at the Australian Training Awards

Meeting our objectives

ASQA re-registration

- The Australian Skills Quality Authority (ASQA) granted TAFE Queensland renewed status as a RTO and provider status on the CRICOS.
- The Tertiary Education Quality Standards Authority (TEQSA) also renewed the CRICOS registration for the Associate Degree in Civil Engineering (HED001) and Bachelor of Dental Prosthetics (HED004).
- TAFE Queensland's RTO registration was renewed for seven years with no compliance notations and extends through to 2026, which is the maximum length of registration that can be awarded by the regulator. This outcome is an outstanding achievement for TAFE Queensland, having only come together as one TAFE under a single RTO registration in July 2017. It is very much a shared success that substantiates our commitment to delivering practical and industry-relevant training to students with the skills and experience they need to build lifelong careers.

Graduates are known for being job-ready

Increased student employment and further study outcomes

- Dual Diploma of Landscape Design and Diploma of Horticulture (AHC50616 and AHC50416) student Kristy McDermott named runner up Vocational Student of the Year at the Australian Training Awards. Kristy completed studies at the South West region, which offered study flexibility and support for her passion for land management and sustainability while working in a family owned and operated lawn care business. Leading to the national competition, Kristy was crowned the 2019 Queensland Training Awards Vocational Student of the Year at the 58th Annual Queensland Training Awards.
- Refrigeration and air conditioning apprentice Patrick Brennan won a bronze medal at the 45th WorldSkills International Championships in Kazan, Russia. Patrick, along with 15 other young Australian apprentices and tradespeople aptly known as the 'Skillaroos', competed against the best in the world for the medal and the title of World Champion in their skill. Patrick's journey was supported and guided by TAFE Queensland Leading Vocational Teacher, and long-time WorldSkills

international expert, Carl Balke. Leading to the international event, Patrick received the Best in Nation Award and highest individual score among all the Skillaroos at the WorldSkills Australia Global Skills Challenge 2019 event held in April 2019.

- Certificate III in Light Vehicle Mechanical Technology (AUR30616) apprentice Natasha Smith, received the coveted Toyota Technician of the Year Award at the Toyota Australia's annual national skills competition. Natasha was trained through the Toyota Network Training program which aims to provide training pathways for those looking to undertake an apprenticeship that is aligned with Toyota product and technology. The training is a series of programs designed to build technical capability with dealerships and is customised to Toyota material and requirements. The award makes Natasha the first female in not only Australia but across the Toyota world, where programs are run in a comparable format, to reach this mark in what is still a male-dominated industry.
- Hasin Akbar was selected by Brisbane Marketing as one of 40 international students from 23 different countries to be a Brisbane International Student Ambassador. Hasin, from Hong Kong, is studying the Diploma of Aircraft Maintenance Engineering (10599NAT) with Aviation Australia. This appointment provides Hasin with the opportunity to develop and use his networking and social media skills to promote Brisbane and Aviation Australia.
- Diploma of Visual Arts (CUA51115) alumni, Bronwyn Hill, won the Sylvia Jones Prize for Women Artists at the Brisbane Portrait Prize event for her painting of musician Robbie Miller. This followed Bronwyn being a finalist for the Award since 2011, and winner of the People's Choice Award in 2015.
- Showcased the future talent of the Queensland fashion industry in the Bachelor of Applied Fashion Graduate Show— Protégé, in partnership with the University of Canberra, featuring the vibrant and eclectic visions of our graduates. The graduating students emerging from the Bachelor of Applied Fashion (305JA.1) and the Diploma and Advanced Diploma of Applied Fashion and Merchandising (MST50116/MST60116) entered the next phase of their careers armed with strong creative development processes, a solid technical foundation and a professional work ethic.
- Students studying screen and media and sound production helped create the feature film Two Heads Creek, which was filmed at the TAFE Queensland Coomera campus and participated in the exclusive "Fright Night" release at Event Cinemas.
- Participated in the inaugural National Missing Persons Hackathon, a national event organised by AustCyber, with Certificate IV in Cyber Security (22334VIC) students invited to join the search for 12 missing persons. Run in partnership with the Australian Federal Police and Trace Labs (Canada), over 4000 pieces of new information were generated to assist efforts with missing person cold cases.
- Re-partnered with Gold Coast production company Glass Media Group to create a series of anti-bullying advertisements, in which Diploma of Screen and Media (CUA51015) students conceptualised and co-produced commercials to highlight the effects this epidemic has on Australian children and to inspire change.

Increased customer satisfaction with their TAFE Queensland experience

- Awarded the Education and Training Award at the Queensland and National Australian Events Awards, recognising TAFE Queensland's commitment to quality education for the events sector, our educator's passion and enthusiasm towards positive student outcomes and consistently delivering high student completion, employment rate and student satisfaction rates.
- Developed the 2020 TAFE Queensland Quality Plan to guide TAFE Queensland implementation of effective quality processes that ensure training products are high quality, meet compliance and contractual requirements and the needs of students, industry and employers. The Quality Plan is a continuation of the quality framework implemented during the RTO re-registration audit and includes a targeted internal audit program focusing on assessment, recognition of prior learning, educator currency and competency, third party arrangements and CRICOS requirements.

- Developed the TAFE Queensland Product Strategy to drive the leadership and management of product and the tools and systems to enable:
 - Innovative learning products and options to respond to customer expectation and skill demand
 - Students who are job ready, tech-savvy and in demand
 - Integration with industry to provide real world learning experiences
 - Technology Solutions that engage learners and support contemporary work environments.
- Developed the TAFE Queensland Student Success and Retention Plan for VET and Higher Education 2019–2021 focusing on creating an ideal student experience for all learners that drives successful student outcomes. Initiatives and actions outlined in the plan demonstrate an understanding of the diversity of TAFE Queensland’s student cohorts and reflect industry practices in relation to priority needs groups, including Indigenous students and those with a disability.
- Ongoing engagement with industry and participation in formal industry networks to enable the identification and prioritisation of new skills and product development, and to validate and innovate our existing products and services. This included:
 - Hosting a series of industry sector panels to gather insights on industry trends and seek feedback on the effectiveness and suitability of our training and product offerings to ensure graduates are highly skilled and employment ready.
 - Conducting a Renewable Energy Think Tank at Energy Queensland’s Innovation Hub in Fortitude Valley to progress TAFE Queensland’s Renewables Training Strategy for this industry’s future skill requirements and subsequent training product development.
- Awarded 58 scholarships of up to \$5,000 for study in Semester 1, 2020 across two categories:
 - Merit scholarships aimed at supporting people who have demonstrated strong levels of achievement to advance their careers.
 - Access and equity scholarships designed to help students battling social or financial hardship. These included 23 Advance Queensland – TAFE Queensland Indigenous Pathways Scholarships, designed to support Indigenous students to create pathways through education by obtaining qualifications to pursue their chosen careers in science, technology, engineering, arts, and maths (STEAM) industries.

Growth in established and emerging markets

- Joined forces with Southern Cross University to offer the Bachelor of Contemporary Music (3003140) and the Bachelor of Digital Communications and Media (3007084) on the Gold Coast. These qualifications are delivered in a practical, job-focused learning environment in training facilities acknowledged by industry as among the best in Australia, featuring modern, well-equipped music performance and production facilities.
- Partnered with Department of Innovation, Tourism Industry Development and the Commonwealth Games to deliver a Volunteers and Events Training Program to support areas of North and Far North Queensland that have been affected by disasters. Funded by the Commonwealth and Queensland Governments under the Disaster Recovery Funding Arrangement, this program aims to provide skills and build resilience in these community areas, with a focus on helping the tourism industry recover and prepare for the future.
- Launched the Indigenous Innovation and Entrepreneurs Program (IIEP), a jointly funded initiative with the Queensland Government to support Indigenous entrepreneurs to grow their businesses and create jobs in Queensland. The program is open to Indigenous businesses, innovators or entrepreneurs across all industries, with an increased focus on the participation of Indigenous tourism operators.
- Launched a collaboration with Dreamworld to deliver training in Certificate III in Animal Studies (ACM30117) that will enable customisation of programs to meet Dreamworld’s specific needs in unique job-focused training. The initiative is first of its kind in Queensland and will include Indigenous cultural learnings with totemic relationships between Aboriginal and Torres Strait Islander communities and Australia’s unique fauna.

A STRONG AND SUSTAINABLE TAFE QUEENSLAND

TAFE Queensland is committed to ensuring long-term strategies are in place to support the organisation to provide first-class education and training outcomes and pathways to employment for all Queenslanders.

OUR STRATEGIES

- Leverage our scale and scope to enhance access to training across our state and our other target markets
- Support our people to bring efficiency to all that we do
- Deliver technology solutions that engage learners and support contemporary work environments
- Provide contemporary and flexible training infrastructure that best support regional training needs
- Reinvest in capabilities that support our long-term market positioning

HIGHLIGHTS

- Supported disadvantaged and marginalised students, opening access to training through the delivery of a range of initiatives and programs
- Campus and facility improvements at Pimlico, Toowoomba, Mount Gravatt, Cairns, Gold Coast and Redlands regions
- Investment in ICT infrastructure and capabilities
- Cyber security review

Meeting our objectives

Affordable access to quality training in the communities we serve

In August 2019, *Skills for Queensland – Great training for quality jobs* strategy was launched by the Queensland Government. In this strategy, TAFE Queensland continues to play a pivotal role in the Queensland training system, particularly in technical and trades training across the state.

The focus areas and key initiatives in the Skills Strategy relating to TAFE Queensland training and infrastructure will ensure that the planned investment is targeted and responsive to skills needed now and for future work.

- Continued to support employers and workers in the resources, manufacturing, infrastructure, food processing and agriculture sectors under the Queensland Government's extended 2017–2020 Regional Skills Adjustment Strategy (RSAS) initiative which saw an additional \$5 million invested supporting regional workforces to navigate change. Since its commencement in late 2017, the RSAS initiative has provided career and training advice to approximately 6,121 individuals at risk of losing their job or impacted by significant company closures.
 - Of the 6,121 displaced workers, approximately 2,659 individuals have been referred to training to gain new skills required by their current employer, or to develop skills to support a transition to new job opportunities.
 - In addition to supporting impacted workers, TAFE Queensland provided proactive support to 30 employers/industry sectors to build workforce resilience and attract/train suitably qualified workers to address skills or labour shortages.
- Continued to support the Queensland Government's Back to Work employment programs responding to over 31,985 disadvantaged jobseeker referrals since the program commenced, with regional Queensland and South East Queensland referrals accounting for 42 per cent and 58 per cent respectively:
 - 19,328 jobseekers referred to training, 17,592 with Certificate 3 Guarantee Boost funding.
 - 3,646 formerly unemployed, under-employed or at-risk individuals have achieved positive employment outcomes as a result of career and training advice and ongoing support for disadvantaged Queenslanders.

- Supported the announcement by the Queensland Government of a \$4 million Skills Boost, under the Skills for Queensland plan, which provides a second training subsidy for eligible individuals who want to update their skills. Eligible applicants who already hold a VET qualification can access a training subsidy to upskill in identified courses in their region. A total of 589 students have taken up a training opportunity afforded by the Skills Boost initiative, with the largest enrolments in the Certificate III in Education Support (CHC30213), Certificate III in Business Administration (BSB30415) and Certificate III in Individual Support (CHC32013).
- Completed delivery of the Queensland Government's \$15 million TAFE Priority Training Program (TPTP) aimed at reducing the upfront costs for Queenslanders to access training in selected qualifications under the Certificate 3 Guarantee and Higher Level Skills programs, as well as to provide second chance training for students seeking additional opportunities:
 - 14,519 students commenced training in a TPTP subsidised program this financial year, bringing the total number of participants to over 20,700 since the inception of the scheme.
 - largest uptakes in Certificate III in Education Support, (CHC30213), Certificate IV in Accounting and Bookkeeping (FNS40217), Certificate III in Business Administration (BSB30415), and Certificate IV in Adult Tertiary Preparation (10397NAT).
- Continued to support the Queensland Government's Free TAFE for Year 12 graduates initiative offering training for school leavers to kick start their career with a high priority qualification. Since the program eligibility criteria changed in August 2019, the number of students accessing Free TAFE for Year 12 graduates has reached 677. Largest uptakes were in Certificate III in Early Childhood Education and Care (CHC30113), Certificate III in Individual Support (CHC32013) and Certificate III in Hospitality (SIT30616).
- Supported the announcement by the Queensland Government of a new \$32 million Free Apprenticeship training initiative aimed at helping to support Queensland employers to take on an estimated 60,000 young people into a trade. Free apprenticeships and traineeships for under 21s are offered to Queensland apprentices and trainees who commence or undertake a priority apprenticeship or traineeship qualification from 1 July 2019 to 30 June 2023. In 2019-20:
 - 4,100 new commencements across 71 programs
 - 1,700 apprentices and trainees that met the eligibility criteria from 1 July 2019.
- Progressed to the final stage of acquiring the TAFE Directors Australia National Scholarship Foundation which will be re-named the TAFE Queensland Scholarship Foundation. This not-for-profit, charitable company is a key part of TAFE Queensland's broader Sustainability Plan which includes the establishment of a TAFE Queensland Foundation and, in addition to a scholarship program, will oversee all fundraising activities and develop industry partnerships and a strong philanthropic network to enable equitable training access across Queensland communities.

Learning environments and technologies that support our quality positioning

It is easy to do business with us

- Supported the movement of approximately 3,000 staff to remote working arrangements including the provision of equipment and transition to secure remote access services in response to the COVID-19 global pandemic. 'Soft phone' technology was introduced to enable call centre staff and educators to provide telephone support to students.
- Reviewed our approach to cyber security resulting in a program of work aimed at enhancing organisational ability to prevent, detect and respond to cybersecurity threats, strengthening awareness and providing a culture of information security accountability.
- Defined a risk-based approach to cyber security and increased TAFE Queensland's cyber resilience through increased resourcing, process improvements, infrastructure resilience and testing, and a continued focus on cyber security and privacy awareness, training and simulations.
- Developed a Staff Wellbeing Check-in App to measure staff wellbeing and support.

- Continued improvement in ICT capabilities and modernising of equipment across training disciplines, including strengthening and securing network architecture, and a major refresh of operational ICT equipment.
- Invested in expanding the fleet of augmented reality welding simulators as well as the first stage of modernising Programmable Logic Controllers for Electrotechnology training delivery across the state.
- Delivered an annual program of work to update staff and student desktops and laptops to maintain an up to date fleet and support our objective of having industry ready graduates, including:
 - Upgrade of Microsoft Office to over 10,000 student computers
 - Upgrade of over 50 industry specific software packages to over 300 classrooms across TAFE Queensland
 - A total of 12,575 individual software deployments on the student network
 - Upgrade of Apple Macs, specialised gaming PCs and multi-media workstations to support Multi-media, Music and Gaming programs
 - Computer upgrades were completed to support contemporary IT training.
- Continued progress of e-learning projects for Aviation Australia delivering a learning content management system to provide the business with an efficient process for managing and updating courseware. Planned development of single source courseware and implementation of the D2L Brightspace Learning Management System will ensure Aviation Australia can continue to deliver contemporary courseware to aviation students.

Sustained positive financial results and reinvestment

- Continued investment, up to \$85 million, by the Queensland Government via the Advancing our Training Infrastructure strategy (AOTI), focused on facilities at Pimlico, Toowoomba, Mount Gravatt, Cairns, Gold Coast and Redlands regions:
 - \$35 million redevelopment of Pimlico campus in Townsville provided state of the art facilities for nursing, hospitality and hair and beauty training.
 - \$7 million redevelopment of Toowoomba campus expanded and modernised nursing and health related training facilities and saw major campus refurbishments to provide new teaching and learning areas as well as student breakout spaces. A brand new Rural Centre of Excellence was opened which will provide specialised training facilities for the agriculture industry sectors, as well as a simulated veterinary surgery to allow animal studies and veterinary nursing training for the first time.
 - Significant investment commenced at the Southport campus where simulated clinical spaces are being expanded and modernised for nursing training as well as practical space for aged care rehabilitation and other allied health activities. Design work also commenced on new veterinary science training facilities.
 - Construction commenced for a brand new trade training facility at the Ashmore campus, which when completed will provide an additional 4,000m² of state of the art classrooms and practical space for a range of construction related training delivery.
 - Construction commenced at the Alexandra Hills campus to repurpose a disused sport shelter for practical plumbing workshops with a plumbing tower and simulated drainage pit, refurbish nursing and allied health training facilities and automotive and engineering spaces.
 - Further investment in the fashion centre of excellence at the Mount Gravatt campus commenced, which will provide industry leading studio space and wet/dry laboratories for textile related training. Further investment is being scoped for the revitalisation of film and TV facilities, horticulture practical areas as well as an innovation hub to enable collaboration between students, alumni and commercial businesses in fashion related industries.

- Works commenced at the Cairns campus to improve wayfinding signage, solar installation and upgrades to the automotive training facilities. This is in addition to design work to modernise and reconfigure a range of practical workshops and teaching areas in electrical, hair and beauty and visual arts; as well as improvements in customer service areas, student break out areas and cafeteria. Design has also commenced for a new Indigenous art gallery on the Cairns campus which will greatly enhance local community engagement.
- Installed a state-of-the-art dental milling machine at the South Bank campus, a first for Queensland tertiary institutions, to enable its students to utilise the latest technology. Coupled with computer aided design, the machine enables students to create and produce dental appliances such as crowns, bridges and dentures using the latest software and hardware with equipment that is the future of dentistry worldwide.
- Worked closely with the Queensland Government, in addition to the AOTI commitments, to ensure a wide range of infrastructure improvements across TAFE Queensland campuses, including:
 - Heavy plant centre of excellence and recreational vehicle training facilities at Acacia Ridge
 - Manufacturing training facilities upgrade at Bundamba
 - Upgraded nursing facilities at Caboolture
 - Electrotechnology and engineering refurbishment at Eagle Farm
 - Modernisation of facilities at Kingaroy
 - Modernisation and expansion of nursing and animal sciences facilities at Loganlea
 - Trade building expansion and modernisation at Nambour
 - Improved transport options and modernised facilities on Thursday Island.
- Continued to undertake strategic planning with the Queensland Government for locations not covered by AOTI investment, in order to best meet the skills and training needs of emerging and growing communities. Master asset planning activities have included the feasibility assessment of potential new training facilities at Robina and Springfield.
- Worked as part of a multi-agency group on the long term redevelopment of the Meadowbrook area which includes the Loganlea campus facilities.

OUR FUTURE DIRECTION

In 2020-21, TAFE Queensland's vision remains the same; to be the leading provider of vocational education and training that is at the heart of community success.

In the coming year, the long-term impact of the COVID-19 pandemic on Queensland and the nation will become more evident. TAFE Queensland has developed a strategic plan for the future that provides greater focus on working with stakeholders to determine the future of work, investing in our people, and focusing on innovative solutions to the ways in which we operate and deliver education and training.

TAFE Queensland's 2020-24 Strategic Plan can be view on the [TAFE Queensland website](#).

GOVERNANCE

MANAGEMENT AND STRUCTURE

Our governing body

TAFE Queensland's governing body is the TAFE Queensland Board. The board was established in August 2013 under section 12 of the TQ Act, with the mandate to: ensure it operates in accordance with TAFE Queensland's operational plan and, as far as possible, achieves the performance targets and objectives stated in the plan; account to the Minister for Training and Skills (the Minister) for its performance (as required under the Act); and to ensure it otherwise performs its functions in a proper and efficient way.

Through the TQ Act, the Minister provides the board with a statement of expectations, outlining the Queensland Government's expectations and priorities for TAFE Queensland.

The board is made up of seven members, one of which is the nominee of the Minister. Board members have varied backgrounds and experience and are eligible for appointment under the TQ Act if they have direct industry experience and/or experience in the employment, education or training sector, and/or possess skills, experience or expertise in commerce, corporate governance, economics, finance, law or management.

Two committees assist the board in meeting its responsibilities: the Audit, Finance and Risk Management Committee and the People, Culture

and Safety Committee. The membership of each committee is made up of a minimum of three members of the board and the board chair.

Board business 2019-20

The board is committed to the highest standards of governance ensuring that it performs its functions in a proper, effective and efficient way. During 2019-20, the board met their legislated requirements through the TAFE Queensland Strategic Plan 2018–22 and the submission of the TAFE Queensland Operational Plan 2019–20 to the Minister.

Through the plans, the board reinforced their commitment to delivering on the Queensland Government's objectives for the community, ensuring the delivery of sustainable and responsive training services for Queenslanders.

This year, the board held eight ordinary meetings, three special meetings and nine committee meetings. More information on the board can be found online at tafeqld.edu.au.

Financial reporting arrangements

TAFE Queensland is audited by the Auditor-General and transactions are accounted for in the financial statements approved by the board each year. TAFE Queensland's financial statements for the 2019–20 financial year can be found at page 24 of this annual report.

TAFE QUEENSLAND BOARD

Name	Role	Current Appointment Term
Annabel Dolphin	Chairperson	1 December 2016–30 November 2020
Deborah Wilson	Deputy Chair Chairperson, People Culture and Safety Committee	1 December 2016–30 November 2020
Peter Dowling AM	Member Chairperson, Audit Finance and Risk Management Committee	1 December 2016–30 November 2020
Noela L'Estrange	Member	1 December 2016–30 November 2020
Trina Hockley AM	Member	1 December 2018–30 November 2022
Kay Giles	Member	1 December 2018–30 November 2022
Andrew Dettmer	Member	1 December 2018–30 November 2022

Profiles of TAFE Queensland board members are located on the [TAFE Queensland website](http://tafeqld.edu.au).

GOVERNANCE

RISK MANAGEMENT AND ACCOUNTABILITY

Audit, Finance and Risk Management Committee

The Audit, Finance and Risk Management Committee (AFRC) advises the board in relation to the operation of the financial control, the implementation of systems and processes to identify and manage risks, the maintenance of regulatory and other compliance requirements and the integrity of the financial statements and reports.

The AFRC engaged PwC Australia to administer the internal audit program and is subject to an annual external audit conducted by the Queensland Audit Office (QAO).

The AFRC maintain oversight of these audits and the Chief Finance and Operations Officer coordinates the audits. Both internal and external auditors are invited to participate in every AFRC meeting. Their attendance supports the effectiveness of the audit function and provides opportunities for continual improvement of the management of risks.

TAFE Queensland conducts risk management activities in accordance with the international standard for risk management. The board maintains Risk Appetite Statements that guide the decision making frameworks across the organisation and manages quarterly reviews of known and emerging risks via the TAFE Queensland executive, this committee and the board, including the establishment and monitoring of mitigation strategies.

The members of the AFRC for 2019-20 were Peter Dowling (Chair), Annabel Dolphin, Kay Giles and Trina Hockley.

Internal audit

Our compliance obligations also remained in focus for the committee, aided by the involvement of internal auditors—PwC—in conjunction with the QAO to deliver a program of audit work for 2019-20. The audit function is managed through this committee and is used to determine whether TAFE Queensland's risk management controls and governance processes are adequate and functioning in a manner to ensure that:

- risks are appropriately identified and managed
- Interaction with the various groups involved with governance occurs as needed

- significant financial, managerial, and operating information is accurate, reliable, and timely
- employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations
- resources are acquired economically, used efficiently, and are adequately protected
- programs, plans and objectives are achieved
- quality and continuous improvement are fostered in TAFE Queensland's governance and internal control process
- significant legislative or regulatory issues impacting TAFE Queensland are recognised and addressed properly.

The specific scope of work is set by the annual audit plan that for 2019-20 included the review of:

- contract management practices for TAFE Queensland's information technology support provider
- procurement, purchasing and accounts payable processes to identify efficiency opportunities and accounts payable controls
- TAFE Queensland's IT Controls Framework including governance arrangements, policies and procedures, key general and application controls and integration with key systems, and
- employee relations processes for recruitment and selection.

TAFE Queensland's risk management and internal audit activities are cognisant of key legislative requirements, such as the TQ Act and the FAA. The activities were also undertaken with due regard to the Queensland Treasury Audit Committee Guidelines 2012.

External scrutiny

TAFE Queensland is subject to external review. The following reports were tabled by the Queensland Auditor General in Parliament during 2019-20

- Queensland state government entities: 2018-19 results of financial audits (Report 8 2019-20)
- Investing in vocational education and training (Report 1: 2019-20).

For more information, refer to either:

- the QAO website <https://www.qao.qld.gov.au/>
- Queensland Parliament website <https://www.parliament.qld.gov.au/>

For information about reviews conducted by the Queensland Training Ombudsman (QTO) during 2019-20 involving TAFE Queensland, refer to the QTO website at <https://trainingombudsman.qld.gov.au>

Information systems and record keeping

TAFE Queensland, as a public authority under the *Public Records Act 2002 (Qld)*, must make and keep full and accurate records of its activities and have regard to any relevant policy, standards and guidelines made by the State Archivist about the making and keeping of public records.

In 2019–20, TAFE Queensland has taken a proactive approach to meeting its regulatory obligations and demonstrating its commitment to compliant recordkeeping practices.

TAFE Queensland continued to improve and mature its recordkeeping practices with an electronic document records management system (eDRMS) that stores in excess of 378,000 business related records in a range of disciplines. The eDRMS has allowed transition to workflows, as part of our digitisation procedures, for all executive correspondence, reducing printing and handling of physical records reducing lead times and creating efficiencies.

TAFE Queensland maintains a central recordkeeping team to support the organisation's management of the eDRMS system (HPECM) including level one helpdesk support, user account management, user training in recordkeeping practices and HPECM usage. The central recordkeeping team continue to enhance organisation-wide recordkeeping maturity and discipline by promoting good recordkeeping practices to all staff and encouraging uptake of HPECM for managing business records.

All records created or received by TAFE Queensland are retained in accordance with the

Queensland State Archives General Retention and Disposal Schedule (GRDS) and the TAFE Queensland Education and Training Retention and Disposal (ETRAD) Schedule Implementation Version. The ETRAD administers training records and the GRDS administers non-training records.

TAFE Queensland works with the Corporate Administration Agency (CAA) to ensure the reliability and security of its recordkeeping system.

During the 2019–20 period, TAFE Queensland's Records Management Policy and Procedure were revised, published and communicated to staff.

Human rights

The *Human Rights Act 2019* includes reporting obligations on public entities that are required to prepare an annual report under section 63 of the FAA, including the details of actions taken to further the objects of the Act; details of reviews of policies, programs, procedures, practices or services undertaken for compatibility with human rights; and details of human rights complaints received by the entity.

In 2019-20, TAFE Queensland has taken a proactive approach to further the objectives of the *Human Rights Act 2019*. TAFE Queensland is in the process of reviewing and undertaking amendments to policies and procedures, and the business practices underpinning these, to address the organisation's human rights responsibilities.

In 2019-20, TAFE Queensland has not received any complaints under the *Human Rights Act 2019*.

In managing the operations during the COVID-19 pandemic, TAFE Queensland continued to provide education and training, and associated support services to Queenslanders, including access on general terms to modified training delivery to ensure staff and students, including vulnerable groups, could continue to deliver or participate in learning, and learning services. This was achieved by deploying remote working and training delivery capability and social distancing protocols for all on campus activities.

GOVERNANCE

HUMAN RESOURCES

People, Culture and Safety Committee

The People, Culture and Safety Committee (PCSC) advises the board on matters involving work, health and safety, human resources, board performance and executive management including the performance of the CEO.

During the year, the PCSC continued to focus on improving safety culture across the organisation which included oversight of the COVID-19 emergency response and business continuity plans, further implementation of the Codes of Practice and a review of TAFE Queensland's management of Respirable Crystalline Silica policy. The committee maintained oversight of the implementation of recommendations provided in the workplace health and safety (WHS) review that was undertaken in 2019 regarding the implementation of legislative changes provided by the internal auditors which included support of the appointment of a Director, WHS.

The committee worked with management on the development of a Workforce Management Plan and maintained ongoing review of the implementation of recommendations regarding employee relations processes for staff grievances and performance management.

The members of the PCSC for 2019–20 were Deborah Wilson (Chair), Andrew Dettmer, Annabel Dolphin and Noela L'Estrange.

Strategic workforce planning and performance

To support the strategic plan, operational planning activities drive key people and safety initiatives that enable our people to make great happen.

Sourcing new talent, engaging, developing and rewarding existing staff as well as offering career progression opportunities remains a priority for TAFE Queensland. Our workforce comprises of TAFE services and educational staff. Our value proposition to staff includes access to contemporary and flexible work options, opportunities for career advancement, professional development and capability building as well as study and assistance programs.

Through recent enterprise bargaining negotiations, TAFE Queensland has implemented a new role of Foundation Educator. This role has been designed to attract and grow future talent who may not have a teaching qualification but are passionate about their vocation and demonstrate

a desire to teach the students of tomorrow. New Foundation Educators will complete their Certificate IV in Training and Assessment (TAE40116) through TAFE Queensland while gaining on-the-job experience and mentoring. It is envisaged that our Foundation Educators will transition to tutoring or teaching positions within 12 months of commencement. This forms part of our attraction and retention initiatives for educators of the future.

To assist further development of our strategic workforce plan, TAFE Queensland is focused on enhancing our people reporting and metrics by enabling leaders with real time information to improve our workforce management and vital initiatives such as succession planning.

TAFE Queensland has established workforce management policies and procedures that enable all levels of the business to engage in contemporary human resource and employee relations practices. TAFE Queensland continues to support the safe return to work of all staff who are injured or sick at work or home.

TAFE Queensland continues to invest in workplace health and safety and wellbeing and to visibly demonstrate our '*safety first*' value across the many workplaces across the state. Our ability to be agile and responsive to change, commitment to flexible work arrangements and putting the safety and wellbeing of employees first was in focus as we made the necessary adjustments during the COVID-19 pandemic.

More than half of the TAFE Queensland workforce transitioned to remote working arrangements, our educators moved to online delivery of theory lessons and employees were supported through the provision of special leave entitlements where necessary, through the Employment Arrangements in the Event of a Health Pandemic policy. The future of work in TAFE Queensland is currently being examined in light of our response to the pandemic, including the implementation of long-term telecommuting arrangements to flexibly support employees achieve a greater work-life balance and its associated impact on morale. The strategic workforce plan is also being reviewed to capture the opportunities presented to embed workforce practices for the future.

TAFE Queensland has a strong culture of developing our staff and has an established Performance Planning and Development (PPD)

framework. The purpose of the PPD is to develop and motivate staff to foster a culture of high performance, and know the value of their work and how it contributes to organisational success. All employees of TAFE Queensland are required to complete all components of the annual PPD cycle including bi-annual reviews. The implementation of the MyProfile system has enabled PPD's to be recorded, work-flowed between manager and employee and reported upon.

Integral to our performance, planning and development framework is reward and recognition. The TAFE Queensland Staff Awards program is the cornerstone of the recognition program and is designed to recognise and reward the stars of our business. The sixth annual awards will be held in the second half of 2020 where corporate and regional winners, determined earlier this financial year, will be considered in categories aligned to TAFE Queensland and public sector values.

TAFE Queensland fosters an inclusive and flexible work environment, as outlined in the TAFE Queensland's workforce management policies and procedures with particular reference to staff equity and diversity, telecommuting, purchased leave, work-life balance arrangements and reasonable adjustment for people with disabilities.

In order to continue to engage and listen to staff TAFE Queensland has introduced improvements to our methods for employee engagement surveys by moving to a completely online reporting platform. This change enables our business leaders to receive almost instantaneous survey results on which to act and make improvements. This platform has also been used to facilitate our COVID-19 employee survey which was designed to gain valuable insight into the employee experience on the organisations response to the pandemic and will become our platform for gaining intelligence that will inform strategies and initiatives to continue supporting our staff to achieve their best for our students and community.

Employee relations framework

TAFE Queensland is committed to providing fair and transparent consultation processes with staff and unions. This year, this commitment has been achieved not only through the TAFE Queensland Consultative Committee and Local Consultative Committees but also through the negotiation of the *TAFE Queensland Educators Certified Agreement 2019*.

This progress demonstrated TAFE Queensland's ability to work constructively with unions to improve outcomes and conditions for both our employees and the organisation. This new agreement has transformed the classification structure and industrial landscape for educators and includes a future focused position of Foundation Educator being developed to assist grow the talent of tomorrow. Educators delivering our higher education programs and those performing our hybrid Educational Team Leader role have now transitioned into coverage of our industrial instruments. TAFE Queensland also recognised the professionalism and experience of our long term qualified educators through the establishment of Senior Tutor and Senior Teacher roles.

TAFE Queensland's workforce operates under a number of industrial instruments, including:

- *TAFE Queensland Award–State 2016*
- *TAFE Queensland (TAFE Services Employees) Certified Agreement 2016*
- *TAFE Queensland Educators Certified Agreement 2019*.

Public sector ethics

TAFE Queensland is defined as a Queensland public service agency for the purposes of the *Public Sector Ethics Act 1994* and as such, must comply with the Code of Conduct for the Queensland Public Service (the Code of Conduct).

TAFE Queensland's Working with TAFE: Conduct, Ethics and Performance Policy supplements and sets out in further detail the expectations of workplace behaviours of TAFE Queensland employees including in the areas of conflicts of interest, fitness for duty and protecting students from harm. TAFE Queensland's policy and procedures cover all aspects of compliance with the public service ethics principles and incorporates the Code of Conduct in its workforce management policy and procedure framework.

During 2019-20, TAFE Queensland demonstrated its ongoing commitment to integrity through facilitation of education sessions by the Queensland Ombudsman to Human Resources professionals and our Connected Leaders network on the topic of Public Interest Disclosures and reporting of wrongdoing. Our *Making a Public Interest Disclosure* procedure was also updated to include changes to Public Interest Disclosure Standards published by the Queensland Ombudsman.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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**Statement of Comprehensive Income
for the year ended 30 June 2020**

	Note	Consolidated		Parent	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Income					
Sales of goods and services	4	230,430	244,733	221,891	232,668
Grants and contributions	5	360,803	358,691	350,610	350,236
Share of profits of joint ventures accounted for using the equity method		615	4,338	-	-
Interest		195	3,736	127	3,644
Other income		5,920	4,715	3,775	3,674
Total income		597,963	616,214	576,403	590,223
Expenses					
Employee expenses	6	437,113	414,356	425,533	403,698
Supplies and services	7	168,797	180,863	163,816	173,322
Depreciation and amortisation		18,266	17,913	15,501	17,064
Finance/borrowing costs		2,204	70	247	-
Other expenses	8	6,283	7,373	6,013	6,721
Total expenses		632,663	620,576	611,110	600,804
Operating result		(34,700)	(4,362)	(34,707)	(10,581)
Income tax expense		-	137	-	137
Operating result after income tax expense		(34,700)	(4,499)	(34,707)	(10,718)
Other Comprehensive Income					
<i>Items that will not be reclassified to operating result</i>					
Increase in asset revaluation surplus	12	-	2,275	-	2,275
Total items that will not be reclassified to operating result		-	2,275	-	2,275
Total Other Comprehensive Income		-	2,275	-	2,275
Total Comprehensive (loss)/income for the year		(34,700)	(2,224)	(34,707)	(8,443)

The accompanying notes form part of these statements.

**Statement of Financial Position
as at 30 June 2020**

	Note	Consolidated		Parent	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current assets					
Cash and cash equivalents	9	174,219	185,231	162,171	178,304
Receivables	10	93,430	103,054	91,537	98,482
Inventories		825	801	731	682
Other current assets	11	6,153	7,156	5,868	6,527
Total current assets		274,627	296,242	260,306	283,995
Non-current assets					
Property, plant and equipment	12	48,636	49,853	40,077	41,185
Right of use assets	13	63,496	-	12,307	-
Intangible assets	14	33,641	33,918	32,798	33,295
Investments accounted for using the equity method	15	3,694	5,120	-	-
Other non-current assets	11	1,139	1,102	-	-
Total non-current assets		150,606	89,993	85,182	74,481
Total assets		425,233	386,235	345,488	358,475
Current liabilities					
Payables	16	31,050	32,600	30,152	31,087
Accrued employee benefits	17	24,365	20,600	23,102	19,692
Interest-bearing liabilities	18	2,245	432	1,359	-
Other current liabilities	19	38,409	28,889	36,271	26,537
Total current liabilities		96,069	82,522	90,884	77,316
Non-current liabilities					
Accrued employee benefits	17	251	289	-	-
Interest-bearing liabilities	18	71,871	462	11,683	-
Other non-current liabilities	19	1,819	-	1,819	-
Total non-current liabilities		73,941	751	13,502	-
Total liabilities		170,010	83,273	104,386	77,316
Net assets		255,223	302,962	241,102	281,159
Equity					
Contributed equity		181,445	181,445	170,096	170,096
Retained earnings		71,324	119,063	68,552	108,609
Asset revaluation surplus		2,454	2,454	2,454	2,454
Total equity		255,223	302,962	241,102	281,159

The accompanying notes form part of these statements.

**Statement of Changes in Equity
for the year ended 30 June 2020**

	Retained Earnings		Asset Revaluation Surplus		Contributed Equity		TOTAL	
	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	121,404	117,169	179	179	181,445	170,096	303,028	287,444
Adjustment relating to application of new accounting standard	2,158	2,158	-	-	-	-	2,158	2,158
Restated balance at 1 July 2018	123,562	119,327	179	179	181,445	170,096	305,186	289,602
Operating result	(4,499)	(10,718)	-	-	-	-	(4,499)	(10,718)
Increase in asset revaluation surplus	-	-	2,275	2,275	-	-	2,275	2,275
Balance at 30 June 2019	119,063	108,609	2,454	2,454	181,445	170,096	302,962	281,159
Adjustment relating to application of new accounting standard (Note 29)	(13,039)	(5,350)	-	-	-	-	(13,039)	(5,350)
Restated balance at 1 July 2019	106,024	103,259	2,454	2,454	181,445	170,096	289,923	275,809
Operating result	(34,700)	(34,707)	-	-	-	-	(34,700)	(34,707)
Balance at 30 June 2020	71,324	68,552	2,454	2,454	181,445	170,096	255,223	241,102

The accompanying notes form part of these statements.

**Statement of Cash Flows
for the year ended 30 June 2020**

	Note	Consolidated		Parent	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash flows from operating activities					
Sales of goods and services		246,245	240,317	237,017	227,918
Grants and contributions		363,627	336,856	353,752	328,403
GST input tax credits from ATO		15,760	20,195	15,788	20,196
Interest received		205	4,044	137	3,952
Other receipts		5,719	4,291	3,554	3,586
Employee expenses		(431,366)	(402,262)	(420,134)	(402,262)
Supplies and services		(186,729)	(211,780)	(181,453)	(192,745)
GST remitted to ATO		(6,279)	(8,991)	(6,279)	(8,991)
Finance / borrowing costs		(2,204)	(70)	(247)	-
Other payments		(4,569)	(2,375)	(4,318)	(2,375)
Net cash provided by/(used in) operating activities	i	409	(19,774)	(2,183)	(22,319)
Cash flows from investing activities					
Dividends received		4,160	678	-	-
Sales of property, plant and equipment		61	99	61	99
Payments for property, plant and equipment		(7,190)	(7,532)	(6,542)	(6,745)
Payments for intangible assets		(6,442)	(7,109)	(6,077)	(6,766)
Net cash used in investing activities		(9,411)	(13,865)	(12,558)	(13,413)
Cash flows from financing activities					
Transfer to restricted deposit		(37)	(1,102)	-	-
Borrowing redemptions	ii	(295)	(404)	-	-
Lease payments	ii	(1,678)	-	(1,392)	-
Net cash used in financing activities		(2,010)	(1,506)	(1,392)	-
Net decrease in cash and cash equivalents		(11,012)	(35,144)	(16,133)	(35,731)
Cash and cash equivalents at beginning of financial year		185,231	220,375	178,304	214,036
Cash and cash equivalents at end of financial year	9	174,219	185,231	162,171	178,304

The accompanying notes form part of these statements.

**Statement of Cash Flows
for the year ended 30 June 2020**

Notes to the Statement of Cash Flows

i. Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Reconciliation of cash flows from operating activities				
Operating result	(34,700)	(4,499)	(34,707)	(10,718)
Non-cash items included in operating result				
Depreciation and amortisation	18,266	17,913	15,501	17,064
Loss on sale of property, plant and equipment	53	369	33	313
Share of profits of joint ventures – equity method	(615)	(4,338)	-	-
Change in assets and liabilities:				
(Increase)/decrease in receivables	7,055	(14,287)	6,499	(13,892)
(Increase)/decrease in GST input tax credits receivable	(337)	3,215	(309)	3,256
Increase/(decrease) in GST payable	(130)	(3,111)	(159)	(3,111)
(Increase)/decrease in inventories	(24)	337	(49)	331
(Increase)/decrease in other current assets	1,004	(1,499)	659	(1,499)
Increase/(decrease) in accounts payable	(1,939)	496	(1,295)	410
Increase/(decrease) in accrued employee benefits	5,746	612	5,399	508
Increase/(decrease) in other liabilities	6,030	(14,984)	6,245	(14,983)
Net cash provided by/(used in) operating activities	409	(19,774)	(2,183)	(22,319)

ii. Changes in Liabilities arising from Financing Activities

2020 - Consolidated		Non-cash changes			Cash flows		Closing Balance \$'000
Notes	Opening Balance \$'000	New Leases acquired \$'000	Other \$'000	Cash Received \$'000	Cash re-payments \$'000		
Lease liabilities	18	364	1,379	73,816	-	(1,678)	73,881
Borrowings	18	530	-	-	-	(295)	235
Total		894	1,379	73,816	-	(1,973)	74,116

2019 - Consolidated		Non-cash changes			Cash flows		Closing Balance \$'000
Notes	Opening Balance \$'000	New Leases acquired \$'000	Other \$'000	Cash Received \$'000	Cash re-payments \$'000		
Lease liabilities	18	493	-	228	-	(357)	364
Borrowings	18	805	-	(228)	-	(47)	530
Total		1,298	-	-	-	(404)	894

**Statement of Cash Flows
for the year ended 30 June 2020**

Notes to the Statement of Cash Flows (continued)

ii. Changes in Liabilities Arising from Financing Activities (continued)

2020 - Parent		Non-cash changes			Cash flows		Closing Balance \$'000
		Opening Balance \$'000	New Leases acquired \$'000	Other \$'000	Cash Received \$'000	Cash re- payments \$'000	
	Notes						
Lease liabilities	18	-	702	13,731	-	(1,392)	13,042
Borrowings	18	-	-	-	-	-	-
Total		-	702	13,731	-	(1,392)	13,042

Notes to and forming part of the financial statements for the year ended 30 June 2020

1. Basis of Financial Statement Preparation

(a) General Information

TAFE Queensland is a statutory body established under the *TAFE Queensland Act 2013* and governed by an independent board.

TAFE Queensland is the largest and most experienced provider of vocational education and training in the state, with a history of serving Queensland's communities for over 130 years. Each year TAFE Queensland enrolls over 100,000 students across a network of over 50 campuses in Queensland, in employers' workplaces, online and in markets offshore. Our offering spans foundation skills and entry level qualifications to higher education degrees across more than 500 programs.

The corporate office and principal place of business is 1030 Cavendish Road, Mount Gravatt Qld 4122.

(b) Compliance with prescribed requirements

TAFE Queensland has prepared these financial statements in compliance with section 39 of the *Financial and Performance Management Standard 2019*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2019.

TAFE Queensland is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Notes 25 and 29.

(c) Currency and Rounding

Amounts included in the financial statements are presented in Australian dollars, which is the Group's functional currency and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Foreign currency income and expenses are translated to the functional currency using the average exchange rates prevailing each month in which the transactions occur, assets and liabilities are translated at the closing rate at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in the foreign currencies at year end are generally recognised in the profit or loss.

(d) Comparatives

Comparative information reflects the audited 2018-19 financial statements which has been restated where necessary to be consistent with disclosures in the current reporting period.

(e) Current / Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or TAFE Queensland does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

(f) Authorisation of Financial Statements for Issue

The financial statements are authorised for issue by the Chairperson, TAFE Queensland Board, the Chief Executive Officer, and the Acting Chief Financial and Operations Officer at the date of signing the Management Certificate.

Notes to and forming part of the financial statements for the year ended 30 June 2020

1. Basis of Financial Statement Preparation (continued)

(g) Basis of Measurement

Historical cost is used as the measurement basis in this financial report except for the following:

- Debt and equity financial assets that have been measured at fair value;
- Inventories which are measured at the lower of cost and net realisable value;
- Buildings which are measured at fair value;
- Right of use assets which are measured at an amount equal to the minimum expected liabilities arising from leases discounted by TAFE Queensland's incremental borrowing rate; and
- Provisions expected to be settled 12 or more months after reporting date which are measured at their present value.

Historical Cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following three approaches:

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The cost approach reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement cost methodology.
- The income approach converts multiple future cash flows amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categories within the following fair value hierarchy based on the data and assumptions used in the most recent specific appraisals:

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, directly or indirectly
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Where fair value is used, the fair value approach is disclosed.

Present Value

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

Net Realisable Value

Net realisable value represents the amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

1. Basis of Financial Statement Preparation (continued)

(h) The Reporting Entity

The consolidated financial statements include all income, expenses, assets, liabilities and equity of the 'economic entity' comprising TAFE Queensland and the entities it controls where these entities are material (refer to Note 2). All transactions and balances internal to the economic entity have been eliminated in full.

The parent entity financial statements include all income, expenses, assets, liabilities and equity of the parent only.

2. Controlled Entities

The following entities are controlled by TAFE Queensland:

Directly Controlled

Name	Purpose and Principal Activities	% Interest in Entity & Basis for Control	Total Assets \$'000		Total Liabilities \$'000		Total Revenue \$'000		Operating Result \$'000	
			2020	2019	2020	2019	2020	2019	2020	2019
TAFE Queensland International Education Pty Ltd	Deliver training services and provide international development assistance	100% interest in ordinary share capital enabling control of majority voting rights	2,011	1,423	967	631	5,922	5,280	252	117
Aviation Australia Pty Ltd.	Support the development and growth of aviation and aerospace industries both in Australian and international markets	100% interest in ordinary share capital enabling control of majority voting rights	79,746	27,759	65,624	5,956	21,562	25,991	9	6,220

Disclosure about Wholly-Owned Controlled Entities

TAFE Queensland International Education Pty Ltd

TAFE Queensland International Education Pty Ltd (TQIE) was established in July 2016 as a company limited by shares. TQIE's registered office is in Brisbane, Queensland, and its purpose is delivering training services and providing international development assistance and support to the Commonwealth Department of Foreign Affairs and Trade (DFAT) and to any other entity engaged in the provision of such services from time to time.

The predominant source of revenue for TQIE is earned through sub-contracting from TAFE Queensland for the delivery of services under the Australia Pacific Training Coalition (APTC) (formally known as Australia-Pacific Technical College) contract with DFAT. In 2019-20 TQIE recognised revenues totalling \$5.910 million (2019: \$5.269 million) in relation to services provided to TAFE Queensland.

TAFE Queensland controls 100% of the share capital and voting rights in the company. The transactions and balances of TQIE are immaterial to TAFE Queensland and the economic entity and therefore have not been consolidated in financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2020

2. Controlled Entities (continued)

Aviation Australia Pty Ltd

Aviation Australia Pty Ltd was formed in October 2001 to provide aviation training. Aviation Australia Pty Ltd prepares and publishes separated financial statements, which are audited by the Auditor-General of Queensland. All shares in Aviation Australia were transferred to TAFE Queensland effective from 1 October 2017.

Given the activities of the company, no dividends or other financial returns are received by TAFE Queensland. Apart from the restricted cash balance of \$1.139 million classified as other non-current assets, there are no significant restrictions on TAFE Queensland's ability to access the company's assets or settle its liabilities.

The assets, liabilities, revenues and expenses of Aviation Australia have been consolidated in these financial statements.

Aviation Australia Pty Ltd (AA) has a 51% shareholding in Aviation Australia Riyadh College of Excellence LLC (AARCOE), with Shamal Commercial Investment LLC (SCI), a Saudi Arabian limited liability company holding the remaining 49% of the shares.

In accordance with an agreement between the shareholders, Aviation Australia is entitled to a 20% share of the profits or liable for 20% of the losses in that company.

3. Joint Arrangements

Joint arrangements exist when two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Since 2016-17 TAFE Queensland has partnered with Sunshine Coast Hospital and Health Service (SCHHS), University of the Sunshine Coast (USC) and Griffith University for the operation of the Sunshine Coast Health Institute (SCHI). SCHI operates as a joint operation under an unincorporated joint venture agreement, based at the new Sunshine Coast University Hospital. The primary aims of SCHI are to advance the education of trainee medical officers, nurses, midwives, and other health care professionals, while providing outstanding patient care and extending research knowledge. Each partner has rights and obligations to the assets, liabilities, revenue and expenses of SCHI.

TAFE Queensland has accounted for its interest in the joint arrangement, including recognising its share of assets, liabilities and expenses jointly held/incurred, in accordance with AASB 11 *Joint Arrangements*.

TAFE Queensland's share of the joint operation is 23.7% (2019: 23.7%)

4. Sales of Goods and Services

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Student fees and charges	125,058	129,688	119,159	127,613
Fees for training services	102,899	109,247	100,260	101,448
Sales of goods and ancillary services	2,473	5,798	2,472	3,607
Total	230,430	244,733	221,891	232,668

Revenue arising from agreements that are 'enforceable' and contain 'sufficiently specific performance obligations' are recognised as revenue when TAFE Queensland has satisfied the performance obligations. Where funding is received in advance, a contract liability is recognised until the services are delivered. The following table provides information about the nature and timing of the satisfaction of performance obligations and revenue recognition:

Type of good or service	Nature and timing of satisfaction of performance obligation	Revenue recognition policies
Student fees and charges	Student fees and charges relating to the provision of course tuition. Performance obligations are fulfilled progressively as tuition services are provided.	Revenue is recognised over time as students receive the tuition services. The adoption of AASB 15 has had no impact on the timing of revenue recognition.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

4. Sales of Goods and Services (continued)

Type of good or service	Nature and timing of satisfaction of performance obligation	Revenue recognition policies
Fees for training services	Fees received directly from organisations in relation to training services provided. Performance obligations predominantly relate to the delivery of training and are fulfilled progressively as delivery occurs.	For standard training contracts, revenue is recognised over time as training delivery occurs. Non-standard contracts are recognised in accordance with the delivery of contractual performance obligations. The adoption of AASB 15 has had minimal impact on the timing of revenue recognition.
Sales of goods and ancillary services	Other non-course fees and charges include sales of student products produced / service provided during training, restaurant/bistro sales, sales of merchandise/consumables and student fees for services provided.	The majority of items fall under AASB 15 and the revenue is recognised as at the time the goods are transferred/services are provided to the purchaser. The adoption of AASB 15 has had no impact on the timing of revenue recognition.

Refer notes 10 and 19 for disclosures about contract assets and liabilities outstanding at year end.

5. Grants and Contributions

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Queensland Government grants and contributions				
- Queensland Government subsidised training	171,456	154,768	166,272	151,530
- State Contribution grant	173,302	175,197	168,624	170,519
- Other grants and contributions	11,999	23,139	11,795	22,632
Australian government grants and contributions	2,902	4,046	2,874	4,046
Other donations, sponsorships, and contributions	1,144	1,541	1,045	1,510
Total	360,803	358,691	350,610	350,236

Grant or funding agreements that are 'enforceable' and contain 'sufficiently specific performance obligations' are recognised as revenue when the group has satisfied the performance obligations. Where funding is received in advance, a contract liability is recognised until the services are delivered. The following table provides information about the nature and timing of the satisfaction of performance obligations and revenue recognition:

Type	Nature and timing of satisfaction of performance obligation	Revenue recognition policies
Queensland Government subsidised training	Queensland Government subsidised training relates to the component of course fees that is received for eligible students from the Queensland Government. Performance obligations relate to the delivery of tuition services and are fulfilled progressively as tuition services are provided.	Revenue is recognised over time as students receive the tuition services. The adoption of AASB 15 has had an impact on the timing of revenue recognition. During FY19, revenue was recognised under AASB 1004 at the time TAFE Queensland was eligible to receive the subsidy.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

5. Grants and Contributions (continued)

Type	Nature and timing of satisfaction of performance obligation	Revenue recognition policies
State Contribution Grant	The State Contribution grant is aimed at supporting quality training and skills delivery by subsidising public providers in areas of competitive disadvantage in comparison to private providers. Performance obligations relate to being a premium provider of Vocational Education and Training (VET), demonstrated by exceptional compliance with the QLD VET Quality Framework, more specifically quality of training products and outcomes, sound corporate governance structures and operating models that support Queenslanders accessing quality training in priority skill areas. All of these performance obligations are continuing obligations.	Revenue is recognised over time on a straight-line basis and falls under AASB 15.
Donations	TAFE Queensland receives donations of cash and equipment. Performance obligations may or may not exist depending on the individual transaction.	Revenue is recognised on receipt if there are no specific performance obligations attached to the donation (in accordance with AASB 1058), or, where a performance obligation exists, as TAFE Queensland satisfies performance obligations (in accordance with AASB 15).
All other grants and contributions	TAFE Queensland enters into a range of agreements for various purposes. Performance obligations may or may not exist depending on the individual agreements.	Each agreement is reviewed individually with regard to the enforceability and sufficiently specific performance obligations criteria to determine whether AASB 15 or AASB 1058 applies.

Refer notes 10 and 19 for disclosures about contract assets and liabilities outstanding at year end.

During the financial period, TAFE Queensland utilised facilities under the control of the Department of Employment, Small Business and Training to deliver vocational education and training services. Access to the facilities is provided without charge or for a cost that may not be fair value. AASB 1004 *Contributions* requires that contributions of goods and services be recognised where they would have been purchased if they had not been donated, and the fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and expense. TAFE Queensland would not in all cases otherwise purchase the goods and services, and costs relating to the sites due to location, condition and caveats pertaining to them. The sites are not able to be reliably measured due to the aforementioned caveats. Therefore no notional value has been estimated.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

6. Employee Expenses

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Salaries and wages*	312,242	292,274	302,344	283,170
Annual leave	30,982	29,176	30,887	29,188
Long service leave	8,160	7,021	8,051	6,924
Employer superannuation contributions	41,863	39,834	40,959	38,999
Other employee benefits	22,058	22,927	22,058	22,927
Payroll tax and fringe benefits tax [#]	16,776	17,964	16,339	17,532
Other employee-related expenses	5,032	5,158	4,895	4,958
Total	437,113	414,356	425,533	403,698

* Salaries and wages during FY20 includes \$2,285,024, being one-off pro-rata payments of \$1,250 paid to 1,828 full-time equivalent employees in accordance with the TAFE Queensland Educators Certified Agreement 2019.

[#] Payroll tax and fringe benefits include a refund of \$2,908,000 (parent \$2,830,000) received from the Office of State Revenue (Queensland) in FY20 as part of the payroll tax relief measures introduced to alleviate the impacts of COVID-19.

The number of employees as at 30 June 2020, including both full-time employees and part-time employees measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI) is 3,924 (2019: 3,895).

Salaries, wages and sick leave

Salaries and wages due but unpaid at reporting date are recognised as a liability at current salary and wage rates. Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. As sick leave is non-vesting, a liability for unused sick leave entitlements is not recognised. An expense is recognised for this leave when taken.

Annual leave and long service leave

TAFE Queensland employs people in Australia under state-based awards and it also employs people overseas in connection with APTC in accordance with the laws of the local jurisdictions in which APTC operates – Fiji, Vanuatu, Papua New Guinea, and Solomon Islands.

For employees of the parent engaged on Queensland-based conditions of employment, TAFE Queensland is a member of the Queensland Government's Annual Leave Central and Long Service Leave Central Schemes. A levy is payable to these schemes to cover the cost of employees' annual leave (including leave loading and part of the on-costs) and long service leave. These levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed back from the schemes quarterly in arrears. TAFE Queensland does not recognise a provision for annual leave or long service leave in the financial statements as these liabilities are held, and reported, on a whole-of-government basis.

For employees employed by subsidiaries or employed under foreign conditions of employment, a liability for annual leave accrued up to the end of the reporting period is recognised based on current salary and wage rates, and includes employer related on-costs. The liability for long service leave is recognised in the provision for long service leave and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service.

Expected future payments are discounted using marked yields at the reporting date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to and forming part of the financial statements for the year ended 30 June 2020

6. Employee Expenses (continued)

Superannuation schemes

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined Contribution Plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined Benefit Plan - The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the department at the specified rate following completion of the employee's service each pay period. The department's obligations are limited to those contributions paid.

Workers Compensation

TAFE Queensland pays premiums to WorkCover Queensland in respect of its obligation for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not employment benefits and is recognised separately as employee related expenses.

Key management personnel and disclosures are detailed in note 27.

7. Supplies and Services

	Note	Consolidated		Parent	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Contractors		27,559	26,063	26,366	24,734
Property rental		16,430	18,151	16,430	16,264
Employee housing		175	194	174	194
Lease expenses	18	627	3,296	448	3,131
Property, information technology support services, and transport		64,337	67,472	62,382	65,244
Travel and accommodation		5,261	6,833	5,007	6,486
Agents commissions		4,801	4,888	4,492	4,434
Advertising and promotions		9,169	9,377	8,803	9,012
Training materials		7,446	8,427	7,349	8,245
Printing and stationery		4,187	4,234	4,131	4,155
Minor equipment purchases		7,557	7,209	7,477	7,180
Subscriptions, books, and publications		4,448	3,756	4,178	3,631
Finance, human resources, and support services		702	716	702	716
Other supplies and services		16,098	20,252	15,877	19,896
Total		168,797	180,863	163,816	173,322

Lease expenses

Lease expenses include lease rentals for short-term leases, leases of low value and variable lease payments. Refer to Note 18 for a breakdown of lease expenses and other lease disclosures.

Notes to and forming part of the financial statements for the year ended 30 June 2020

8. Other Expenses

Audit Fees

Other expenses includes remuneration to auditors. Total audit fees quoted by the Queensland Audit Office relating to the 2020 financial statements are \$210,000 (2019: \$205,000).

Special Payments

Special payments represent ex gratia expenditure and other expenditure that TAFE Queensland is not contractually or legally obligated to make to other parties. Special payments during 2019-20 included two payments over \$5,000 being out of court settlements paid in relation to separate legal disputes. Special payments of \$21,300 are included in other expenses.

9. Cash and Cash Equivalents

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Cash at bank	174,219	185,231	162,171	178,304
Total	174,219	185,231	162,171	178,304

Cash and cash equivalents comprise cash on hand, cheques receipted but not yet banked, and other short term highly liquid investments.

10. Receivables

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Trade debtors	23,461	28,663	22,230	26,747
Less: Loss allowance	(3,382)	(3,362)	(3,329)	(3,325)
	20,079	25,302	18,901	23,422
GST receivable	1,898	1,431	1,831	1,363
Accrued revenue	1,985	68,009	1,980	67,504
Contract assets	64,815	-	64,171	-
Other receivables	4,653	8,313	4,653	6,193
Total	93,430	103,054	91,537	98,482

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Trade debtors are recognised at amounts due at the time of sale or service delivery. Trade debtors are generally due for settlement 30 days from invoice date or, for student course fees, 30 days from start of study. Other receivables are due in accordance with their contractual terms.

The loss allowance for trade debtors reflect the lifetime expected credit losses and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact TAFE Queensland debtors. TAFE Queensland has established a provision to measure the expected credit losses on trade debtors according to debtor type. The calculations reflect historical observed default rates based on past sales transactions for each of the groups and an allowance for possible default arising from hardship experienced by customers as a result of COVID-19.

Receivables and payables are stated with GST included. The net amount of GST recoverable from the Australian Taxation Officer is included as a current asset.

Contract assets arise as a result of the adoption of AASB15 *Revenue from contract with customers* from 1 July 2019. Where performance obligations have been met and an invoice is not yet raised or funds have not been received, the recognition of revenue associated with the performance obligations met results in a contract asset (previously accrued revenue).

Accrued revenue in FY20 relates to revenue that does not arise from contracts with customers.

Notes to and forming part of the financial statements
for the year ended 30 June 2020

10. Receivables (continued)

Impairment Group – receivables from sales of goods and services

Consolidated	2020			2019		
	Gross Receivables \$'000	Loss Rate ¹ %	Expected Credit Losses \$'000	Gross Receivables \$'000	Loss Rate ¹ %	Expected Credit Losses \$'000
Aging						
Less than 30 days	13,949	5%	(633)	20,322	3%	(479)
30 to 60 days overdue	1,070	10%	(107)	1,346	18%	(145)
60 to 90 days overdue	536	23%	(121)	1,155	35%	(403)
> 90 days overdue	7,906	32%	(2,521)	5,841	65%	(2,334)
Total	23,461		(3,382)	28,663		(3,362)

Parent	2020			2019		
	Gross Receivables \$'000	Loss Rate ¹ %	Expected Credit Losses \$'000	Gross Receivables \$'000	Loss Rate ¹ %	Expected Credit Losses \$'000
Aging						
Less than 30 days	13,283	5%	(633)	19,105	3%	(455)
30 to 60 days overdue	826	13%	(107)	1,221	21%	(143)
60 to 90 days overdue	485	25%	(121)	996	40%	(400)
> 90 days overdue	7,636	32%	(2,468)	5,425	73%	(2,327)
Total	22,230		(3,329)	26,747		(3,325)

Aviation Australia	2020			2019		
	Gross Receivables \$'000	Loss Rate ¹ %	Expected Credit Losses \$'000	Gross Receivables \$'000	Loss Rate ¹ %	Expected Credit Losses \$'000
Aging						
Less than 30 days	666	Nil	-	1,217	2%	(24)
30 to 60 days overdue	244	Nil	-	125	2%	(2)
60 to 90 days overdue	51	Nil	-	159	2%	(3)
> 90 days overdue	270	20%	(53)	416	2%	(7)
Total	1,231		(53)	1,917		(36)

¹ Loss rate is not applied to amounts expected from the Queensland State Government. Loss rate quoted for consolidated receivables is weighted average of parent and controlled entities.

Commentary on financial risk disclosures are included in Note 23.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

10. Receivables (continued)

Movement in loss allowance for trade debtors

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Loss allowance as at 1 July	(3,362)	(3,259)	(3,325)	(3,223)
Adjustment relating to the application of new accounting standard	-	2,158	-	2,158
Increase/(decrease) in allowance recognised in operating result	(1,659)	(3,222)	(1,642)	(3,204)
Amounts written-off during the year	1,707	993	1,704	976
Amounts recovered during the year	(68)	(32)	(66)	(32)
Loss allowance as at 30 June	(3,382)	(3,362)	(3,329)	(3,325)

11. Other Assets

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current				
Prepayments	5,970	6,963	5,701	6,347
Other	183	193	168	180
Total	6,153	7,156	5,868	6,527
Non-current				
Other	1,139	1,102	-	-
Total	1,139	1,102	-	-

Notes to and forming part of the financial statements
for the year ended 30 June 2020

12. Property, Plant and Equipment

Closing balances and reconciliation of carrying amount

	Buildings at Cost	Buildings at Valuation	Plant & Equipment	Work in Progress	Total
Consolidated	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Gross	4,727	6,652	119,650	3,754	134,784
Less: Accumulated depreciation	(2,339)	(3,355)	(80,453)	-	(86,147)
Carrying amount at 30 June 2020	2,388	3,297	39,197	3,754	48,636

Represented by movements in carrying amount:

Carrying amount at 1 July 2019	2,482	3,459	42,236	1,676	49,853
Acquisitions (including upgrades)	-	-	662	6,529	7,190
Transfers between asset classes	-	-	4,451	(4,451)	-
Impairment losses recognised in operating deficit	-	-	(19)	-	(19)
Depreciation expense	(94)	(162)	(8,133)	-	(8,389)
Carrying amount at 30 June 2020	2,388	3,297	39,197	3,754	48,636

	Buildings at Cost	Buildings at Valuation	Plant & Equipment	Work in Progress	Total
Consolidated	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
Gross	4,727	6,653	118,176	1,676	131,231
Less: Accumulated depreciation	(2,245)	(3,193)	(75,941)	-	(81,377)
Carrying amount at 30 June 2019	2,482	3,459	42,236	1,676	49,853

Represented by movements in carrying amount:

Carrying amount at 1 July 2018	2,586	1,412	42,630	1,906	48,533
Acquisitions (including upgrades)	-	-	6,039	1,776	7,815
Disposals	-	(100)	(292)	-	(392)
Transfers between asset classes	-	-	2,026	(2,006)	19
Increase in asset revaluation surplus	-	2,275	-	-	2,275
Impairment losses recognised in operating deficit	(9)	-	(43)	-	(52)
Depreciation expense	(95)	(128)	(8,124)	-	(8,347)
Carrying amount at 30 June 2019	2,482	3,459	42,236	1,676	49,853

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

12. Property, Plant and Equipment (continued)

Closing balances and reconciliation of carrying amount (continued)

	Buildings at Cost	Buildings at Valuation	Plant & Equipment	Work in Progress	Total
Parent	2020	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	-	6,653	113,534	3,604	123,791
Less: Accumulated depreciation	-	(3,355)	(80,359)	-	(83,714)
Carrying amount at 30 June 2020	-	3,298	33,174	3,604	40,077

Represented by movements in carrying amount:

Carrying amount at 1 July 2019	-	3,459	36,394	1,332	41,185
Acquisitions (including upgrades)	-	-	154	6,388	6,542
Disposals	-	-	-	-	-
Transfers between asset classes	-	-	4,116	(4,116)	-
Increase in asset revaluation surplus	-	-	-	-	-
Depreciation expense	-	(161)	(7,490)	-	(7,650)
Carrying amount at 30 June 2020	-	3,298	33,174	3,604	40,077

	Buildings at Cost	Buildings at Valuation	Plant & Equipment	Work in Progress	Total
Parent	2019	2019	2019	2019	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	-	6,653	112,335	1,332	120,319
Less: Accumulated depreciation	-	(3,193)	(75,941)	-	(79,134)
Carrying amount at 30 June 2019	-	3,459	36,394	1,332	41,185

Represented by movements in carrying amount:

Carrying amount at 1 July 2018	-	1,412	36,822	1,906	40,140
Acquisitions (including upgrades)	-	-	5,337	1,408	6,745
Disposals	-	(100)	(292)	-	(392)
Transfers between asset classes	-	-	2,002	(1,982)	19
Increase in asset revaluation surplus	-	2,275	-	-	2,275
Depreciation expense	-	(128)	(7,474)	-	(7,602)
Carrying amount at 30 June 2019	-	3,459	36,394	1,332	41,185

Basis of capitalisation and recognition thresholds

Items of property, plant and equipment with a historical cost or other value equal to or exceeding the following thresholds in the year of acquisition are reported as property, plant and equipment in the following classes:

Buildings	\$10,000
Plant and equipment	\$5,000

Items with a lesser value are expensed in the year of acquisition.

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for TAFE Queensland. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Acquisition of property, plant and equipment

Acquisitions of property, plant and equipment are initially recorded at historical cost. Historical cost is determined as the fair value of consideration given to acquire the asset plus costs incidental to the acquisition, including design fees and all other establishment costs.

Notes to and forming part of the financial statements for the year ended 30 June 2020

12. Property, Plant and Equipment (continued)

Measurement

Plant and equipment is measured at historical cost in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. Buildings are measured at fair value and reported at the revalued amounts, being the fair value at the date of valuation less any subsequent accumulated depreciation.

Buildings measured at fair value are revalued on an annual basis either by appraisals undertaken by an independent professional valuer, or by the use of appropriate and relevant indices.

Revaluations using independent professional valuer appraisals are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal.

Where assets have not been specifically appraised in the reporting period their previous valuations are materially kept up-to-date via the application of relevant indices. TAFE Queensland ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. Indices used are tested for reasonableness by applying sensitivities and analysing the trend of changes in values over time. Through this process management assesses and confirms the relevance and suitability of indices provided based on TAFE Queensland's own particular circumstances.

The fair values reported are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs. Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

The effective date of the last specific appraisal was 30 June 2019, conducted by Gray Robinson & Cottrell (GRC) Quantity Surveyors. The replacement cost estimate was prepared from plans and elevations together with available schedules and specifications. Where this standard of supplied information was not available, GRC determined appropriate information from site surveys that were conducted. GRC applied a combination of pricing methodologies all of which were adjusted to reflect the anticipated construction market as at the effective reporting date. Detailed estimates were also used to determine the cost of replacing the existing assets with a modern equivalent asset

The building asset class was not specifically appraised in the reporting period, however previous valuations have been materially kept up-to-date via the application of relevant indices. TAFE Queensland ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. In 2019-20 TAFE Queensland considered an index of rate of 1.6% as prepared by quantity surveyor firm GRC for the Department of Education for similar educational facilities. GRC employs market driven indexation factors, such as Locality and Building Price Index, as mechanisms to ensure that estimates are reflective of the construction market at any point in time. The effect of the indexation was immaterial and as such was not applied to TAFE Queensland's buildings in 2019-20.

The fair value measurement is categorised as a Level 3 in the fair value hierarchy (refer to Note 1(g)).

Accounting for Changes in Fair Value

Any revaluation increment arising on the revaluation of an asset is credited to the revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

For assets revalued using a cost valuation approach (e.g. current replacement cost) – accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'.

Depreciation Expense

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset progressively over its estimated useful life to TAFE Queensland.

Straight line depreciation is used as that is consistent with the consumption of service potential of these assets over their useful life to TAFE Queensland.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the life of the asset.

Notes to and forming part of the financial statements for the year ended 30 June 2020

12. Property, Plant and Equipment (continued)

Assets under construction (work-in-progress) are not depreciated until construction is complete and the asset is put to use or is ready for its intended use, whichever is earlier. These assets are then reclassified to the relevant class within property, plant, and equipment.

For TAFE Queensland's depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment are reviewed annually and adjusted if appropriate. The estimated useful lives for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Useful life (years)</u>
Buildings	25 - 89
Plant and equipment	3 - 50

Impairment

All property, plant and equipment assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, TAFE Queensland determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use.

An impairment loss is recognised immediately in the statement of comprehensive income.

13. Right of Use Assets

Closing balances and reconciliation of carrying amount

	<u>Consolidated</u>	<u>Parent</u>
	<u>2020</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Buildings		
Gross	66,758	13,685
Less: Accumulated depreciation	(3,262)	(1,379)
Carrying amount at 30 June 2020	<u>63,496</u>	<u>12,307</u>
<i>Represented by movements in carrying amount:</i>		
Carrying amount at 1 July 2019	-	-
Adjustment relating to application of new accounting standard	65,371	12,976
Additions	1,387	710
Depreciation expense	(3,262)	(1,379)
Carrying amount at 30 June 2020	<u>63,496</u>	<u>12,307</u>

AASB 16 *Leases* was adopted on 1 July 2019. The value of right of use assets has been determined based on the expected costs arising out of the lease (this includes lease payments net of incentives, initial set-up costs and any other known costs). Lease liabilities are disclosed in Note 18.

Leases previously accounted for as operating leases with a remaining term of less than 12 month and for leases of low-value assets have been excluded as those assets are exempt on transition to the new standard and TAFE Queensland has chosen to apply the exemption.

The Department of Housing and Public Works (DHPW) provides TAFE Queensland with access to employee housing and motor vehicles under government-wide frameworks. These arrangements are categories as procurement of services rather than as leases because DHPW has substantive substitution rights over the assets. The related service expenses are included in Note 7.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

14. Intangible Assets

Closing balances and reconciliation of carrying amount

	Intellectual Property	Software Purchased	Software Internally Generated	Other Intangible Assets	Work in Progress	Total
Consolidated	2020	2020	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	19,399	34,751	3,402	1,475	7,379	66,406
Less: Accumulated amortisation	(16,622)	(14,274)	(767)	(1,102)	-	(32,765)
Carrying amount at 30 June 2020	2,777	20,477	2,635	373	7,379	33,641
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2019	5,828	23,388	2,921	800	980	33,918
Acquisitions (including upgrades)	25	-	-	-	6,417	6,442
Transfers between asset classes	-	-	18	-	(18)	-
Amortisation expense	(2,982)	(2,911)	(303)	(428)	-	(6,623)
Disposal/Write Off	(95)	-	-	-	-	(95)
Carrying amount at 30 June 2020	2,777	20,477	2,635	373	7,379	33,641
Consolidated	2019	2019	2019	2019	2019	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	19,687	36,035	25,298	1,475	981	83,476
Less: Accumulated amortisation	(13,859)	(12,647)	(22,378)	(675)	-	(49,557)
Carrying amount at 30 June 2019	5,828	23,388	2,921	800	981	33,918
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2018	10,988	426	157	1,228	23,654	36,453
Acquisitions (including upgrades)	67	3,161	15	-	3,831	7,075
Transfers between asset classes	1,154	22,399	2,934	-	(26,506)	(19)
Amortisation expense	(6,356)	(2,598)	(185)	(428)	-	(9,567)
Impairment losses recognised in operating deficit	(4)	-	-	-	-	(4)
Disposal/Write Off	(21)	-	-	-	-	(21)
Carrying amount at 30 June 2019	5,828	23,388	2,921	800	981	33,918

Notes to and forming part of the financial statements
for the year ended 30 June 2020

14. Intangible Assets (continued)

	Intellectual Property	Software Purchased	Software Internally Generated	Other Intangible Assets	Work in Progress	Total
Parent	2020	2020	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	18,894	34,270	3,402	1,475	7,040	65,081
Less: Accumulated amortisation	(16,399)	(14,016)	(766)	(1,102)	-	(32,283)
Carrying amount at 30 June 2020	2,495	20,254	2,637	373	7,040	32,798
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2019	5,503	23,090	2,922	800	980	33,295
Acquisitions (including upgrades)	-	-	-	-	6,077	6,077
Transfers between asset classes	-	-	18	-	(18)	-
Amortisation expense	(2,913)	(2,836)	(303)	(428)	-	(6,479)
Disposal/Write Off	(95)	-	-	-	-	(95)
Carrying amount at 30 June 2020	2,495	20,254	2,637	373	7,040	32,798
Parent	2019	2019	2019	2019	2019	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	19,208	35,293	25,298	1,475	980	82,254
Less: Accumulated amortisation	(13,704)	(12,203)	(22,377)	(675)	-	(48,959)
Carrying amount at 30 June 2019	5,503	23,090	2,922	800	980	33,295
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2018	10,677	367	158	1,227	23,601	36,031
Acquisitions (including upgrades)	-	2,894	15	-	3,857	6,766
Transfers between asset classes	1,138	22,388	2,934	-	(26,479)	(19)
Amortisation expense	(6,291)	(2,559)	(185)	(427)	-	(9,462)
Disposal/Write Off	(21)	-	-	-	-	(21)
Carrying amount at 30 June 2019	5,503	23,090	2,922	800	980	33,295

Notes to and forming part of the financial statements for the year ended 30 June 2020

14. Intangible Assets (continued)

Intangible assets with a cost greater than \$100,000 are capitalised. Intangible assets are recognised and carried at historical cost less accumulated amortisation and accumulated impairment losses.

Costs associated with the development of intangible assets are capitalised and amortised on a straight-line basis over its estimated useful life. The cost of intangible assets includes the cost of all materials, direct labour, other directly attributable costs, and an appropriate proportion of overheads attributable during development.

Amortisation

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets from the date that they were available for use. The useful lives of intangible assets are reviewed annually and adjusted if appropriate.

The estimated useful lives of intangible assets are:

<u>Class of Intangible Asset</u>	<u>Useful life (years)</u>
Intellectual property	3
Software purchased	3 - 10
Software internally generated	5 - 7
Other intangibles	4 - 7

Impairment

All intangible assets are reviewed annually for indicators of impairment. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by TAFE Queensland. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and amortised replacement cost.

15. Investments Accounted for Using the Equity Method

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Investment in Joint Venture	3,694	5,120	-	-
Total	3,694	5,120	-	-

TAFE Queensland through its subsidiary, Aviation Australia holds a 51% interest in the shares of Aviation Australia Riyadh College of Excellence LLC (AARCOE). The shareholders have agreed that Aviation Australia Pty Ltd is entitled to 20% of the profits or is liable for 20% of the liabilities.

16. Payables

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade creditors	28,863	30,192	28,081	29,375
Other creditors	2,187	2,408	2,071	1,712
Total	31,050	32,600	30,152	31,087

Trade and other payables represent the value of goods and services provided to TAFE Queensland prior to the end of the financial year that remain unpaid. Trade and other payables are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase price less any applicable discounts. Amounts owing are unsecured.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

Employee Benefits	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Accrued salaries and wages	12,456	9,823	12,323	9,823
Annual leave levy / provision	9,330	8,721	8,640	8,106
Long service leave levy / provision	2,579	2,056	2,139	1,764
Total	24,365	20,600	23,102	19,692
Non-Current				
Long service leave / provision	251	289	-	-
Total	251	289	-	-

No provision for annual leave or long service leave is recognised in the parent's financial statements for staff employed in Australia on state-based awards as the liability is held on a whole of government basis and reported in those financial statements pursuant to AASB 1049 *Whole-of-government and General Government Sector Financial Reporting*. A provision is recognised for annual leave and long service leave relating to non-Australian based employees and subsidiary employees (refer also to Note 6).

17. Interest-bearing Liabilities

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Lease liabilities	2,010	136	1,359	-
Borrowings	235	296	-	-
Total	2,245	432	1,359	-
Non-Current				
Lease liabilities	71,871	228	11,683	-
Borrowings	-	234	-	-
Total	71,871	462	11,683	-

When measuring lease liabilities, TAFE Queensland uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined, which is the case for all of TAFE Queensland's leases. To determine the incremental borrowing rate, TAFE Queensland uses load rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

The lease liabilities of TAFE Queensland and its subsidiaries mainly relate to premises used for training. Lease terms vary from 1 year to 31 years. In accordance with AASB16 *Leases*, the value of the liability is inclusive of option periods where we believe the options are likely to be exercised.

	Consolidated		Parent	
	2020		2020	
	\$'000		\$'000	
<i>Amounts recognised in profit or loss</i>				
Interest expense on lease liabilities	2,160		247	
Breakdown of 'Lease expenses' included in Note 7				
- Expenses relating to short term leases	542		448	
- Expenses relating to variable lease payments	85		-	

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

18. Interest-bearing Liabilities (continued)

2018-19 Disclosures under AASB 117	Consolidated		Parent	
	2019		2019	
	\$'000		\$'000	
<i>Operating lease commitments at 30 June 2019</i>				
Within one year		7,325		5,154
Later than one year and not later than five years		12,993		7,134
Later than five years		107,160		10,946
Total		127,479		23,235

18. Other Liabilities

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Contract liabilities	28,952	-	28,952	-
Other unearned revenue	8,151	27,931	6,013	25,578
Other current liabilities	1,306	958	1,306	958
Total	38,409	28,889	36,271	26,537
Non-Current				
Contract liabilities	1,819	-	1,819	-
Total	1,819	-	1,819	-

Contract liabilities arise from contracts with customers while other unearned revenue arise from transactions that are not contracts with customers.

AASB15 *Revenue from contracts with customers* was applied for the first time in 2019-20 financial year. A number of contracts were identified as falling within the standard as outlined in notes 4 and 5.

Of the amount included in the contract liability balance at 1 July 2019, \$25.5m has been recognised as revenue in 2019-20.

19. Commitments

Commitments for capital expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Within one year	2,712	2,635	2,712	2,635
Later than one year and not later than five years	2,428	-	2,428	-
Later than five years	-	-	-	-
Total	5,140	2,635	5,140	2,635

20. Contingencies

At 30 June 2020, TAFE Queensland has 45 active claims with WorkCover Queensland and 5 claims with the Queensland Government Insurance Fund (2018-2019: 39 claims with WorkCover Queensland and 3 claims with the Queensland Government Insurance Fund). These claims are not considered to be material in value.

Notes to and forming part of the financial statements for the year ended 30 June 2020

21. Climate Change

The group has not identified any material climate related risks relevant to the financial report at reporting date, however constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy.

22. Financial Risk Disclosures

Categorisation of financial instruments

Financial instruments are recognised in the Statement of Financial Position when TAFE Queensland becomes party to the contractual provisions of the financial instrument. TAFE Queensland has the following categories of financial assets and liabilities:

Category	Note	Consolidated		Parent	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial Assets					
Cash and cash equivalents	9	174,292	185,231	162,171	178,304
Receivables at amortised cost	10	93,430	103,054	91,537	98,482
Total Financial Assets		267,722	288,285	253,708	276,786
Financial Liabilities					
Financial liabilities measured at amortised cost - comprising:					
Payables	16	31,050	32,600	30,152	31,087
Interest-bearing liabilities	18	74,116	894	13,042	-
Total Financial Liabilities at amortised cost		105,165	33,494	43,194	31,087

No financial assets and financial liabilities have been offset and presented in the Statement of Financial Position.

Financial Risk Management

The TAFE Queensland Board has the overall responsibility for the establishment and oversight of the risk management framework. The Board established the Audit, Finance and Risk Management Committee, which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board on its activities.

TAFE Queensland's activities expose it to a variety of financial risks as set out in the following table:

Risk Exposure	Definition	Exposure	Measurement Method	Risk Management Strategy
Credit Risk	Credit Risk exposure refers to the situation where TAFE Queensland may incur a financial loss as a result of another party to a financial instrument failing to discharge their obligation.	TAFE Queensland is exposed to credit risk in respect of its receivables (Note 10). The maximum exposure at balance date is the gross carrying amount of receivables inclusive of any allowance for impairment.	Ageing analysis, earnings at risk.	TAFE Queensland manages credit risk through its credit and debt management policies. These policies aim to reduce the exposure to credit default by ensuring that the TAFE Queensland invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

23. Financial Risk Disclosure (continued)

Risk Exposure	Definition	Exposure	Measurement Method	Risk Management Strategy
Liquidity Risk	Liquidity risk refers to the situation where TAFE Queensland may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial asset.	TAFE Queensland is exposed to credit risk in respect of its payables (Notes 16 and 18).	Sensitivity analysis	TAFE Queensland ensures that minimal, but sufficient, levels of cash are held within various bank accounts so as to match the expected duration of the various employee and supplier liabilities.
Market Risk	The risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	TAFE Queensland has limited exposure to interest rate risk.	Interest rate sensitivity analysis	TAFE Queensland does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

Contractual maturity of financial liabilities

The following tables sets out the liquidity risk of financial liabilities held by TAFE Queensland. They represent the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the statement of financial position that are based on discounted cash flows.

Consolidated

Financial liabilities	2020	Contractual maturity			2019	Contractual maturity		
	Total	<1	1-5	>5	Total	<1	1-5	>5
	\$'000	Year	Years	Years	\$'000	Year	Years	Years
Payables	31,050	31,050	-	-	32,600	32,600	-	-
Interest-bearing liabilities	74,116	2,245	6,623	65,248	894	432	462	-
Total	105,166	33,295	6,623	65,248	33,494	33,032	462	-

Parent

Financial liabilities	2020	Contractual maturity			2019	Contractual maturity		
	Total	<1	1-5	>5	Total	<1	1-5	>5
	\$'000	Year	Years	Years	\$'000	Year	Years	Years
Payables	30,152	30,152	-	-	31,087	31,087	-	-
Interest-bearing liabilities	13,042	1,359	4,719	6,964	-	-	-	-
Total	43,194	31,511	4,719	6,964	31,087	31,087	-	-

24. Events Occurring After Balance Date

There were no events or transactions that arose between the end of the financial year and the date of this report that were of a material or unusual nature that would significantly affect the operations of TAFE Queensland.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

25. Future Impacts of Accounting Standards Not Yet Effective

AASB 1059 *Service Concession Arrangements: Grantors* is applicable to financial reporting period 2020-21. The standard defines service concession arrangement and applies a new control concept to the recognition of service concession assets and related liabilities. TAFE Queensland is not a grantor of any service concession arrangements, therefore this standard will have no impact on the financial statements.

26. Budget vs Actual Comparison

Statement of Comprehensive Income	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000
Income			
Sales of goods and services	249,155	230,430	(18,725)
Grants and contributions	346,691	360,803	14,112
Share of profits of joint ventures accounted for using the equity method	-	615	615
Interest	139	195	56
Other income	4,276	5,920	1,644
Total income	600,261	597,963	(2,298)
Expenses			
Employee expenses	427,065	437,112	10,047
Supplies and services	182,470	168,797	(13,673)
Depreciation and amortisation	21,070	18,266	(2,804)
Finance/borrowing costs	2,043	2,204	161
Other expenses	6,021	6,283	262
Total expenses	638,669	632,663	(6,007)
Operating result	(38,408)	(34,700)	3,708
Income tax expense	-	-	-
Operating result after income tax expense	(38,408)	(34,700)	3,708
Other Comprehensive Income			
<i>Items that will not be reclassified to operating result</i>	-	-	-
Increase (decrease) in asset revaluation surplus	-	-	-
Total items that will not be reclassified to operating result	-	-	-
Total Other Comprehensive Income	-	-	-
Total comprehensive income for the year	(38,408)	(34,700)	3,708

Notes to and forming part of the financial statements for the year ended 30 June 2020

26. Budget vs Actual Comparison (continued)

Explanation of major variances – Statement of Comprehensive Income:

<i>Sales of goods and services</i>	This variance mainly relates to lower student fees (\$14.2m) due to lower than budgeted volumes, changes in subsidised training levels (impacting on the student contribution component of the course fee) and movement of course start/close of study dates due to the COVID-19 pandemic, as well as lower international revenues which have been impacted by the COVID-19 pandemic (\$3.8m)
<i>Grants and contributions</i>	This variance mainly relates to the continuation of the Regional Skills Adjustment Strategy (\$6.2m), higher than budgeted volumes of VET in School students resulting in increased subsidies (\$4.8m) and funding for the one-off pro-rata payment to Educators under the TAFE Queensland Educators Certified Agreement 2019.
<i>Employee expenses</i>	This variance mainly relates to additional staff engaged as a result of anticipated training activity and revenue growth before the impacts of COVID-19 became apparent, with these staff being retained during April to June despite revenues and activity reducing as a result of COVID-19 training delivery restrictions. One-off pro-rata payments to Educators under the TAFE Queensland Educators Certified Agreement 2019 also contributed to the variance.
<i>Supplies and services</i>	This variance mainly relates to reductions in childcare fees, contractors (including payments for operational IT projects and third party providers), course/student related costs, travel and transport costs predominantly due to changes in training delivery requirements and the COVID-19 pandemic.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

26. Budget vs Actual Comparison (continued)

Statement of Financial Position	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000
Current assets			
Cash and cash equivalents	172,496	174,219	1,723
Receivables	88,508	93,430	4,922
Inventories	1,205	825	(380)
Other current assets	5,999	6,153	154
Total current assets	268,208	274,627	6,419
Non-current assets			
Property, plant and equipment	53,224	48,636	(4,588)
Right of use assets	75,762	63,496	(12,266)
Intangible assets	36,751	33,641	(3,110)
Investments accounted for using the equity method	-	3,694	3,694
Other non-current assets	1,373	1,139	(234)
Total non-current assets	167,110	150,606	(16,504)
Total assets	435,318	425,232	(10,086)
Current liabilities			
Payables	31,430	31,050	(380)
Accrued employee benefits	21,648	24,365	2,717
Interest bearing liabilities	1,612	2,245	633
Other current liabilities	45,523	38,409	(7,114)
Total current liabilities	100,213	96,069	(4,144)
Non-Current liabilities			
Accrued employee benefits	223	251	28
Interest bearing liabilities	78,084	71,871	(6,213)
Other non-current liabilities	-	1,819	1,819
Total non-current liabilities	78,307	73,941	(4,366)
Total liabilities	178,520	170,010	(8,510)
Net assets	256,798	255,223	(1,575)
Total equity	256,798	255,223	(1,575)

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

26. Budget vs Actual Comparison (continued)

Explanation of major variances Statement of Financial Position:

<i>Receivables</i>	The variance in receivables is mainly relates to higher levels of accrued government subsidised training revenue at 30 June 2020. This is influenced by the timing of training start and completion dates, which have been impacted as a result of the COVID-19 pandemic.
<i>Property, plant and equipment</i>	This variance mainly relates to lower than planned expenditure on the replacement of training and operational equipment, and training facility upgrade and fitouts.
<i>Right of use assets</i>	This variance mainly relates to the recalculation of opening balances for first time adoption of AASB 16 for Aviation Australia (\$10.9m).
<i>Intangible assets</i>	This variance mainly relates to the delay/discontinuation of projects including the identity access management, HRP time and attendance system, and E-Learning systems.
<i>Investments accounted for using the equity method</i>	The budgeted settlement of Aviation of Australia's share of joint venture interests following completion of the Centre of Excellence training contract did not occur due to the renewal of the contract.
<i>Accrued employee benefits</i>	This variance mainly relates to a higher than budgeted accrual for casual staff due to timing of final pay run for 2019-20, and accrual for outstanding back payment for TAFE Queensland Services staff 2019-20 wage increase.
<i>Other current liabilities</i>	This variance mainly relates to a reduction in the level of contract liabilities. The amount of contract liabilities at year end is impacted by the timing of training start and completion dates, as well as payment options for the course (e.g. upfront payment/plan payments). Changes to scheduled courses and normal patterns of enrolments have been experienced as a result of the COVID-19 pandemic which also impacted on balances as at 30 June 2020.
<i>Interest bearing liabilities</i>	This variance mainly due to the recalculation of opening balances for first time adoption of AASB 16 for Aviation Australia (\$3.2m) and new leases acquired not included in the original budget (\$1.6m).

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

26. Budget vs Actual Comparison (continued)

Statement of Cash Flows	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000
Cash flows from operating activities			
Sales of goods and services	253,809	246,245	(7,564)
Grants and contributions	346,691	363,627	16,936
GST input tax credits received	19,349	15,760	(3,589)
Interest received	139	205	66
Other receipts	4,002	5,719	1,717
Employee expenses	(425,402)	(431,366)	(5,964)
Supplies and services	(202,599)	(186,729)	15,870
Grants and subsidies	-	-	-
GST remitted to ATO	(6,701)	(6,279)	422
Finance / borrowing costs	(2,043)	(2,204)	(161)
Other payments	(4,706)	(4,569)	137
Net cash (used in) / provided by operating activities	(17,461)	409	17,870
Cash flows from investing activities			
Dividends received	4,200	4,160	(40)
Sales of property, plant and equipment	-	61	61
Payments for property, plant and equipment	(12,472)	(7,190)	5,282
Payments for intangible assets	(10,639)	(6,442)	4,197
Net cash used in investing activities	(18,911)	(9,411)	9,500
Cash flows from financing activities			
Transfer to restricted deposit	-	(37)	(37)
Borrowing redemptions	(400)	(295)	105
Lease payments	(2,331)	(1,678)	653
Net cash used in investing activities	(2,731)	(2,010)	721
Net decrease in cash and cash equivalents	(39,103)	(11,012)	28,091
Cash and cash equivalents at beginning of financial year	211,599	185,231	(26,368)
Cash and cash equivalents at end of financial year	172,496	174,219	1,723

Notes to and forming part of the financial statements for the year ended 30 June 2020

26. Budget vs Actual Comparison (continued)

Explanation of major variances Statement of Cash Flows:

<i>Sales of goods and services</i>	The reduced cash inflow compared to budget mainly relates to lower student fees due to lower than budgeted volumes, changes in subsidised training levels (impacting on the student contribution component of the course fee) and lower international revenues which have been impacted by the COVID-19 pandemic.
<i>Grants and contributions</i>	This variance additional funding under the Regional Skills Adjustment Strategy (\$5.0m), higher than budgeted volumes of VET in School students resulting in increased subsidies and funding for the one-off pro-rata payment to Educators under the TAFE Queensland Educators Certified Agreement 2019.
<i>Employee expenses</i>	This variance mainly relates to additional FTE appointed to support training requirements (prior to the COVID-19 pandemic), and one-off pro-rata payment to Educators under the TAFE Queensland Educators Certified Agreement 2019.
<i>Supplies and Services</i>	This variance mainly relates to reductions in expenditure for childcare fees, contractors (including payments for operational IT projects and third party providers), course/student related costs, travel and transport costs predominantly due to changes in training delivery requirements and the COVID-19 pandemic.
<i>Property, plant and equipment</i>	This variance mainly relates to lower than planned expenditure on the replacement of training and operational equipment, and training facility upgrade and fitouts.
<i>Intangible assets</i>	This variance mainly relates to the delay/discontinuation of projects including the identity access management, HRP time and attendance system, and E-Learning systems.

27. Key Management Personnel Disclosures

(a) Ministerial Remuneration

TAFE Queensland's responsible Minister is identified as part of TAFE Queensland's key management personnel, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. That Minister is the Honourable Shannon Fentiman Minister for Employment and Small Business and Minister for Training.

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Member's Remuneration Handbook. TAFE Queensland does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

27. Key Management Personnel Disclosures (continued)

(b) Board Members

TAFE Queensland is governed by an independent board.

Board Members' fees include fees paid for membership of TAFE Queensland's Board and relevant Board committees. Details of the appointment and remuneration for each Board Member are:

Remuneration	2020 \$'000	2019 \$'000
Annabel Dolphin	60	60
Andrew Dettmer ²	38	21
Peter Dowling	38	38
Kay Giles ²	38	21
Trina Hockley ²	40	22
Noela L'Estrange	39	41
Deborah Wilson	38	38
Shaun Coffey ¹	-	17
Louise Cox ¹	-	17
Peter Price ¹	-	17
Total	292	293

¹ Ceased 2 December 2018

² Appointed 2 December 2018

(c) Key executive management personnel

The following details for key management personnel reflect those positions that had authority and responsibility for planning, directing and controlling the activities of TAFE Queensland during 2019-2020 and 2018-2019.

Position	Position Responsibility
Chief Executive Officer	Strategic and operational management of TAFE Queensland.
Chief Financial and Operations Officer	Financial strategy and planning, financial systems and reporting functions, financial policies and procedures, procurement functions, and the evaluation of investment decisions. Operational performance and the translation of organisational strategy into operational plans.
Chief Information Officer	Information and communications technology (ICT) strategy development, ICT contract management and procurement functions and ICT operational services.
Chief Academic Officer	Academic strategy, teaching governance, learning and quality, and digital product services.
Chief Human Resources Officer	Strategic Human Resources direction and delivery of Human Resources services.
Director, Legal Services and General Counsel	Legal advice to the Board, Executive and operating regions on contract, risk, compliance, right to information and governance matters.
Executive Director Business Development	Lead the development of innovative and sustainable business development strategies.
Executive Director Enterprise Operations	Lead a range of strategic and operational priorities that will positively impact sustainability.
Regional General Managers	Directing the activities at TAFE Queensland campuses in each region in alignment with TAFE Queensland's commercial and strategic direction.

Notes to and forming part of the financial statements for the year ended 30 June 2020

27. Key Management Personnel Disclosures (continued)

Remuneration for key executive management personnel

Key executive management personnel of TAFE Queensland are appointed under the *TAFE Queensland Act 2013*. Remuneration and other terms of employment are formalised in individual contracts of employment. These contracts of employment make a provision for an appropriate combination of competitive fixed and variable remuneration components. Remuneration expenses for key management personnel comprise the following components:

- Short term employee expenses which include:
 - Salaries, allowances and leave entitlements earned for the year or for that part of the year during which the employee occupied the specified position.
 - Performance payments recognised as an expense during the year.
- Non-monetary benefits including fringe benefits tax applicable to that benefit.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits include payments in lieu of notice on termination and other lump sum entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

Performance payments

The variable component of remuneration is provided to executive managers through an annual incentive performance scheme. The scheme is designed to effectively reward a combination of key outcomes in excess of meeting business goals and targets, and networked leadership behaviours. The performance payment is contingent upon TAFE Queensland achieving the Board-approved operating margin result, and the individual satisfying the performance expected in their role. Performance payments may not exceed a maximum of twenty per cent of the CEO's total remuneration package and fifteen per cent of all other key management personnel's total remuneration package.

Performance assessments occur after the end of the financial year and consist of:

- Assessment against both TAFE Queensland and business unit measures and targets; and
- Assessment of the individual's network leadership behaviours.

These assessments include both peer assessment and CEO assessments. Payment of performance bonuses occurs in the year following actual performance.

The TAFE Queensland Board declared that annual incentive performance scheme for 2019-20 will not be activated.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

27. Key Management Personnel Disclosures (continued)

Remuneration expenses

The following disclosure focus on the expenses incurred by TAFE Queensland attributable to KMP during the respective reporting periods. The amounts disclosed below are determined on the same basis as expenses recognised in the Statement of Comprehensive Income, with the exception of performance payments

2019-2020

Role	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses	Maximum Potential Performance Payment
	Monetary \$'000	Non-monetary \$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	364	-	8	46	-	418	-
Chief Financial and Operations Officer (to 26/06/20)	351	-	11	33	113	509	-
Acting Chief Financial and Operations Officer (from 24/02/2020)	85	-	2	8	-	95	-
Chief Information Officer	278	-	6	34	-	318	-
Chief Academic Officer	276	-	6	32	-	314	-
Chief Human Resources Officer	236	-	5	23	-	264	-
Director, Legal Services and General Counsel	220	-	5	21	-	245	-
Executive Director Business Development	210	-	5	27	-	242	-
Executive Director Enterprise Operations (from 9/12/19)	153	-	3	18	-	174	-
General Managers							
Brisbane	279	-	7	36	-	321	-
East Coast	224	-	6	31	-	261	-
Gold Coast	250	-	6	30	-	286	-
North	240	-	6	30	-	275	-
SkillsTech	249	-	6	31	-	286	-
South West	236	-	6	24	-	267	-

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

27. Key Management Personnel Disclosures (continued)

Remuneration expenses

2018-2019

Role	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses	Maximum Potential Performance Payment
	Monetary \$'000	Non-monetary \$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	364	-	8	46	-	417	-
Chief Financial and Operations Officer	332	-	7	21	-	360	-
Chief Information Officer	261	-	6	34	-	300	-
Chief Academic Officer	244	-	5	32	-	282	-
Chief Human Resources Officer (to 28/02/19)	166	-	4	20	56	245	-
Chief Human Resources Officer (from 16/03/19)	63	-	1	6	-	70	-
Director, Legal Services and General Counsel	217	-	4	20	-	242	-
Executive Director Business Development (from 1/07/18)	193	-	4	27	-	224	-
General Managers							
Brisbane	273	-	6	35	-	313	-
East Coast	230	-	5	30	-	265	-
Gold Coast	222	-	5	29	-	256	-
North (from 1/02/19)	100	-	2	11	-	113	-
North (to 31/01/19)	128	-	2	14	-	145	-
SkillsTech	228	-	5	30	-	263	-
South West	238	-	5	24	-	267	-

28. Related Party Transactions

Transactions with people / entities related to KMP

Related Party Declarations have been received from KMP with no material amounts required to be reported.

Transactions with other Queensland Government – controlled entities

TAFE Queensland's primary ongoing sources of funding from Queensland Government for its services are grants and contributions via the Department of Employment, Training and Small Business as disclosed in Note 5.

Transactions with TQIE (controlled entity) and SCHI (joint arrangement) are disclosed in Notes 2 and 3 respectively.

29. First Year Application of New Accounting Standards or Change in Accounting Policy

TAFE Queensland adopted AASB 15 *Revenue from contracts with customers*, AASB 1058 *Income of Not-for-Profit Entities*, and AASB 16 *Leases* from 1 July 2019. The nature and effect of the changes arising from application of these standards are described below.

Notes to and forming part of the financial statements for the year ended 30 June 2020

29. First Year Application of New Accounting Standards or Changes in Accounting Policy (continued)

AASB 15 Revenue from contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

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

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

In accordance with the transition provisions in AASB 15, TAFE Queensland has adopted AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, i.e. 1 July 2019. The transitional approach used by TAFE Queensland is the modified retrospective approach to reflect the aggregate effect of all of the modifications that occurred before 1 July 2019 when:

- identifying the satisfied and unsatisfied performance obligations
- determining the transaction price
- allocating the transaction price to the satisfied and unsatisfied performance obligations.

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

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

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

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

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

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

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

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

**29. First Year Application of New Accounting Standards or Change in Accounting Policy
(continued)**

AASB 15 Revenue from contracts with Customers and AASB 1058 Income of Not-for-Profit Entities (continued)

TAFE Queensland has recognised the following movements in existing assets and liabilities and additional assets and liabilities on 1 July 2019.

	Note	Consolidated 1 July 2019 \$'000	Parent 1 July 2019 \$'000
Receivables			
Accrued revenue (<i>movement</i>)	10	(5,638)	(5,638)
Contract assets (<i>additional asset</i>)	10	4,940	4,940
Total assets		(698)	(698)
Other liabilities			
Contract liabilities (<i>additional liability</i>)	19	29,695	29,695
Other unearned revenue (<i>movement</i>)	19	(24,403)	(24,403)
Total Liabilities		5,292	5,292
Reduction in retained earnings		(4,594)	(4,594)

The effect of adopting AASB 15 and AASB 1058 on the consolidated financial statements is as follows:

Impact on the Statement of Comprehensive Income	Note	30 June 2020 \$'000 AASB 15	30 June 2020 \$'000 Without Adoption	30 June 2020 \$'000 Impact of AASB 15
Revenue				
Sales of goods and services	4	230,430	231,954	1,524
Grants and contributions	5	360,803	360,762	(41)
Operating result		(34,700)	(33,217)	1,483
Total Comprehensive (loss)/income for the year		(34,700)	(33,217)	1,483
Impact on the Statement of Financial Position				
Assets				
Receivables	10	93,430	94,256	826
Total assets		425,233	426,059	826
Liabilities				
Other liabilities	19	39,868	34,617	(5,251)
Total Liabilities		170,010	164,759	(5,251)
Equity		255,223	261,300	6,077

The adoption of AASB 15 and AASB 1058 had no impact on Other Comprehensive income and the Statement of Cash Flows for the financial year.

Notes to and forming part of the financial statements for the year ended 30 June 2020

29. First Year Application of New Accounting Standards or Change in Accounting Policy (continued)

AASB 16 Leases

AASB 16 supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

AASB 16 introduces a single lease accounting model for lessees. Lessees are required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value. In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16.

Where possible the right-of-use assets have initially been recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use assets give rise to a depreciation expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. TAFE Queensland has chosen to apply the 'cumulative approach', it will not restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

TAFE Queensland recognised new assets and liabilities for its operating leases. The nature of the expenses related to those leases has now changed. A depreciation charge will be recognised in relation to the right-of-use assets, and finance costs will be recognised in relation to the lease liabilities. Previously lease payments were expensed in the period which they related to and assets and liabilities were recognised only to the extent that there was a timing difference between the actual lease payment and the expense incurred. TAFE Queensland has recognised the following additional assets and liabilities on 1 July 2019.

	Note	Consolidated 1 July 2019 \$'000	Parent 1 July 2019 \$'000
Right of use asset		65,371	12,976
Right of use asset – accumulated depreciation		-	-
Carrying amount as at 1 July 2019	13	65,371	12,976
Lease liabilities		(73,816)	(13,731)
Lease liabilities		(73,816)	(13,731)
Reduction in retained earnings		(8,445)	(755)

In applying AASB 16 the following transitional arrangements have been applied to existing contracts:

- Existing contracts have not been reassessed to determine whether a lease exists in accordance with AASB 16, rather the assessment made to contracts in applying AASB 117 has been applied to existing leases.
- Existing contracts that end before 1 July 2020 (i.e. within 12 months of the application date) will be accounted for as a short term lease.

**Notes to and forming part of the financial statements
for the year ended 30 June 2020**

**29. First Year Application of New Accounting Standards or Change in Accounting Policy
(continued)**

AASB 16 Leases (continued)

Reconciliation of operating lease commitments at 30 June 2019 to lease liabilities at 1 July 2019

	Consolidated \$'000	Parent \$'000
Total undiscounted operating lease commitments at 30 June 2019	127,479	23,235
- discounted using the incremental borrowing rate*	(52,277)	(8,117)
Present value of operating lease commitments	75,202	15,118
- less internal-to-government arrangements that are no longer leases	(3,408)	(3,408)
- less leases with remaining lease term of less than 12 months	(648)	(648)
- add/less adjustments due to reassessments of lease terms	2,437	2,437
- add/less other adjustments	232	232
Additional lease liabilities recognised on 1 July 2019	73,816	13,731
Finance lease liabilities at 30 June 2019	364	-
Lease liabilities at 1 July 2019	74,180	13,731

* The incremental borrowing rate for leases at 1 July 2019 varies from 2% to 3%.

MANAGEMENT CERTIFICATE

FOR THE YEAR ENDED 30 JUNE 2020

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with the prescribed accounting standards, of the transactions of TAFE Queensland for the financial year ended 30 June 2020, and of the financial position of TAFE Queensland at the end of that year; and

We acknowledge responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Annabel Dolphin
Chairperson
TAFE Queensland

Date: 27 August 2020



Mary Campbell
Chief Executive Officer
TAFE Queensland

Date: 27 August 2020



Simon Pritchard
Acting Chief Financial and Operations Officer
TAFE Queensland

Date: 27 August 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of TAFE Queensland

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of TAFE Queensland (the parent) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 30 June 2020, and their financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statements of financial position as at 30 June 2020, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the parent and group in accordance with the 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 report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Financial Accountability Act 2009, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the parent or group or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I disclose the uncertainty in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the Auditor-General Act 2009, for the year ended 30 June 2020:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

28 August 2020



Bhavik Deoji
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

APPENDIX A: COMPLIANCE CHECKLIST

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – section 7	Letter of compliance
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1	Contents Glossary of terms
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2	About our Annual Report
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	About our Annual Report
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 9.4	About our Annual Report
	<ul style="list-style-type: none"> Information Licensing 	<i>QGEA – Information Licensing</i> ARRs – section 9.5	N/A
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10.1	Message from the Chairperson and Chief Executive Officer
	<ul style="list-style-type: none"> Machinery of Government changes 	ARRs – section 10.2, 31 and 32	N/A
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 10.2	Message from the Chairperson and Chief Executive Officer
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 10.3	Our organisation
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs – section 11.1	Message from the Chairperson and Chief Executive Officer Year in review
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 11.2	Year in review
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.3	Our performance Year in review
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.4	Our performance
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	Financial performance
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	Our organisation- Executive Management
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	Our organisation- Executive Management
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	Governance- our governing body
	<ul style="list-style-type: none"> Public Sector Ethics 	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Governance - Public sector ethnics
	<ul style="list-style-type: none"> Human Rights 	<i>Human Rights Act 2019</i> ARRs – section 13.5	Governance- Human rights

Summary of requirement	Basis for requirement	Annual report reference
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.6 Message from the Chairperson and Chief Executive Officer Our organisation Governance - Public sector ethnics
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 14.1 Governance- Audit, Finance and Risk Management Committee
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 14.2 Governance- Audit, Finance and Risk Management Committee
	<ul style="list-style-type: none"> Internal audit 	ARRs – section 14.3 Governance- Internal audit
	<ul style="list-style-type: none"> External scrutiny 	ARRs – section 14.4 Governance- External scrutiny
	<ul style="list-style-type: none"> Information systems and recordkeeping 	ARRs – section 14.5 Governance- Information systems and recordkeeping
Governance – human resources	<ul style="list-style-type: none"> Strategic workforce planning and performance 	ARRs – section 15.1 Governance-Strategic workforce planning and performance Governance-Employee relations framework
	<ul style="list-style-type: none"> Early retirement, redundancy and retrenchment 	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2 N/A
Open Data	<ul style="list-style-type: none"> Statement advising publication of information 	ARRs – section 16 About our Annual Report
	<ul style="list-style-type: none"> Consultancies 	ARRs – section 33.1 https://data.qld.gov.au
	<ul style="list-style-type: none"> Overseas travel 	ARRs – section 33.2 https://data.qld.gov.au
	<ul style="list-style-type: none"> Queensland Language Services Policy 	ARRs – section 33.3 https://data.qld.gov.au
Financial statements	<ul style="list-style-type: none"> Certification of financial statements 	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1 Management Certificate
	<ul style="list-style-type: none"> Independent Auditor's Report 	FAA – section 62 FPMS – section 46 ARRs – section 17.2 Independent Auditor's report

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirements for Queensland Government agencies*

GLOSSARY OF TERMS

Advancing Our Training Infrastructure (AOTI)

A comprehensive Queensland Government strategy aimed at modernising TAFE facilities across Queensland making them competitive in a contestable market while providing high-quality facilities for students to carry out.

Apprenticeship

A system of training, regulated by law or custom, which combines on-the-job training and work experience with formal off-the-job training, while in paid employment.

Australian Skills Quality Authority (ASQA)

The Australian Skills Quality Authority (ASQA) is the national regulator for Australia's vocational education and training sector. ASQA regulates courses and training providers to ensure nationally approved quality standards are met.

Aviation Australia (AA)

Aviation Australia Pty Ltd was formed in October 2001 to support the development and growth of aviation and aerospace industries both in Australian and international markets. Aviation Australia become subsidiary of TAFE Queensland effective from 1 October 2017.

Back to Work

The Back to Work program is a Queensland Government initiative designed to give businesses confidence to employ jobseekers who have experienced a period of unemployment.

Certificate 3 Guarantee (C3G)

The Queensland Government funding program designed to assist Queensland students to complete their first post school certificate 3 level qualification to gain a job or improve their employment status.

CASA

The Civil Aviation Safety Authority (CASA) is a government body that regulates Australian aviation safety and the operation of Australian aircraft overseas. CASA license pilots, register aircraft and oversee safety.

COVID-19

The novel coronavirus—referred to as COVID-19 by the World Health Organisation—is a part of a family of coronaviruses that cause illness ranging from a cold, to more severe diseases i.e. Severe Acute Respiratory Syndrome (SARS-CoV). CO from Coronavirus, VI from virus, and D from disease. The reference to 19, is due to it being discovered on the last day of 2019. COVID-19 had not previously been identified by humans.

EASA

The European Aviation Safety Agency is an agency of the European Union with responsibility for civil aviation safety. It carries out certification, regulation and standardisation and also performs investigation and monitoring.

Free Apprenticeship U21

Free apprenticeships for under 21s is a Queensland Government training initiative that covers the cost of training for Queensland apprentices and trainees under 21 who commence or are undertaking one of 139 priority apprenticeship or traineeship qualification from 1 July 2019 to 30 June 2023.

Free TAFE

To support Year 12 graduates into work, the Queensland Government offers free TAFE training in high priority areas. To be eligible for free TAFE, Year 12 graduates need to start an apprenticeship, traineeship or training in a high priority qualification with a pre-qualified supplier within the calendar year after leaving school

SOLEARN

In response to the COVID-19 pandemic, TAFE Queensland, in conjunction with the Queensland Government, is offering a range of education and training to support individuals, and small, medium and large businesses.

Key Performance Indicator (KPI)

Tracking indicator used to measure the achievement of outputs against goals.

Member of the Order of Australia (AM)

The Order of Australia recognises Australians who have demonstrated outstanding service or exceptional achievement. Individuals are appointed a Member of the Order of Australia (AM) for service in a particular locality or field of activity or to a particular group.

National Centre for Vocational Education Research (NCVER)

Australia's principal provider of VET research and statistics.

Queensland Audit Office (QAO)

The Queensland Audit Office is the independent auditor of the Queensland public sector.

Reconciliation Action Plan (RAP)

TAFE Queensland's Reconciliation Action Plan (RAP) demonstrates our commitment to closing the gap to ensure our first Australians are afforded the same opportunities for learning and prosperity that everyone enjoys in Australia.

Regional Skills Adjustment Strategy (RSAS)

The Regional Skills Adjustment Strategy (RSAS) is a \$15 million three-year Queensland Government funded initiative delivered by TAFE Queensland to support regional workforces to navigate economic change. Through the strategy, identified workers and workforces will be offered support to gain foundation, employability and technical skills to transition to the jobs of the future.

Service Delivery Statement (SDS)

Budget papers prepared on a portfolio basis by agencies reporting to each minister and the Speaker. The document comprises a section for each departmental portfolio and one for the Legislative Assembly of Queensland. It is produced annually and provides budgeted financial and non-financial information for the budget year. The SDS sets out the priorities, plans and financial statements of agencies.

Skills Boost

Skills Boost is a training subsidy under the Skills for Queensland plan, which provides a second training subsidy for eligible individuals who want to update their skills. Eligible applicants who already hold a VET qualification can access a training subsidy to upskill in identified courses in their region.

Strategic Plan

The document which provides TAFE Queensland's purpose and direction. It outlines overall objectives (including contributions to whole-of-government objectives, ambitions and targets) and how it will know if it has achieved those agency objectives (performance indicators).

STEM

STEM is a curriculum based on the idea of educating students in four specific disciplines—science, technology, engineering and mathematics—in an interdisciplinary and applied approach.

TAFE Priority Training

The TAFE Priority Training Program (TPTP) provides additional support to eligible Queensland residents in a specific range of diploma, certificate IV and certificate III programs. This funding is available to eligible students who commence study in applicable programs after 1 July 2018. This funding will be available from 1 July 2018 to 30 June 2020.

Technical, Vocational Education Training (TVET)

Technical, Vocational Education Training provides relevant practical skills, attitudes, knowledge and understanding relating to the skills need in various sectors of the formal and informal economic and social life of Papua New Guinea.

Vocational education and training (VET)

Post-compulsory education and training which provides people with occupational or work-related knowledge and skills.

