

Teachers Registration Board of South Australia

Financial report
for the year ended
30 June 2020



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To the Presiding Member Teachers Registration Board of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 18 (2) of the *Teachers Registration and Standards Act 2004*, I have audited the financial report of the Teachers Registration Board of South Australia (the Board) for the financial year ended 30 June 2020.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Teachers Registration Board of South Australia as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the *Teachers Registration and Standards Act 2004* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, Registrar and Manager, Corporate Services.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and 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 Board. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) have been met.

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

Responsibilities of the Registrar and the members of the Board for the financial report

The Registrar is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The members of the Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of Teachers Registration Board of South Australia for the financial year ended 30 June 2020.

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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

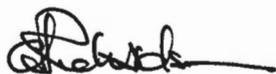
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Registrar

- 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Registrar and the Board about, 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 the audit.



Andrew Richardson

Auditor-General

25 September 2020

FINANCIAL STATEMENTS

for the year ended

30 June 2020

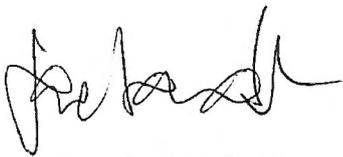
TEACHERS REGISTRATION BOARD
OF SOUTH AUSTRALIA

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the Teachers Registration Board of South Australia (the Board):

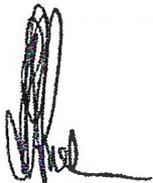
- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Board; and
- present a true and fair view of the financial position of the Board as at 30 June 2020 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period



Jane Lomax-Smith
Presiding Member

24 September 2020



Leonie Paulson
Registrar

24 September 2020



Cathy Lewis
Manager, Corporate Services

24 September 2020

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
Expenses			
Employee and staff benefits expenses	2.3	3,287	3,237
Supplies and services	3.1	1,180	1,195
Depreciation and amortisation expense	3.2	132	113
Total expenses		4,599	4,545
Income			
Fees and charges	4.1	4,127	4,169
Interest revenues		53	146
Other income	4.2	36	9
Total income		4,216	4,324
Net result		(383)	(221)
Total comprehensive income		(383)	(221)

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note No	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	6.1	10,108	10,383
Receivables	6.2	24	46
Total current assets		10,132	10,429
Non-current assets			
Property, plant and equipment	5.1	59	108
Intangible assets	5.2	351	310
Receivables	6.2	1	2
Total non-current assets		411	420
Total assets		10,543	10,849
Current liabilities			
Employee and staff benefits	2.4	301	267
Payables	7.1	207	182
Total current liabilities		508	449
Non-current liabilities			
Employee and staff benefits	2.4	1,073	1,058
Payables	7.1	108	105
Total non-current liabilities		1,181	1,163
Total liabilities		1,689	1,612
Net Assets		8,854	9,237
Equity			
Retained earnings		8,854	9,237
Total Equity		8,854	9,237
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	9.1		
Contingent assets and liabilities	9.2		

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Retained earnings \$'000
Balance at 30 June 2018	9,458
Total comprehensive result for 2018-19	(221)
Balance at 30 June 2019	9,237
Total comprehensive result for 2019-20	(383)
Balance at 30 June 2020	8,854

All changes in equity are attributable to the SA Government as owner

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Cash outflows			
Employee and staff benefit payments		(3,222)	(3,088)
Payments for supplies and services		(1,303)	(1,457)
Cash used in operations		(4,525)	(4,545)
Cash inflows			
Fees and charges		4,127	4,169
Interest received		63	147
Other receipts		36	11
GST recovered from the ATO		148	141
Cash generated from operations		4,374	4,468
Net cash used in operating activities		(151)	(77)
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		-	-
Purchase of intangible assets		(124)	(99)
Cash used in investing activities		(124)	(99)
Net (decrease)/increase in cash and cash equivalents		(275)	(176)
Cash and cash equivalents at the beginning of the period		10,383	10,559
Cash and cash equivalents at the end of the period		10,108	10,383

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

NOTES TO
AND
FORMING PART
OF THE FINANCIAL
STATEMENTS

Contents

FINANCIAL STATEMENTS	1
1. About the Teachers Registration Board of South Australia.....	9
2. Employee and staff benefits	10
3. Expenses.....	14
4. Income	15
5. Non-financial assets.....	16
6. Financial assets.....	18
7. Liabilities	19
8. Changes in accounting policy.....	20
9. Outlook.....	20
10. Measure and Risk	22

1. About the Teachers Registration Board of South Australia

The Teachers Registration Board (the Board) is an independent statutory authority established under the *Teachers Registration and Standards Act 2004* (the Act) and the *Teachers Registration and Standards Regulations 2016* (the Regulations) to regulate the teaching profession. The object of the Act is to establish and maintain a teacher registration system and professional standards for teachers to safeguard the public interest in the teaching profession whose members are competent educators and fit and proper persons to have care of children.

The functions of the Board are stated in Section 6 of the Act:

- a) To administer the provisions of the Act for the regulation of the teaching profession;
- b) To promote the teaching profession and professional standards for teachers;
- c) To confer and collaborate with teacher education institutions with respect to the appropriateness for registration purposes, of teacher education courses;
- d) To confer and collaborate with teacher employers, the teaching profession, teacher unions or other organisations and other bodies and persons with respect to requirements for teacher registration and professional and other standards for teachers;
- e) To confer and collaborate with other teacher regulatory authorities to ensure effective national exchange of information and promote uniformity and consistency in the regulation of the teaching profession within Australia and New Zealand; and
- f) To keep the teaching profession, professional standards for teachers and other measures for the regulation of the profession under review and to introduce change or provide advice to the Minister of Education as appropriate.

The Board does not control any other entity and has no interests in unconsolidated structured entities. The Board has not entered into any contractual arrangements that involve the sharing of control or significant influence over another entity.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2019-20 financial statements the department adopted AASB 15 – Revenue from Contracts with Customers, AASB 16 – Leases and AASB 1058 – Income of Not-for-Profit Entities. Further information is provided in note 8.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

1.2. Workers compensation

The Board is self-insured for workers compensation purposes. The Board is responsible for the payment of workers compensation claims. For the period from 1 July 2019 to 30 June 2020, the Board has received one workers compensation claim.

A provision for workers compensation liabilities has not been included as there are no approved claims or outstanding liabilities as at 30 June 2020. Detail about the contingent liability is provided in note 9.2.

1.3. Impact of COVID-19 pandemic on the Board

The COVID-19 pandemic has impacted on the operations of the Board and the impacts are included under note 9.3.

Where possible staff were provided with ability to work from home and the Board has been able to maintain all critical services. Income was not impacted, and the impact on expenditure was immaterial, noting some additional resourcing for sanitation, safe distancing requirements and support for re-direction of ICT equipment to permit staff work off-site to continue. In addition, some limited external resourcing was obtained to ensure capability of a "Teams" function to permit staff inter-connectedness and enable conduct panel hearings.

2. Employee and staff benefits

2.1. Key management personnel

The Board is an independent statutory authority established under the *Teachers Registration and Standards Act 2004* (the Act) and is a wholly owned entity of the Crown.

Key management personnel of the Board include the Minister for Education, the Registrar and Board and Deputy members of the Board who have responsibility for the strategic direction and management of the board. Total compensation for the Board's key management personnel was \$295,000 in 2019 - 20 and \$305,000 in 2018-19.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Education receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

2.2. Board and committee members

Members during the 2020 financial year were:

Board members

Jane Lomax-Smith - Presiding Member

Mardi Barry*

Belinda Radcliffe* (resigned 2 June 2020)

Robert Woodbury*

Joanne Hill

Colleen Tomlian*

David Coulter*

Patricia Cavanagh*

Lynda MacLeod

Bruno Vieceli

Bernadine Bourne

David Freeman

Julie Clark

Ksharmra Brandon* (resigned 25 May 2020)

Marina Elliott* (appointed 18 June 2020)

Kate Cameron

Fiona Brady

Deputy Board members

Leona Graham*

Melissa White* (appointed 25 July 2019)

Peter Ryan

Shoma Roy*

Geeta Verma*

Marian Nayda*

Karen Roberts*

Meredith Beck

Michael Kenny

Michael Francis

Anthony Haskell

Graham Hardy (resigned 9 August 2019)

Victoria Whittington (appointed 19 September 2019)

Ian Lamb*

Monique Russell

David Caruso

On 30 January 2020, the tenure of all members and deputy members was extended for 12 months. The tenure of all members and deputy members expires on 30 March 2021.

The total value of remuneration paid or payable to eligible Board members, deputy Board members or their nominating organisations during the year was \$60,000 (\$67,000). This amount comprised sitting fees for Board attendance including Initial Teacher Education accreditation panels and disciplinary hearings, as well as a total of \$3,000 (\$5,000) paid to superannuation plans for eligible Board members.

As part of these arrangements, legal fees paid to two Board members appointed in their legal capacity during the year was \$6,000 (\$6,000). These legal fees were charged at an hourly rate approved by the Commissioner for Public Employment.

* In accordance with the Department of Premier and Cabinet Circular No. 16, government employees did not receive any remuneration for board/committee duties during the financial year.

Board and committee remuneration

The number of members whose remuneration received falls within the following bands during the financial year:	2020	2019
\$0 - \$19,999	16	15
Total number of members	16	15

2.3. Employee and staff benefits expenses

	2020 \$'000	2019 \$'000
Salaries and wages	2,471	2,268
Long service leave	37	155
Annual leave	216	200
Skills and experience retention leave	16	17
Employee and staff on-costs – superannuation	285	267
Employee and staff on-costs – other	117	142
Board and committee fees	60	67
Other employee and staff related expenses	85	121
Total employee and staff benefits expenses	3,287	3,237

Employee and staff benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

In addition to those directly employed by the Board during 2019 – 2020, there were two staff members nominally employed by the Department for Education. The Board reimbursed the Department for Education for both of these staff members.

The superannuation employment on-cost charge represents the Board's contributions to superannuation plans in respect of current services of current employees.

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Board direct to the superannuation fund for Board members, the Board's employees and also through the Department for Education to the superannuation plan in respect of current services of Department for Education staff.

Executive remuneration

	2020 No	2019 No
The number of employees and staff whose remuneration received or receivable falls within the following bands:		
\$151 000 to \$154 000	1	-
\$154 001 to \$174 000	1	-
\$234 001 to \$254 000*	-	1
Total number of employees and staff	2	1

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2018-19.

The total remuneration received by those employees for the year was \$324,000 (\$238,000).

The table includes Board employees and staff who received remuneration equal to or greater than the base executive remuneration level during the year.

The contract for the outgoing Registrar expired on 28 February 2020. The incumbent commenced with the Board on 29 February 2020 and, due to the pro-rata salary, the incumbent salary was outside of the executive remuneration bands.

2.4. Employee and staff benefits liability

	2020 \$'000	2019 \$'000
Current		
Accrued salaries and wages	48	27
Annual leave	219	200
Purchase leave	2	13
Skills and experience retention leave	17	14
Long service leave	15	13
Total current employee and staff benefits	301	267
Non-current		
Long service leave	1,073	1,058
Total non-current employee and staff benefits	1,073	1,058
Total employee and staff benefits	1,374	1,325

These benefits accrue for employees and staff as a result of services provided up to the reporting date that remain unpaid. Long-term employee and staff benefits are measured at present value and short-term employee and staff benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

2.5. Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 10.1.

3. Expenses

3.1. Supplies and services

	2020 \$'000	2019 \$'000
Accommodation and cleaning	285	278
Information technology expenses	244	227
Insurance	10	9
Minor works, maintenance and equipment	16	3
Postage and courier expenses	33	33
Printing, stationery and office consumables	35	41
Professional fees	27	21
Telecommunications	39	47
Sundry operating expenses	45	29
Criminal history checks	273	269
Legal costs	162	204
Promotions, research and sponsorship	11	34
Total supplies and services	1,180	1,195

The Board's accommodation is provided by the Department of Planning, Transport and Infrastructure (DPTI) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of lease set out in AASB 16.

In prior years expenses associated with MoAA have been classified as operating lease payments. Expenses associated with MoAA have been re-classified as accommodation expenses for both the current year and the comparative. A further detail about this re-classification is set out in note 8.1.

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the Board not holding a tax invoice or payments relating to third party arrangements.

3.2. Depreciation and amortisation

	2020 \$'000	2019 \$'000
Depreciation and amortisation		
Plant and equipment	3	4
Accommodation improvements	46	47
Intangible assets	83	62
Total depreciation and amortisation	132	113

All non-current assets with a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Accommodation improvements are capitalised as an asset and depreciated over the remaining term of the accommodation or estimated useful life of the improvement, which is shorter.

Useful life

Depreciation and amortisation are calculated on a straight-line basis and are calculated over the estimated useful life as follows:

Class of asset	Useful life (years)
Plant and equipment	1-7 years
Computer software	5 years
Accommodation improvements	Life of MoAA

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

4. Income

4.1. Fees and charges

	2020 \$'000	2019 \$'000
Regulatory fees	3,837	3,876
Other fees and charges	290	293
Total fees and charges	4,127	4,169

Revenues from fees and charges are recognised upon receipt by the Board.

Registration is for a three-year period. There is an uneven distribution of teachers due to renew in any given year which impacts on the revenue collection.

4.2. Other income

	2020 \$'000	2019 \$'000
Other income	36	9
Total other income	36	9

The Board received salary reimbursement from the Australian Institute for Teaching and School Leadership (AITSL) in 2018-19 and 2019-20 for the Registrar to be a member of the expert panel to facilitate a national review of teacher registration.

In 2019 – 20, the Board received project funding from AITSL to assist with the implementation of the strategy for all of the “One Teaching Profession” recommendations, and for one AITSL project being a review of provisional to full teacher registration. The Board received a small number of FOI applications and associated administrative fees during 2019-20.

5. Non-financial assets

5.1. Property, plant and equipment

	2020 \$'000	2019 \$'000
Accommodation improvements		
Accommodation improvements at fair value	579	579
Accumulated depreciation at the end of the period	(520)	(474)
Total accommodation improvements	59	105
Plant and equipment		
Plant and equipment at cost (deemed fair value)	120	120
Accumulated depreciation at the end of the period	(120)	(117)
Total plant and equipment	-	3
Total property, plant and equipment	59	108

Property, plant and equipment with a value equal to or in excess of \$10,000 is capitalised, otherwise it is expensed. Property, plant and equipment is recorded at fair value. Detail about the Board's approach to fair value is set out in note 10.2.

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

Reconciliation 2019-20

	Accommodation improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	105	3	108
Additions	-	-	-
Transfer from WIP	-	-	-
Depreciation and amortisation	(46)	(3)	(49)
Carrying amount at 30 June 2020	59	-	59

5.2. Intangible assets

	2020 \$'000	2019 \$'000
Computer software	1,469	1,342
Accumulated amortisation	(1,187)	(1,104)
Total computer software	282	238
Work in progress	69	72
Total intangible assets	351	310

Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria and when the amount of expenditure is greater than or equal to \$10,000.

The work in progress relates to the implementation of the Working with Children Check (WWCC) Application Programming Interface (API) for \$69,000. The project is scheduled to be completed in early 2020-21.

Reconciliation 2019-20

	Work in Progress	Computer software	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	72	238	310
Additions	69	55	124
Transfer from WIP	(72)	72	-
Depreciation and amortisation	-	(83)	(83)
Carrying amount at 30 June 2020	69	282	351

6. Financial assets

6.1. Cash and cash equivalents

	2020 \$'000	2019 \$'000
Deposits with the Treasurer	10,107	10,382
Imprest account/ cash on hand	1	1
Total cash and cash equivalents	10,108	10,383

The Teachers Registration Board has one deposit account with the Treasurer which is a general operating account. The Board earns interest on its deposits with the Treasurer.

6.2. Receivables

	2020 \$'000	2019 \$'000
Current		
Prepayments	10	19
Accrued revenues	1	11
GST input tax recoverable	13	16
Total current receivables	24	46
Non-current		
Prepayments	1	2
Total non-current receivables	1	2
Total receivables	25	48

7. Liabilities

Employee and staff benefits liabilities are disclosed in note 2.4

7.1. Payables

	2020 \$'000	2019 \$'000
Current		
Trade payables	132	120
Accrued expenses	28	23
Employee and staff on-costs	47	39
Total current payables	207	182
Non-current		
Employee and staff on-costs	108	105
Total non-current payables	108	105
Total payables	315	287

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represent fair value due to their short-term nature.

The net amount of GST recoverable from the ATO is included as part of payables.

Employment on-costs

Employee and staff benefits on-costs include payroll tax and superannuation contributions and are settled when the respective employee and staff benefits that they relate to are discharged.

The Board contributes to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2019 rate (41%) to 42% and the actual cost of superannuation for employees has been used in the on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$6,000 and staff benefits expense of \$63,000.

8. Changes in accounting policy

8.1. AASB 16 Leases

The Board has accommodation services provided by the Department of Planning, Transport and Infrastructure under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies.

This MoAA does not meet the definition of lease set out either in AASB 16 or in the former standard AASB 117.

Commitments related to accommodation services provided by DPTI are included in Note 9.1.

8.2. AASB15 – Revenue from Contracts and Customers and AASB 1058 – Income of Not for Profit Entities

The TRB has adopted AASB15 – Revenue from Contracts and Customers and AASB 1058 – Income of Not for Profit Entities.

Objective

AASB15 introduces a 5-step approach to revenue recognition. The objective of AASB 15 is that recognition of revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. It provides extensive guidance as to how to apply this revenue recognition approach to a range of scenarios. AASB15 – Revenue from Contracts and Customers replaces AASB 111 – Construction Contracts and AASB 118 – Revenue.

AASB 1058 introduces consistent requirement for the accounting of non-reciprocal transactions by not-for-profit entities, in conjunction with AASB 15. These requirements closely reflect the economic reality of not-for-profit entity transactions that are not contracts with customers. AASB 1058 replaces parts of AASB 1004 – Contributions.

Impact on the 2019 – 2020 financial statements

The Board has assessed the adoption of AASB 15 and AASB 1058 and it is not expected to have material impact on the timing of recognition of revenue by the Board.

9. Outlook

9.1. Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO). If GST is not payable to, or recoverable from, the ATO the commitments and contingencies are disclosed on a gross basis.

Capital commitments

	2020 \$'000	2019 \$'000
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:		
Within one year	-	19
Total capital commitments	-	19

Operating accommodation commitments

	2020 \$'000	2019 \$'000
Commitments in relation to operating MoAA arrangement as at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	241	231
Later than one year not longer than five years	62	299
Total operating accommodation commitments	303	530

The Board's MoAA relates to its office accommodation contracted with the Department of Planning, Transport and Infrastructure. The MoAA arrangement ends in September 2021.

9.2. Contingent assets and liabilities

The Board has a possible obligation that may require an outflow of resources as a result of a deferred WorkCover claim. As at 30 June 2020 the expenditure to settle the claim is unknown and an estimate is in the range of \$302,000. The claim is expected to be assessed during the 2020 – 2021 financial year.

9.3. COVID-19 pandemic outlook for the Board

The COVID-19 pandemic will continue to impact the operations of the Board in 2020-21. The key expected impacts are:

- delays in processing of teacher registration renewal applications with possible “bottlenecks” and short terms employment of temporary staff in high volume or peak periods;
- unknown impact upon teacher registration numbers and revenue; and
- possible increases in equipment purchases for staff and board members to permit work as usual (including panel hearings) in remote application.

9.4. Events after the reporting period

There were no events after balance date which will materially impact on the financial report.

10. Measure and Risk

10.1. Long service leave liability – measurement

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 (1.25%) to 2020 (0.75%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has decreased the salary inflation rate from 2019 (4%) to 2020 (2.5%) for long term employee benefits.

The unconditional portion of the long service leave provision is classified as current as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

10.2. Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Revaluation

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Plant and equipment

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life that less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items is deemed to approximate fair value.

10.3. Financial Instruments

Financial risk management

Risk management is managed by the Board and risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Board's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity risk

The fees paid by teachers fund the operation of the Board and there is no financial support from external sources, including SA or Commonwealth Governments, other than reimbursement of expenditure incurred. Financial sustainability is critical for the Board with prudent financial modelling over a three-year period, aligning with the registration cycle for teachers.

Refer to note 7.1 for further information.