



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the South Australian Skills Commissioner South Australian Skills Commission

Opinion

I have audited the financial report of the South Australian Skills Commission for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Skills Commission as at 30 June 2022, 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 Australian Accounting Standards – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the South Australian Skills Commissioner and the Manager, Quality and Risk.

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 South Australian Skills Commission. 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 South Australian Skills Commissioner for the financial report

The South Australian Skills Commissioner 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 – Simplified Reporting Requirements, 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.

In preparing the financial report, the South Australian Skills Commissioner is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The South Australian Skills Commissioner is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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 the South Australian Skills Commission for the financial year ended 30 June 2022.

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 South Australian Skills Commission's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the South Australian Skills Commissioner
- conclude on the appropriateness of the South Australian Skills Commissioner'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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity 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.

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 South Australian Skills Commissioner 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.



Daniel O'Donohue

Assistant Auditor-General (Financial Audit)

28 September 2022

South Australian Skills Commission

Financial Statements

For the year ended 30 June 2022

South Australian Skills Commission
Certification of the Financial Statements
for the year ended 30 June 2022

We certify that the:

- financial statements of the South Australian Skills Commission (the Commission):
 - are in accordance with the accounts and records of the Commission;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Commission at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by the Commission for the financial year over its financial reporting and its preparation of financial statements have been effective.



Renee Hindmarsh

South Australian Skills Commissioner

28 September 2022



Michelle Mader

Manager, Quality and Risk of the South Australian Skills Commission

28 September 2022

South Australian Skills Commission
Statement of Comprehensive Income
for the year ended 30 June 2022

	Note	2022 \$'000
<u>Income</u>		
Appropriation	2.1	2 477
Resources received free of charge	2.2	<u>402</u>
Total income		<u>2 879</u>
<u>Expenses</u>		
Employee benefits expenses	3.3	1 807
Supplies and services	4.1	<u>652</u>
Total expenses		<u>2 459</u>
Net result		<u>420</u>
Total comprehensive result		<u>420</u>

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

South Australian Skills Commission
Statement of Financial Position
for the year ended 30 June 2022

	Note	2022 \$'000
<u>Current assets</u>		
Cash	5.1	888
Receivables	5.2	6
Total current assets		894
Total assets		
894		
<u>Current liabilities</u>		
Payables	6.1	46
Provisions	6.2	2
Employee benefits liability	3.4	141
Total current liabilities		189
<u>Non-current liabilities</u>		
Payables	6.1	21
Provisions	6.2	6
Employee benefits liability	3.4	222
Total non-current liabilities		249
Total liabilities		
438		
Net assets		
456		
<u>Equity</u>		
Retained earnings		456
Total equity		456

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

South Australian Skills Commission
Statement of Changes in Equity
for the year ended 30 June 2022

		Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2021		-	-
Net result for 2021-22		420	420
Total comprehensive result for 2021-22		420	420
Net assets received from administrative restructure	1.4	36	36
Balance at 30 June 2022		456	456

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

South Australian Skills Commission
Statement of Cash Flows
for the year ended 30 June 2022

	Note	2022 \$'000
<u>Cash flows from operating activities</u>		
<i>Cash inflows</i>		
Appropriation		2 477
Cash generated from operating activities		2 477
<i>Cash outflows</i>		
Employee benefit payments		(2 022)
Payments for supplies and services		(234)
Cash used in operating activities		(2 256)
Net cash provided by operating activities		221
<u>Cash flows from financing activities</u>		
<i>Cash inflows</i>		
Cash received as a result of restructuring activities	1.4	667
Cash generated from financing activities		667
Net cash provided by financing activities		667
Net increase in cash		888
Cash at the beginning of the reporting period		-
Cash at the end of the reporting period	5.1	888

The accompanying notes form part of these financial statements.

South Australian Skills Commission

Notes to and forming part of the financial statements

For the year ended 30 June 2022

1. About the South Australian Skills Commission

The *Training and Skills Development (Miscellaneous) Amendment Act (Commencement) Proclamation 2021* (dated 24 June 2021) proclaimed that effective from 1 July 2021, the *South Australian Skills Act 2008* is enacted and the establishment of the South Australian Skills Commission (the Commission) as a Statutory Authority, instrumentality of the Crown.

The Commission entered into a Service Level Agreement with the Department for Innovation and Skills during 2021-22 for the delivery of corporate service support (including marketing and economics) to the Commission to enable it to meet its statutory requirement in delivering its functions.

The Commission does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all of the controlled activities of the Commission.

1.1. Basis of preparation

The financial statements of the Commission are general purpose statements and have been 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.

As the Commission was established on 1 July 2021, there are no prior period comparative figures presented in the financial statements.

The Commission has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Commission is a not-for-profit entity.

The financial statements have been 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 notes associated with the item measured.

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

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.

GST collections and payments are carried out by the Department for Innovation and Skills on behalf of the Commission. GST in relation to the Commission is reported in the Department for Innovation and Skills Financial Statements.

South Australian Skills Commission

Notes to and forming part of the financial statements

For the year ended 30 June 2022

1.2. Objectives of the Commission

The South Australian Skills Commission was established under the *South Australian Skills Act 2008* (the Act) to assist, advise and make recommendations to the Minister for Education, Training and Skills (previously Minister for Innovation and Skills) on the development and performance of Vocational Education and Training (VET) and Adult Community Education (ACE). The Commission engages directly with industry and employers to deliver the skills they need for future jobs in South Australia.

The Commission's responsibilities are both strategic and regulatory, and its industry composition and independent statutory status give it a unique role in skills and workforce development for economic and social development in the state.

The Act also gives authority to the Commission in:

- regulating apprenticeships and traineeships.
- providing services to apprentices and trainees, international students, employers and training providers by responding to complaints, and advocating and mediating disputes to find solutions to issues relating to training contracts.
- promoting pathways between secondary school, VET, ACE and higher education.
- promoting lifelong learning and flexibility in the training system.
- monitoring and performance of the system.

Working under the Act, the Commission aims to continuously improve the VET sector and support employers to build their workforce and assist learners, apprentices, and trainees to commence and complete qualifications.

The Act is supported by the *South Australian Skills Regulations 2021* and the South Australian Skills Standards that provide further guidance to the Commission and stakeholders, including employers, apprentices, trainees and nominated training organisations, on their respective roles and responsibilities.

1.3. Impact of COVID-19 pandemic on the Commission

The COVID-19 pandemic has impacted on the operation of the Commission and the key impacts in 2021-22 were:

- Since 1 July 2021, service delivery has been interrupted by COVID-19 resulting in the Commission transitioning from in-person dispute resolution to a virtual format. It is anticipated that virtual dispute resolution will continue into the foreseeable future to minimise health and safety risks to staff and members of the public.
- Virtual events were held for Industry Skills Councils, Commission Outreach program and regional consultations in preference of face-to-face events.

The Commission will continue to monitor and assess the impact of the COVID-19 pandemic on its operations in 2022-23.

South Australian Skills Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.4. Changes to the Commission

Transferred in

The *Training and Skills Development (Miscellaneous) Amendment Act (Commencement) Proclamation 2021* (dated 24 June 2021) proclaimed that effective from 1 July 2021, the *South Australian Skills Act 2008* is enacted and the establishment of the South Australian Skills Commission as a Statutory Authority, instrumentality of the Crown.

The following assets and liabilities were transferred from the Department for Innovation and Skills to the Commission:

	\$'000
Cash	667
Total assets	667
Payables	70
Employee benefits	532
Provisions	29
Total liabilities	631
Total net assets transferred	36

Net assets transferred into the Commission as a result of the establishment of the South Australian Skills Commission were recognised at their carrying amount. Net assets transferred were treated as a contribution by the government as owner.

South Australian Skills Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2. Income

2.1. Appropriation

Appropriation is recognised on receipt. Total appropriation received from the Consolidated Account pursuant to the *Appropriation Act* was \$2.5 million.

2.2. Resources received free of charge

	2022 \$'000
Resources received free of charge - Department for Innovation and Skills	402
Total resources received free of charge	402

Resources received free of charge from the Department for Innovation and Skills (DIS) primarily relate to office accommodation and once-off implementation costs associated with the establishment of the Commission from 1 July 2022.

In addition, the Commission receives corporate service support under Service Level Agreement (SLA) with DIS to meet its statutory requirement in delivering its functions. Services provided under SLA include ICT Support, Procurement and Financial Services, HR, Work Health and Safety, Marketing Services and Governance services. The costs of providing these services cannot be reliably measured and have not been reflected above.

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Commission includes the Minister for Education, Training and Skills (previously the Minister for Innovation and Skills) and the Commissioner who have responsibility for the strategic direction and management of the Commission.

Total compensation for the Commission's key management personnel in 2022 was \$314 000.

The compensation disclosed in this note excludes salaries and other benefits the Minister 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*.

Transactions with Key Management Personnel and other related parties

There were no transactions with key management personnel and other related parties during the year.

South Australian Skills Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.2. Remuneration of board and committee members

Members during the 2022 financial year were:

South Australian Skills Commission

- R Hindmarsh (Chair)* (appointed 1 July 2021)
- A Nieuwenhuis (appointed 1 July 2021)
- A Clarke (appointed 1 July 2021)
- A Keough (appointed 1 July 2021)
- C Rhodes (appointed 1 July 2021)
- D Rossi (appointed 1 July 2021)
- L Cohen (appointed 1 July 2021)
- P Brock (appointed 1 July 2021)
- R Finlayson (appointed 18 January 2022)
- S Shearer (appointed 1 July 2021)
- T Cole (appointed 1 July 2021)
- N Govan (appointed 1 July 2021, resigned 1 January 2022)

Risk and Performance Committee

- C Dunsford (Chair)
- S Adlaf *
- P Chau * (appointed June 2022)
- J Cirson *
- D Contala (appointed August 2021)
- G Giannopolous * (appointed March 2022, resigned May 2022)
- J Hill (resigned June 2022)
- R Hindmarsh * (appointed September 2021)
- N Morris * (resigned March 2022)

* In accordance with Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board / committee duties during the financial year.

The Risk and Performance Committee is shared with the Department for Energy and Mining, the Department for Trade and Investment and the Department for Innovation and Skills (DIS). The committee is remunerated by DIS.

The number of members whose remuneration received or receivable falls within the following bands:

	2022
\$1 - \$19 999	2
\$20 000 - \$39 999	9
Total number of paid members	11

Remuneration of members reflects all costs of performing board / committee duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax. The total remuneration received or receivable by members was \$327 000.

South Australian Skills Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.3. Employee benefits expenses

	2022
	\$'000
Salaries and wages	1 275
Board and committee fees - excluding on-costs	298
Employment on-costs - superannuation	131
Annual Leave	95
Employment on-cost - other	84
Skills and experience retention leave	4
Workers compensation	(21)
Long service leave	(59)
Total employee benefits expenses	1 807

Employment on-costs – superannuation

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

Employee remuneration

The number of employees whose remuneration received or receivable falls within the following bands:

	2022
	Number
\$297 001 to \$317 000	1
Total number of employees	1

Total remuneration received by those employees in 2022 was \$314 000.

The table includes one employee who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of the employee reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits tax and other salary sacrifice benefits paid or payable in respect of these benefits.

South Australian Skills Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.4. Employee benefits liability

	2022 \$'000
<u>Current</u>	
Annual leave	122
Long service leave	12
Skills and experience retention leave	7
Total current employee benefits liability	141
<u>Non-current</u>	
Long service leave	222
Total non-current employee benefits liability	222
Total employee benefits liability	363

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

Salaries and wages, annual leave, skills and experience retention leave 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 skills and experience retention leave 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.

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.

The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which is then applied to the department's employee details. Key assumptions include whether the characteristics of employee remuneration, terms of service with the public sector, and expectations as to when employees take long service leave, as established by the actuary, are applicable to employees of the department. These assumptions affect both the expected amount to be paid that has been factored into the calculation of the liability. The discount rate used in measuring the liability is another key assumption. The discount rate is reflective of long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds was 3.5% for 2022.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months.

South Australian Skills Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2022

4. Expenses

4.1. Supplies and services

	2022
	\$'000
Contractors	273
Accommodation	237
Information technology and communication	82
Shared services fee	19
Auditor's remuneration *	14
Office administration expenses	12
Staff related expenses	6
Travel and related expenses	5
Marketing	4
Total supplies and services	652

Total supplies and services includes resources received free of charge (\$402 000) from the Department of Innovation and Skills and were expense at fair value (refer note 2.2).

* Audit fees paid / payable to the Auditor-General's Department relating to work performed under the Public Finance and Audit Act 1987 were \$13 900. No other services were provided by the Auditor-General's Department.

South Australian Skills Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2022

5. Financial assets

5.1. Cash

	2022 \$'000
Deposits with the Treasurer (Special deposit accounts)	
South Australian Skills Commission Operating Account	565
Accrual Appropriation Excess Funds	323
Total cash	<u>888</u>

Special deposit accounts are established under section 8 of the *Public Finance and Audit 1987*. Special deposit accounts must be used in accordance with their approved purpose.

Although the Commission controls the money reported above in the Accrual Appropriation Excess Funds account, its use must be approved by the Treasurer. The Commission does not earn interest on its deposits with the Treasurer.

5.2. Receivables

	2022 \$'000
<u>Current</u>	
Prepayments	6
Total current receivables	<u>6</u>
Total receivables	<u>6</u>

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice, or the goods / services have been provided under a contractual arrangement. Receivables are non-interest bearing. Receivables are held with the objective of collecting contractual cash flows and they are measured at amortised cost.

Collectability of receivables is reviewed on an ongoing basis.

South Australian Skills Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2022

6. Liabilities

6.1. Payables

	2022 \$'000
<u>Current</u>	
Accrued expenses	23
Employment on-costs	23
Total current payables	46
<u>Non-current</u>	
Employment on-costs	21
Total non-current payables	21
Total payables	67

Creditors and accrued expenses are raised for amounts owing but unpaid. Sundry creditors 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 represents fair value due to their short-term nature.

Employment On-Costs

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees

The Commission 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.

6.2. Provisions

All provisions relate to workers compensation.

<i>Reconciliation of workers compensation (statutory and non-statutory)</i>	2022 \$'000
Carrying amount at 1 July 2021	
Increase in provisions as a result of restructure activities	29
Decrease in provisions recognised	(21)
Carrying amount at 30 June 2022	8

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

The Commission is responsible for the payment of workers compensation claims.

South Australian Skills Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2022

7. Outlook

7.1. Unrecognised contractual commitments

The Commission had no unrecognised contractual commitments as at 30 June 2022.

7.2. Contingent assets and liabilities

The Commission is not aware of any contingent assets or liabilities as at 30 June 2022.

7.3. Events after the reporting period

There are no known events after balance date that affects these general purpose financial statements in a material manner.