

Skills Queensland

2012–13 Annual Report

General information

Enquiries and feedback

PO Box 15137
City East
Brisbane QLD 4002

Phone: + 61 7 3836 0020
Fax: + 61 7 3836 0080
Email: info@skills.qld.gov.au
Website: www.skills.qld.gov.au

Accessing this report

In order to meet our commitment to the environment, the print run of this report, which has been tabled in Queensland Parliament, was limited to 11 copies. You are welcome to download and print the report from the Skills Queensland website at www.skills.qld.gov.au/Functions/Reports-research-and-data/annual-report.aspx

Copyright

© Skills Queensland 2013
ISSN 2200-7075 (Print)

Information licence

This annual report is licensed by the State of Queensland (Skills Queensland) under a Creative Commons Attribution (CC BY) 3.0 Australia licence.



CC BY Licence summary statement

In essence, you are free to copy, communicate and adapt this annual report, as long as you attribute the work to Skills Queensland.

To view a copy of this licence, visit <http://creativecommons.org/licenses/by/3.0/au/deed.en>

Attribution

Content from this annual report should be attributed as:
Skills Queensland Annual Report 2012–13

Interpreter services

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact the Translating and Interpreting Service on telephone 131 450 and we will arrange an interpreter to effectively communicate the report to you. Further information about interpreter services can be found at www.datsima.qld.gov.au/multicultural/translating-and-interpreting-services/interpreter-services.



Letter of compliance

25 August 2013

The Honourable John-Paul Langbroek MP
Minister for Education, Training and Employment
Level 22 Education House
30 Mary Street
BRISBANE QLD 4000

Dear Minister

I am pleased to present the Annual Report 2012–13 and financial statements for Skills Queensland.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be accessed at www.skills.qld.gov.au/Functions/Reports-research-and-data/annual-report.aspx.

Yours sincerely



Greg Kempton
Board Chairman
Skills Queensland

Contents

General information.....	1
Enquiries and feedback	1
Accessing this report.....	1
Copyright.....	1
Information licence	1
CC BY Licence summary statement	1
Attribution.....	1
Interpreter services	1
Letter of compliance	2
Contents.....	3
Overview	4
Establishment	4
Future operating environment.....	4
Roles and functions	4
Chairman’s report.....	5
Chief Executive Officer’s summary.....	7
Skills Queensland Board	9
Board committees	10
Organisational structure	12
Skills Queensland activities.....	13
Skills and Workforce Development Investment Plan.....	13
Industry engagement	13
Workforce Development Program.....	14
Gateway Schools to Industry Program.....	16
Research priorities	17
Supporting Women Scholarships Program	17
Governance.....	18
Public sector ethics	18
Internal audit	18
Information systems and recordkeeping	18
Human resources.....	18
Consultancies and overseas travel	18
Financial statements	19
Glossary	47

Overview

Welcome to the *Skills Queensland Annual Report 2012–13*. As part of our governance framework, this annual report highlights our achievements and financial position for the past year.

Establishment

In December 2010, Skills Queensland was formally established under the *Education and Training Legislation (Skills Queensland) Amendment Act 2010*. This legislation created Skills Queensland as a statutory body responsible for aligning Queensland's skills system with the needs of employers, individuals, industry and the community; to alleviate skills shortages; and better position Queensland to address future skill needs.

Future operating environment

The Government response to the *Queensland Commission of Audit* tabled in Parliament on 30 April 2013 recommended there be no independent skills commission. Thus, the functions of Skills Queensland will transfer back to the Department of Education, Training and Employment. It is expected Skills Queensland will cease operations in the first half of the 2013–14 financial year upon passage of relevant legislation to update the *Vocational Education, Training and Employment Act 2000*.

Roles and functions

The role of Skills Queensland is:

- providing advice on future directions for skills and workforce development
- working with industry in identifying its priority skilling and occupational needs
- apprenticeship and traineeship regulation
- enhancing workplace performance through sectoral, regional and community workforce development
- making recommendations on Queensland training investment.

Skills Queensland's principal place of business is Level 8, 133 Mary Street, Brisbane 4000.

Chairman's report

On behalf of the Skills Queensland Board, I am pleased to present the Annual Report for Skills Queensland for the 2012–13 financial year. In line with expected changes in legislation, this will be the last full year annual report for Skills Queensland.

Skills Queensland was established in December 2010 to drive reform of Queensland's vocational education and training (VET) sector to better align investment prioritisation with the skill needs of industry and the economy.

Over the past two years, Skills Queensland has worked diligently toward this objective, through its strategic advice to the Minister for Education, Training and Employment, and its partnerships with Queensland industry.

Key highlights of our work with industry include the:

- Strategic Investment Fund, resulting in investment of over \$50 million in the workforce skills of the agriculture, resources, construction, community services and health, and tourism sectors;
- Workforce Development Program, which supported Queensland industry, businesses and communities to plan and develop their future workforce; and
- 2011 Queensland Natural Disasters Jobs and Skills Package, which assisted more than 10,000 Queenslanders to recover from the natural disasters during 2010-11.

More recently, Skills Queensland is assisting women to succeed into careers in high priority industries and skills shortage areas through delivery of the *Supporting Women Scholarships* program. The scholarships provide financial support to assist women take up study, and ultimately gain employment, in fields which have been traditionally male dominated and where there are skills needs.

As an organisation, we have placed a strong focus on influencing the broader systemic VET reforms required to ensure Queensland has a productivity-enhancing and responsive public training system. With a commitment to engagement and consultation, we have ensured that industry and community stakeholders have played a principal role in shaping the direction of our recommendations to the Queensland Government.

In 2012, the Queensland Government instigated two major reviews, the Queensland Skills and Training Taskforce and the Queensland Commission of Audit, both of which have significantly impacted the future of the VET system and the operations of Skills Queensland.

In June 2013, in response to these reviews, the Queensland Government released *Great skill. Real opportunities* —an action plan to reform the state's further education and training sector.

Implementation of the action plan will result in the formal cessation of Skills Queensland, with many of the organisation's functions to return to the Department of Education, Training and Employment through a Machinery of Government arrangement.

I would like to take this opportunity to thank the Skills Queensland Board and Chief Executive Officer for their leadership and support in driving a complex and challenging agenda over these past two years.

On behalf of the Skills Queensland Board, I would like to thank Skills Queensland staff for their hard work and resolve in supporting the Board's reform agenda.

A handwritten signature in black ink that reads "Greg Kempton". The signature is written in a cursive style with a large initial 'G'.

Greg Kempton
Chairman
Skills Queensland Board

Chief Executive Officer's summary

In 2010, Skills Queensland was established with the charter of providing the Queensland Government with strategic advice on how the state can develop a skilled workforce to meet the needs of industry and the community. Essentially, this involved undertaking engagement with industry and the community to ensure alignment between public training delivery and occupational demand; providing high-level advice on future directions for skilling and workforce development; and making recommendations on delivering effective public training investment which meets economic and industry priorities and needs.

We made real strides in achieving our aims as evidenced by our many achievements, including:

- two comprehensive Skills and Workforce Development Investment Plans detailing key systemic failings of the Queensland VET system and outlining effective strategies and recommendations the Queensland Government could pursue to address these systemic issues and to deliver a more robust, cost-effective and innovative training system for Queensland
- articulating a skills reform agenda focusing on industry-led skills and workforce development, such as alternate trade pathways; enhanced regional workforce development; and a shift to a skills market approach to training, with market responses to determine where government investment in training should occur
- initiating and coordinating a multi-agency response to the natural disasters that assisted over 10,000 Queenslanders through activities including work experience, employment opportunities, skills development and supporting apprentice and trainee retention
- innovative enterprise-driven skilling and workforce development responses under the Strategic Investment Fund to addressing emerging skills needs and areas of VET market failure at both an industry and regional level
- a plan identifying critical occupations in future demand for the resources sector and an industry agreed plan of action to increase skilling pathways and labour market participation
- coordinating a series of mining and gas jobs expos to inform the public on job opportunities and skilling pathways required to access future jobs in the resources sector resulting in over 45,000 people attending nine expos around Queensland
- addressing skills and workforce development needs of industry through the Workforce Development Program which focused on developing workforce solutions, such as workforce planning, to address regional and industry needs to avert future skilling gaps and shortages
- assisting women to succeed in traditionally male dominated fields through delivery of the Strengthening Our Communities – Supporting Women program with over 120 successful scholarship recipients
- partnerships between industry and schools to provide students with opportunities to experience industry-based workplace learning, such as work experience opportunities through the Gateway to Industry Schools Program.

It is affirming to see the Government's recently released action plan *Great skills. Real opportunities* embraces many of the recommended reforms promoted by Skills Queensland. These include a training guarantee, a focus on high priority skills, a targeted industry engagement framework, and a transition to market contestability.

In conclusion, I would like to thank the Board for their stewardship of Skills Queensland and acknowledge the hard work and dedication of the Skills Queensland staff who are the reason for our achievements.

A handwritten signature in black ink, appearing to read 'Gavin Leckenby', written in a cursive style.

Gavin Leckenby
A/Chief Executive Officer
Skills Queensland

Skills Queensland Board

The Skills Queensland Board comprises members appointed for their industry, training, education or employment expertise and experience.

All current Skills Queensland Board members have been appointed for a term of three years, up to and including 19 December 2013.

Since 1 July 2012, the Board met on six occasions.

Greg Kempton (Chair)

Mr Kempton is the former Managing Director of Watpac. He has over 35 years of experience in the construction, engineering, mining and property industries across Australia.

Ian Mitchell

Mr Mitchell is the Executive General Manager, Marketing RACQ Limited Brisbane. He is a former Chief Executive Officer of Tourism Queensland and former Group General Manager for Qantas Airways.

Nicole Hollows

Ms Hollows is the former Chief Executive Officer and Managing Director of Macarthur Coal Limited and has extensive experience in the resources industry.

Ms Hollows is also a member of the Queensland Government's *Supporting Women Scholarships Program* selection committee.

Andrew Dettmer

Mr Dettmer is the Acting National Secretary of the Australian Manufacturing Workers' Union. He has held a number of board positions, including on the boards of QMI Solutions, the Queensland Training and Employment Recognition Council, Construction Skills Queensland and was the Chair of Manufacturing Skills Queensland.

John Battams

Mr Battams is the President of the Queensland Council of Unions. He is currently Chair of the Queensland Residential Tenancies Authority and a Director of SunSuper.

Professor Sandra Harding

Professor Harding is the Vice-Chancellor of James Cook University and Chair of Universities Australia with extensive academic and leadership experience. She is a Director of the Regional Australia Institute; North Queensland Cowboys NRL Club; and Director of Townsville Enterprise and Advance Cairns. She is a board member of Defence Science and Technology Organisation Advisory Board and Australian Research Council Advisory Council.

Professor Harding tendered her resignation from the Board effective the week commencing 25 March 2013.

Benjamin Swan

Mr Swan is the Assistant Secretary of the Australian Workers' Union Queensland Branch. He has experience working with the mining, refining and gas industries.

Dr Jim Watterston

Dr Watterston was appointed as the Director-General of the Department of Education, Training and Employment in April 2013. He has previously held positions including Deputy Secretary of the School Education Group in the Department of Education and Early Childhood Development in Victoria and as the Director-General of the Department of Education and Training in the Australian Capital Territory. Dr Watterston also currently serves as the National President of the Australian Council for Educational Leadership and is a board member of Education Services Australia.

Rod Camm – Chief Executive Officer

Mr Camm is the Chief Executive Officer of Skills Queensland. Prior to this, Mr Camm was Associate Director-General of the Skills, Tertiary and Non-State Education Division within the former Department of Education and Training. He has held a number of senior executive roles within government and was previously the Chief Executive Officer of Construction Skills Queensland.

Mr Camm ceased employment with Skills Queensland on 21 June 2013.

Board committees

Committees are directly accountable to the Board and comprise part of the broader governance of Skills Queensland.

The Audit and Risk Management Committee comprises three members:

- Nicole Hollows (Chair)
- Ian Mitchell
- Rod Camm.

This committee's key duties and responsibilities are to review the financial statements; oversee organisational risk management and performance management systems and processes; and review internal and external audit processes.

This committee met on three occasions during 2012–13.

For attendance at these meetings, the two Board members received the Special Assignment Fee in accordance with Category C2 level of the *Department of Justice and Attorney-General's Guidelines: Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities*.

Committee members were provided with a copy of Queensland Treasury's *Audit Committee Guidelines* at its initial meeting.

The committee has endorsed the Strategic Audit Plan and Annual Internal Audit Plan.

The Executive Performance and Remuneration Sub-Committee comprises three members:

- Greg Kempton (Chair)
- John Battams
- Sandra Harding.

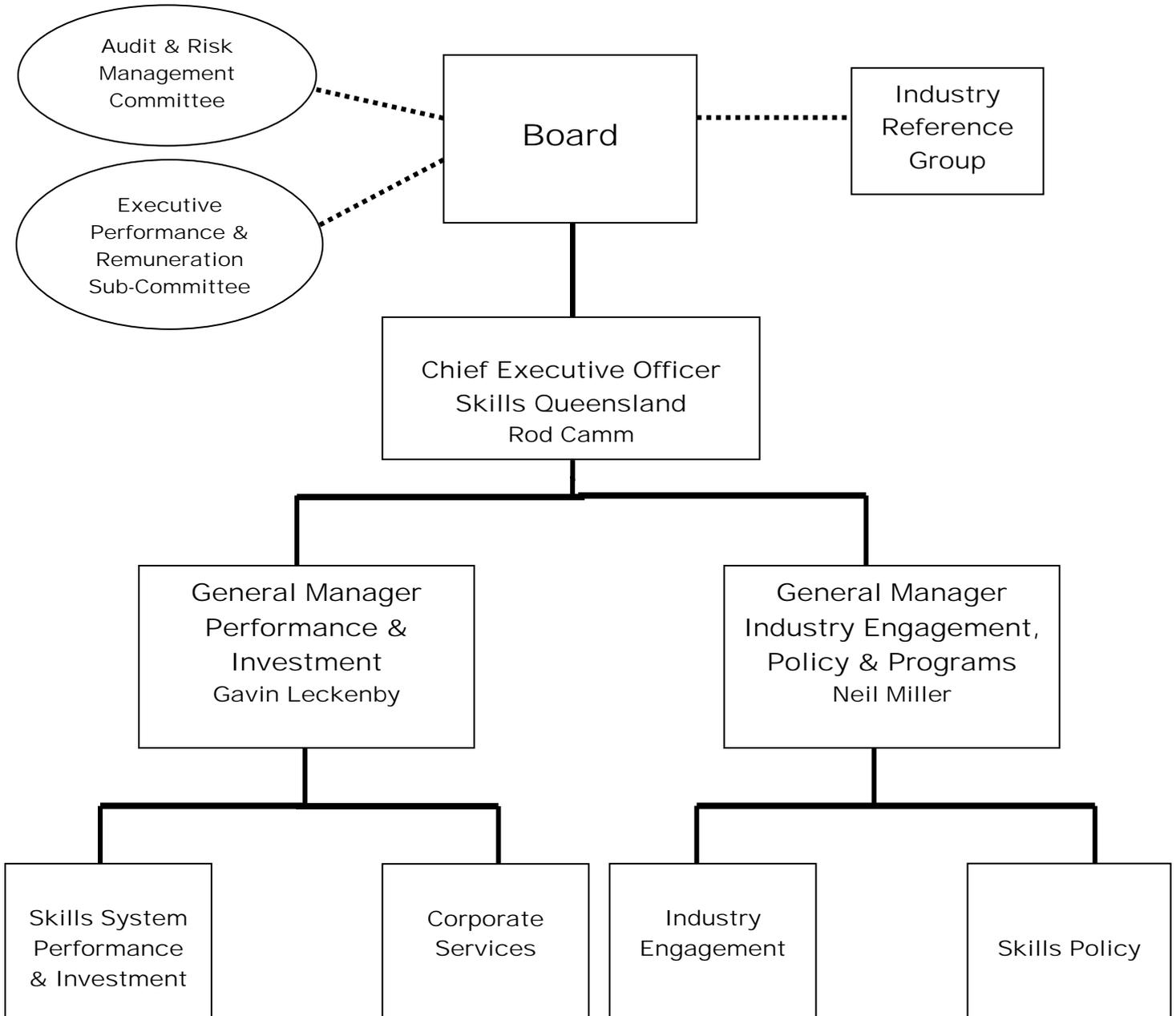
The role of this sub-committee is to make recommendations to the Board on the performance and remuneration of the Skills Queensland executive.

This sub-committee did not meet during 2012–13.

The Queensland Audit Office is engaged to conduct the external audit each financial year and to provide assurances for the Auditor-General to certify the financial statements.

No related bodies were formed or acquired by Skills Queensland in the 2012–13 financial year.

Organisational structure



Skills Queensland activities

Skills and Workforce Development Investment Plan

The *Skills and Workforce Development Investment Plan 2013 (Investment Plan 2013)* honed and built on Skills Queensland's skills reform agenda as detailed in the *Skills and Workforce Development Investment Plan 2012-13: Securing a Skilled Future*. The main objective was the re-examination of the areas of:

- transforming VET investment to support demand driven training
- focusing training on improving job outcomes for both individuals and industry.

The *Investment Plan 2013* specifically focused on:

- a more market oriented and contestable VET sector which focuses on priority occupations in demand by industry supported by increased consumer information
- a corporatised public provider model positioned to operate in an environment of increased contestability with areas of specialisation
- new adult entry trade pathways and enhancements to current apprenticeship pathways such as first year off-the-job training and additional pre-apprenticeship options
- a coordinated workforce development and planning framework to drive holistic skills responses with targeted interventions.

More information on the *Investment Plan 2013* is available on the Skills Queensland website at www.skills.qld.gov.au.

Industry engagement

Skills Queensland engages with industry to gain advice and information on skilling and workforce development issues and to identify system-wide, sector-specific and regional trends.

Industry Reference Group

The Industry Reference Group is a prime source of advice and information for the Skills Queensland Board on skilling and workforce development. Membership comprises representatives from industry and community sectors, as well as unions, peak bodies and major employer groups.

Key activities of the Industry Reference Group during 2012–13 included:

- advising on the impact of the digital economy upon skills development and industry
- advising on the content and direction of the *Skills and Workforce Development Investment Plan 2013*.

Industry Skills Bodies

Skills Queensland contracts Industry Skills Bodies to:

- provide information on the current and emerging skills needs of industry
- offer advice on effective skilling and workforce development requirements required by industry
- work with Skills Queensland to respond to, and address, identified industry skilling needs.

Skills Queensland's Industry Skills Body network comprises the following industries:

- Automotive
- Building and Construction
- Community Services and Health
- Creative Industries
- Electrical and Energy
- Engineering and Manufacturing
- Forestry
- Local Government (including water)
- Tourism and Hospitality
- Fitness, Sport and Recreation
- Mining
- Primary Industries
- Racing
- Retail and Personal Services
- Transport and Logistics.

Significant achievements of the Industry Skills Body network during 2012–13 included:

- supporting industry in brokering training for existing workers and new entrants to industry requirements, including pre-employment pathways and recognition of prior learning activities
- workforce planning activities to identify potential industry workforce needs
- delivering Gateway to Industry Schools programs to assist young people successfully transition from school to work or further education in a specific industry.

Workforce Development Program

Under the *Workforce Development Program*, funding is available for innovative, one-off projects that address skills and workforce development needs consistent with economic and industry priorities. Projects focus on understanding the underlying causes of skills shortages and developing regional and/or industry specific solutions to address these shortages.

During 2012–13, Skills Queensland supported the following workforce development initiatives:

- *Engineering and Manufacturing Wide Bay Skills Formation Strategy* – (Host: Australian Engineering and Manufacturing Network Cooperative Limited)
The aim of this project was to build the capacity of the Manufacturing and Engineering industries in the Wide Bay region to maximise opportunities for tradespeople and skilled workers in the locale to respond to emerging need, such as resources sector activity in Gladstone. The project wound up in April 2013. Successes included increasing professional development opportunities for existing workers and building a local manufacturing network that, among other outcomes, facilitated promotion and replication of effective work practice and skills development strategies.
- *Whitsundays Industrial Skills Development* – (Host: Enterprise Whitsundays)
Now completed, this initiative focused on local workforce attraction and retention strategies, as well as developing enhanced school to work pathways, in the Galilee and Bowen Basins. Successes include a local web communications platform to promote local programs and the “Unified to Qualified” program—an apprenticeship hosting scheme designed to share training costs between the resources sector and local businesses.
- *Far North Queensland Industry Workforce Development Skills Formation Strategy* – (Host: Advance Cairns)
This strategy focuses on supporting the Cairns region in developing locally-owned attraction and retention strategies to support and grow its workforce. Completion of this strategy is due in October 2013.

- Professional Development Framework for Capacity Building in the Training Market* – (Host: Australian Council for Private Education and Training)
 Vocational education and training system compliance and reliance on government funding blurs the need for strong business and contract management skills for owners and managers of private registered training organisations. Accordingly, this strategy focused on building these skills thereby allowing them to grow their business in a challenging marketplace.
- Heavy Vehicle Workforce Development Strategy* – (Host: Automotive Skills Queensland)
 Diesel fitting and mechanical occupations have a role across the resources, agricultural, engineering, and transport and logistics sectors, but the skills needs vary dependent on the sector. Automotive Skills Queensland researched the various diesel fitting and mechanical skills sets, qualifications and occupational pathways that currently exist to assist in determining how these can be clearly articulated into skills and recruitment pathways for industries requiring these heavy vehicle skills.
- Engaging a Diverse Workforce in the Automotive Industry* – (Host: Automotive Skills Queensland)
 The aim of this project was to focus on improving current recruitment, selection and retention of women, people with a disability and culturally and linguistically and diverse candidates in the automotive industry in Queensland.
- Language and Cultural Capacity Building Project* – (Host: Queensland Tourism Industry Council)
 Significant opportunities exist in the Chinese inbound tourism market. To realise these opportunities and maximise tourist expectations, it is critical tourism operators have the requisite language and cultural skills. The project included a pilot program in Mandarin language and cultural awareness. Delivery is at Gold Coast and Tropical North Queensland Institutes of TAFE with 10 participants at each location. Participants are existing workers at tourism enterprises, such as Skyrail, Currumbin Sanctuary and Dreamworld.
- Indigenous Small to Medium Enterprise Tourism Strategy* – (Host: Queensland Tourism Industry Council)
 A focus of the Tourism Destination Q Blueprint 2012-2015 is to encourage greater participation of Aboriginal and Torres Strait Islander peoples in mainstream and cultural areas of the tourism industry. This workforce development strategy aims to develop and distribute a set of resources and tools targeting SMEs in the tourism industry to support and increase awareness and confidence of tourism SMEs in employing Indigenous peoples.
- Tourism Best Practice Model* – (Host: Queensland Tourism Industry Council)
 The project aims to provide the tourism industry with best practice standards and strategies to ensure successful attraction, recruitment and retention of industry employees. Four industry sectors will be targeted, namely Accommodation, Adventure Tourism, Food and Beverage and Tourism Services.
- Surat Basin Health and Community Services Workforce Planning Capability Project* – (Host: Health and Community Services Workforce Council)
 With predictions of an increase in population in the Surat Basin and subsequent increase in the need for health services, this project is designed to build workforce planning capacity of health and community services organisations in the Surat Basin.

- *Central West Primary Health Care Workforce Development Project* – (Host: Health and Community Services Workforce Council)
 The primary health care industry in Central West Queensland, specifically Moranbah, Emerald and Clermont, is taking a proactive approach to deal with their workforce issues. The project is focusing on collaboration between the resources industry and its supply chain and local primary health services, to address the issues associated with provision of services to an increasing fly-in fly-out population while maintaining services to its permanent and semi-permanent population.
- *Yarn Up Tok Blo Yumi Cairns Regional Community Services Project* – (Host: Health and Community Services Workforce Council)
 The Yarn Up project is a method of delivering cultural competence using a model involving a partnership with local Indigenous elders. It supports the identification of structural and policy barriers to the acceptance and support required to have a workplace that supports employment and retention of Indigenous people. Skills Queensland, in partnership with the Health and Community Services Workforce Council, will trial the Yarn Up model across a range of community services in the Cairns region for twelve months.
- *Queensland Local Government Workforce Planning Project* – (Host: Local Government Association of Queensland)
 This project has provided 19 Local Government Authorities with the opportunity to adopt a consistent approach to workforce planning in recognition of the ongoing labour market issues facing their communities, such as skills gaps and future labour supply.
- *Mental Health Pathways Project* – (Host: Health and Community Services Workforce Council)
 This workforce attraction project will identify a three-pronged approach to developing pathways into the mental health sector via development of a student and job placement program; trialling industry influenced post graduate qualifications; and developing a scholarship program. This project, together with funding from Queensland Health, has delivered 14 scholarships to students wishing to further their careers in Community Services/Health through post graduate qualifications, as well as supported job placements.

Gateway Schools to Industry Program

The *Gateway to Industry Schools Program* allows students access to industry focused curriculum, work experience opportunities, school-based apprenticeships and traineeships, and structured workplace learning. This experience assists students to make informed choices about potential career opportunities facilitating successful transition from school to employment, or further education in priority industries.

During 2012–13, the program involved the following industry areas: aerospace; agribusiness; manufacturing and engineering; minerals and energy; building and construction; and wine tourism and hospitality.

A key initiative this year has been the expansion of the Science, Technology, Engineering and Mathematics (STEM) and robotics curriculum, currently being trialled in several schools, to be implemented across the Queensland Minerals and Energy Academy managed schools.

Research priorities

In 2012–13, Skills Queensland undertook research in the following areas:

- potential impact of the digital economy and the roll-out of the National Broadband Network on the skills and workforce development requirements of Queensland industry, and industry's preparedness to respond to and/or embrace this technology
- elements of a contestable VET market, such as analysis of occupational priority data and oversight of contestability trends.

Supporting Women Scholarships Program

The \$10 million *Strengthening Our Communities – Supporting Women* election commitment, led by Skills Queensland, will fund 500 scholarships of up to \$20,000 over four years.

Scholarships are for study from Certificate IV through to postgraduate level in targeted male-dominated fields experiencing skills shortages, such as agriculture and environment studies; architecture and building; engineering; earth science and information technology.

Women at all stages of their lives and careers are eligible to apply, including school leavers, women changing careers, and women returning to study and/or employment.

Applications for the 2013 academic year closed on 12 October 2012, with 379 scholarship applications received.

A scholarships ceremony was held at Parliament House on 20 March 2013. At this event, the Honourable Campbell Newman MP, Premier of Queensland, and the Honourable John-Paul Langbroek MP, Minister for Education, Training and Employment, presented certificates to 40 scholarship recipients.

As at 30 June, 2013, there were 120 *Supporting Women Scholarship* recipients studying.

Governance

Public sector ethics

Skills Queensland operates in accordance with the *Public Sector Ethics Act 1994* and is compliant with the Queensland Government *Code of Conduct for the Queensland Public Service*. All staff are aware of the Code of Conduct and their requirements under it.

The Code of Conduct is integral to the agency's human resources practices and is referenced in the agency's induction process. Its values are embedded in the agency's Performance Development Plan process.

Skills Queensland ensures staff can access appropriate education and training about public sector ethics and the Code of Conduct through its induction processes.

Internal audit

Skills Queensland's internal audit function is undertaken by the Corporate Administration Agency.

Information systems and recordkeeping

There have been no changes to Skills Queensland information systems or recordkeeping processes in 2012-13. Skills Queensland applies whole of government information legislation, policies and standards including the Information Standard 40 - IS40: Record keeping.

Human resources

A program of redundancies was implemented during 2012-13 under the Queensland Government directive 11/12 – Early Retirement, Redundancy and Retrenchments. During the period, two employees received redundancy packages at a total cost of \$213,076.

Skills Queensland has an induction manual, as well as a performance management process, all of which are detailed in the agency's Corporate Governance Manual. This manual outlines Skills Queensland's processes regarding work-life balance arrangements and other human resources approaches such as leave arrangements and flexible work arrangements for carers.

The Corporate Governance Manual is available online at www.skills.qld.gov.au.

Consultancies and overseas travel

Information on consultancies engaged by Skills Queensland in the 2012–13 can be found at www.qld.gov.au/data.

No overseas travel was undertaken by Skills Queensland staff in 2012–13.

Skills Queensland Financial Statements

for the year 1 July 2012 to 30 June 2013

Skills Queensland

Financial Statements 2012-13

<u>Contents</u>	<u>Page No</u>
Statement of Comprehensive Income	21
Statement of Financial Position	22
Statement of Changes in Equity	23
Statement of Cash Flows	24
Notes To and Forming Part of the Financial Statements	25-43
Management Certificate	44
Audit Certificate	45-46

General Information

These financial statements cover Skills Queensland. It has no controlled entities.

Skills Queensland is an independent statutory body established under the Education and Training Legislation (Skills Queensland) Amendment Act 2010.

The agency is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the agency is:

Level 8, 133 Mary Street
BRISBANE QLD 4000

A description of the nature of the agency's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the agency's financial report, please call 07 3386 0020, email info@skills.qld.gov.au or visit the agency's Internet site www.skills.qld.gov.au.

Skills Queensland

Statement of Comprehensive Income

for the year ended 30 June 2013

	Notes	2013 \$000	2012 \$000
Income from Continuing Operations			
Revenue			
Grants and other contributions	2	12,410	12,685
Other revenue	3	135	44
		<hr/>	<hr/>
Total Income from Continuing Operations		12,545	12,729
		<hr/>	<hr/>
Expenses from Continuing Operations			
Employee expenses	4	4,429	3,972
Supplies and services	6	782	1,355
Grants and subsidies	7	5,877	7,160
Depreciation	8	2	2
Other expenses	9	30	51
		<hr/>	<hr/>
Total Expenses from Continuing Operations		11,120	12,540
		<hr/>	<hr/>
Operating Result from Continuing Operations		1,425	189
		<hr/>	<hr/>
Total Comprehensive Income		1,425	189
		<hr/>	<hr/>

The accompanying notes form part of these statements.

Skills Queensland

Statement of Financial Position

as at 30 June 2013

	Notes	2013 \$000	2012 \$000
Current Assets			
Cash and cash equivalents	10	3,910	3,468
Receivables	11	318	55
Other	12	46	-
Total Current Assets		4,274	3,523
Non Current Assets			
Property, plant and equipment	13	3	5
Total Non Current Assets		3	5
Total Assets		4,277	3,528
Current Liabilities			
Payables	14	197	793
Accrued employee benefits	15	329	409
Total Current Liabilities		526	1,202
Total Liabilities		526	1,202
Net Assets		3,751	2,326
Equity			
Accumulated surplus		3,751	2,326
Total Equity		3,751	2,326

The accompanying notes form part of these statements.

Skills Queensland

Statement of Changes in Equity for the year ended 30 June 2013

	Accumulated Contributed		
	Surplus	Equity	TOTAL
	\$000	\$000	\$000
Balance as at 1 July 2011	2,137	-	2,137
Operating Result from Continuing Operations	189	-	189
Balance as at 30 June 2012	2,326	-	2,326
Balance as at 1st July 2012	2,326	-	2,326
Operating Result from Continuing Operations	1,425	-	1,425
Balance as at 30 June 2013	3,751	-	3,751

The accompanying notes form part of these statements.

Skills Queensland

Statement of Cash Flows

for the year ended 30 June 2013

	Notes	2013 \$000	2012 \$000
Cash flows from operating activities			
<i>Inflows:</i>			
Grants and other contributions		12,354	12,702
GST collected from customers		15	71
GST input tax credits from ATO		655	1,073
Interest receipts		30	-
Other		105	44
<i>Outflows:</i>			
Employee expenses		(4,723)	(3,949)
Supplies and services		(842)	(1,474)
Grants and subsidies		(6,469)	(7,641)
GST paid to suppliers		(651)	(927)
GST remitted to ATO		(11)	(142)
Other		(21)	(57)
Net cash provided by (used in) operating activities	16	442	(300)
Net increase (decrease) in cash held		442	(300)
Cash at beginning of financial year		3,468	3,768
Cash at end of financial year	10	3,910	3,468

The accompanying notes form part of these statements.

Skills Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

	Objectives and Principal Activities of the Agency
Note 1:	Summary of Significant Accounting Policies
Note 2:	Grants and Other Contributions
Note 3:	Other Revenue
Note 4:	Employee Expenses
Note 5:	Key Executive Management Personnel and Remuneration
Note 6:	Supplies and Services
Note 7:	Grants and Subsidies
Note 8:	Depreciation
Note 9:	Other Expenses
Note 10:	Cash and Cash Equivalents
Note 11:	Receivables
Note 12:	Other Current Assets
Note 13:	Plant and Equipment
Note 14:	Payables
Note 15:	Employee Benefits
Note 16:	Reconciliation of Operating Result to Net Cash from Operating Activities
Note 17:	Contingencies and Commitments for Expenditure
Note 18:	Economic Dependency
Note 19:	Events Occurring after Balance Date
Note 20:	Financial Instruments

Objectives and Principal Activities of Skills Queensland

Skills Queensland was established through the enactment of the *Education and Training Legislation (Skills Queensland) Amendment Act 2010* on 20 December 2010.

The objective of Skills Queensland is to advise and make recommendations to the Minister including through the delivery of a skills and workforce development investment plan, on skills and workforce development and skills migration Queensland.

Skills Queensland also promotes and encourages industry investment in vocational education and training; undertakes and promotes research on matters relating to skills and workforce development; and informs the public on matters relating to its function.

1. Summary of Significant Accounting Policies**(a) Statement of Compliance**

Skills Queensland has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2013, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, Skills Queensland has applied those requirements applicable to not-for-profit entities, as Skills Queensland is a not-for-profit agency.

(b) Basis of Preparation

The financial report has been prepared on a basis consistent with a going concern basis, under the historical cost convention except where stated.

On the 8 June 2013 the Queensland Government reform action plan for further education and training was released, *Great Skills. Real Opportunities*. The document details the Queensland Government's reform program for Queensland's further education and training sector.

Subsequently, on the 11 June 2013 the Minister for Education Training and Employment informed the Chairman of Skills Queensland, that as part of the governments commitment to reforming the further education and training sector, it was the government's intention to formally dissolve Skills Queensland as soon as practical. As at the date of issue of this financial report, the precise timing of the required legislative changes to give effect to the dissolution of Skills Queensland and arrangements for the distribution of the statutory body's assets and liabilities had not been determined (refer to Note 19). Given these circumstances, management does not expect Skills Queensland to continue in operational existence for the foreseeable future. Accordingly, this financial report has been prepared on a basis consistent with the going concern basis of preparation. This basis of preparation reflects management's expectation that the assets and liabilities of Skills Queensland will be transferred to the Department of Education, Training and Employment at the values at which they will be held by Skills Queensland, at the date of its cessation.

(c) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the agency. The agency does not have any controlled entities.

(d) Grants and Other Contributions

Grants, contributions, donations and gifts which are non-reciprocal in nature are recognised as revenue in the year in which the agency obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

1. Summary of Significant Accounting Policies (contd)

(d) Grants and Other Contributions (contd)

Contributed assets are recognised at their fair value. The accounting treatment for contributions of services is explained in Note 1 (o).

(e) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically. There is no allowance for impairment at 30 June 2013. No bad debts were written off at 30 June.

(g) Plant and Equipment

Items of plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

(h) Revaluations of Non-Current Physical Assets

Plant and equipment is measured at cost in accordance with Treasury's *Non-Current Assets Policies*.

(i) Depreciation of Plant and Equipment

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the agency.

For each class of depreciable asset, where held, the following depreciation rates are used:

Class	Rate%
Plant and Equipment:	
. Office Equipment	25%

(j) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the agency determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1. Summary of Significant Accounting Policies (contd)**(k) Payables**

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(l) Financial Instruments*Recognition*

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the agency becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit or loss
- Receivables - held at nominal value
- Payables - held at nominal value

The agency does not enter transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the agency holds no financial assets classified at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the agency are included in Note 20.

(m) Employee Benefits

Employer superannuation contributions and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries, Annual Leave and Sick leave

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

The liability for annual leave is deemed to be current only and represents an accrued expense. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

History to date indicates that on average, sick leave taken in each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Long Service Leave

Under the Queensland Government's long service leave scheme, a levy is made on the agency to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the agency's financial statements, the liability being 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.

1. Summary of Significant Accounting Policies (contd)**(m) Employee Benefits (contd)***Superannuation*

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The agency's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. 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.

Key Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with the section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to note 5 for the disclosures on key executive management personnel and remuneration.

(n) Insurance

The agency's risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the agency pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(o) Services Received Free of Charge or For Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their value can be measured reliably. Where this is the case, an equal amount is recognised as a revenue and an expense.

(p) Taxation

The agency is a State body as defined under the Income Tax Assessment Act 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the agency. GST credits receivable from, and GST payable to the ATO, are recognised (refer to note 11).

(q) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer at the date of signing the management certificate.

(r) Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

No provision has been made for impairment loss on receivables. This assumes that all debts will be realised, given the nature and small number of debtor transactions recorded.

All annual leave entitlements accrued are current with no adjustment made to report a proportion as non current.

1. Summary of Significant Accounting Policies (contd)**(r) Judgements (contd)**

The agency has accrued expenses for accommodation related costs payable to the host department based on estimates provided by the department.

The Australian government passed its Clean Energy Act in November 2011 which resulted in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

The flexible market-based price phase of the carbon pricing mechanism will commence on 1 July 2015. It will be preceded by a three-year period during which the price of permits will be fixed at \$23 per tonne of carbon dioxide equivalent in year one, \$24.15 in year two and \$25.40 in year three.

Section 4.3.4 of Queensland Treasury and Trade's report on 'Carbon Price Impacts for Queensland' dated August 2011 indicates that, for non-residential construction activities, costs may increase by between 0.7 per cent and 0.8 per cent over the period 2012-13 to 2015-16.

On this basis and other information available, the introduction of the carbon pricing mechanism is not expected to have a significant impact on the Agency's critical accounting estimates, assumptions and management judgements.

(s) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been 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.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(t) Implementation of the Shared Services Initiative

The Corporate Administration Agency (CAA) provides Skills Queensland with corporate services under the "Shared Services Provider" model. The fees and terms of the services are agreed through a Service Level Agreement, negotiated annually and include:

- Financial systems and processing
- Human resources recruitment and payroll
- Information systems and support

(u) New and Revised Accounting Standards

The Agency did not voluntarily change any of its accounting policies during 2012-13. Australian accounting standard changes applicable for the first time for 2012-13 have had minimal effect on the Agency's financial statements, as explained below.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] became effective from reporting periods beginning on or after 1 July 2012.

Management's assessment of the above standards indicate that there would be no impact as the agency does not have any relevant transactions which would be presented under Other Comprehensive Income.

The Agency is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, the Agency has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The Agency applies standards and interpretations in accordance with their respective commencement dates.

1. Summary of Significant Accounting Policies (contd)
(u) New and Revised Accounting Standards (contd)

At the date of authorisation of the financial report, the expected impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 13 Fair Value Measurement applies from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Agency's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. As the Agency only holds assets at cost, management assessment is that the changes to AASB 13 will have no impact to the information to be disclosed.

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively. Given the Agency's circumstances, the only implications for the Agency are that the revised standard clarifies the concept of 'termination benefits', and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe criterion for 'short-term employee benefits', they will be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for 'other long-term employee benefits'. Under the revised standard, the recognition and measurement of employer obligations for 'other long-term employee benefits' will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. However, as the Agency is a member of the Queensland Government central scheme for long service leave, this change in criteria has no impact on the Agency's financial statements as the employer liability is held by the central scheme. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The Agency makes employer superannuation contributions to the QSuper defined benefit and accumulation plans, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the Agency.

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements – Australian Accounting Standards (commonly referred to as 'Tier 1'), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as 'Tier 2'). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Details of which disclosures in standards and interpretations are not required under Tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6, AASB 2011-11, AASB 2012-1, AASB 2012-7 and AASB 2012-11 (which also apply from reporting periods beginning on or after 1 July 2013). However, Queensland Treasury and Trade's Financial Reporting Requirements effectively do not allow application of AASB 2011-6 in respect of controlled entities, associates or interests in jointly controlled entities. The Agency is not a controlled entity.

1. Summary of Significant Accounting Policies (contd)**(u) New and Revised Accounting Standards (contd)**

Pursuant to AASB 1053, public sector entities like the Agency may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of the Agency, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments and statutory bodies that are consolidated into the whole-of-Government financial statements. As the Agency is not consolidated into the whole of government financial statements, there is no requirement by the Agency to adopt Tier 1 reporting however it is management's expectation that Tier 1 reporting will be adopted from 1 July 2013.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014 –

- AASB 10 *Consolidated Financial Statements* ;
- AASB 11 *Joint Arrangements* ;
- AASB 12 *Joint Arrangements* ;
- AASB 127 (revised) *Separate Financial Statements* ;
- AASB 128 (revised) *Investments in Associates and Joint Ventures*;
- AASB 2011 -7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*.

The AASB is planning to amend AASB 10. Such amendments are expected to clarify how the IASB's principles about control of entities should be applied by not-for-profit entities in an Australian context. The Agency has no controlled entities and AASB 10 will have no impact on the Agency.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Subject to any not-for-profit amendments to be made to AASB 11, the Agency will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. If a joint arrangement does exist, the Agency will need to follow the relevant accounting treatment specified in either AASB 11 or the revised AASB 128, depending on the nature of the joint arrangement.

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]* become effective from reporting periods beginning on or after 1 January 2015. The main impacts of these standards on the Agency are that they will change the requirements for the classification, measurement and disclosures associated with the Agency's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1. Summary of Significant Accounting Policies (contd)**(u) New and Revised Accounting Standards (contd)**

The Agency has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Agency's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Agency enters into, it is not expected that any of the Agency's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2015-16 financial statements, all of the Agency's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Notes 1(l) and 21). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Agency's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

The Agency will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2015-16. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2015-16 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the Agency enters into, the most significant ongoing disclosure impacts are expected to relate to investments in equity instruments measured at fair value through other comprehensive income and derecognition of these.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Agency's activities, or have no material impact on the Agency.

Skills Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

	2013 \$000	2012 \$000
2. Grants and Other Contributions		
Operating Grants	3,791	3,639
Programs Grants	8,619	8,757
Contributions from Government	-	287
Donations	-	2
Total	12,410	12,685
3. Other Revenue		
Interest	30	-
Sundry revenue	105	44
Total	135	44
4. Employee Expenses		
Employee Benefits		
Wages and salaries	2,835	2,936
Annual leave expense	252	322
Employer superannuation contributions	*	383
Termination and redundancy payments	**	633
Long service leave levy	*	66
Employee Related Expenses		
Workers' compensation premium	*	16
Payroll tax and fringe benefits	*	232
Other employee related expenses	12	37
Total	4,429	3,972

* Refer to Note 1(m).

** Termination and redundancy payments include ex gratia payments that represent payment in lieu of notice to executive management personnel. Payments include two officers paid voluntary redundancies and two senior executive contract terminations (refer to Note 5 (b)) during the year.

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

	2013	2012
Number of employees:	28.7	30.6

Skills Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

5. Key Executive Management Personnel and Remuneration

(a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2012-13. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position
Chief Executive Officer	The Chief Executive Officer is responsible for the efficient, effective and economic administration of the agency.	CEO 4 / Vocational Education, Training and Employment Act 2000	20 December 2010 (Terminated 21 June 2013)
General Manager	The General Manager is responsible for leading Skills Queensland's industry engagement and policy & planning activities.	SES 2 / Public Service Act 2008	1 January 2011 (Terminated 14 June 2013)
General Manager, Employment & Economic Development	The General Manager, Employment & Economic Development is responsible for leading the implementation of the Strategic Investment Fund and developing new funding models for Queensland VET sector.	SES 2 / Public Service Act 2008	17 January 2011
Acting Chief Executive Officer *	The General Manager, Employment & Economic Development was delegated the Chief Executive Officer responsibilities and is responsible for the efficient, effective and economic administration of the agency.	SES 2 / Public Service Act 2008	22 June 2013

* The Acting Chief Executive Officer has been appointed by the Chairman after the termination of the Chief Executive Officer. The Acting Chief Executive Officer is responsible for the operations of Skills Queensland until such time as developments are confirmed, refer Note 19.

(b) Remuneration

The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for other benefits including motor vehicles. Remuneration policy for the agency's key executive management personnel is set by the Queensland Public Service Commission as provided for under the Public Service Act 2008 and the Vocational Education, Training and Employment Act 2000 for the Chief Executive Officer.

No remuneration increases were paid to key executive management personnel, however standard 2.2% increases apply from 1 July 2012 in accordance with government policy.

No performance bonuses were paid to any key executive management personnel.

Remuneration packages for key executive management personnel comprise the following components:-

- Short term employee benefits which include:
 - Base - consisting of base salary, allowances and leave entitlements expensed for the entire year or for that part of the year during which the employee occupied the specified position.
 - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Skills Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

5. Key Executive Management Personnel and Remuneration

(b) Remuneration (contd)

- Long term employee benefits which include long service leave accrued.
- Post employment benefits including superannuation contributions.
- Redundancy payments are provided for within the individual contracts of employment in the form of separation and severance payments. Contracts of employment also provide for minimum notice periods.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2012 – 30 June 2013

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000				
Chief Executive Officer	337	0	7	36	228*	608
General Manager, Employment and Economic Development **	165	1	3	15	0	184
General Manager	190	0	4	17	335*	546
Total Remuneration	692	1	14	68	563	1338

* Termination payments consist of contractually obligated service and separation payments due to early termination of contract (CEO - \$73,615.73; GM - \$183,263.40) plus all annual leave and long service leave entitlements (CEO - \$60,778.10; GM - \$140,604.17). In addition, a ex gratia payment in lieu of termination notice has been agreed for both executives with consideration to the remaining contractual term (CEO - \$93,154.90; GM - \$10,757.60).

** Acting CEO from 22 June 2013.

1 July 2011 - 30 June 2012

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000				
Chief Executive Officer	320	21	6	36	0	383
General Manager, Employment and Economic Development	162	0	3	15	0	180
General Manager	160	19	3	17	0	199
Total Remuneration	642	40	12	68	0	762

Performance payments

No performance payments are available or made to the Executive Management of this organisation.

Skills Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

	2013 \$000	2012 \$000	
6. Supplies and Services			
Building maintenance	9	2	
Corporate service charges	140	129	
Utilities	14	24	
Property security charges	1	1	
Equipment and building refurbishment	3	10	
Consultants and contractors	121	343	
Materials and running costs	91	374	
Operating lease rentals	293	299	
Staff travel	32	85	
Computer costs	2	5	
Board fees	76	83	
Total	782	1,355	
7. Grants and Subsidies			
Grants to Industry Skills Bodies	3,029	3,335	
Grants to Industry - General	2,051	2,241	
Grants to Peak Industry Bodies	100	300	
Grants - Other	-	122	
Grants - Jobs and Skills Development Officers	*	(122)	822
Contributions - Other	-	340	
Scholarships	280	-	
Scholarships grant repaid to DETE	539	-	
Total	5,877	7,160	
* The Jobs and Skills Development Officer (JSDO) project ended in 2011-12. The final acquittal for the project achieved savings of \$122,086 which is reflected in 2012-13.			
8. Depreciation			
Depreciation was incurred in respect of:			
Plant and equipment	2	2	
Total	2	2	
9. Other Expenses			
Insurance	5	5	
External audit fees	*	25	23
Sponsorships	-	23	
Total	30	51	
* Total audit fees paid to the Queensland Audit Office relating to the 2012-13 financial statements are estimated to be \$23,900 (2012: \$22,990). There are no non-audit services included in this amount.			

Skills Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

	2013 \$000	2012 \$000
10. Cash and Cash Equivalents		
Imprest accounts	1	1
Cash at bank	3,909	3,467
Total	3,910	3,468
11. Receivables		
Trade debtors	76	20
	76	20
GST receivable	28	32
GST payable	(7)	(3)
	21	29
Long service leave reimbursements	162	6
Contributions receivable	59	-
Total	318	55
12. Other Current Assets		
Prepayments	46	-
Total	46	-
13. Plant and Equipment		
At cost	8	8
Less: Accumulated depreciation	(5)	(3)
Total	3	5

Plant and Equipment Reconciliation

	<i>Plant and Equipment</i>		<i>Total</i>	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Carrying amount at 1 July	5	7	5	7
Acquisitions	-	-	-	-
Assets acquired at below fair value	-	0	-	0
Depreciation for period	(2)	(2)	(2)	(2)
Carrying amount at 30 June	3	5	3	5

Skills Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

	2013 \$000	2012 \$000
14. Payables		
Grants payable	142	687
Trade creditors	-	51
Audit fees	19	10
Other creditors	36	45
Total	197	793
15. Employee Benefits		
Salary and wage related	32	28
Annual leave entitlement	284	369
Long service leave levy payable	13	12
Total	329	409
16. Reconciliation of Operating Result to Net Cash from Operating Activities		
Operating surplus/(deficit)	1,425	189
Depreciation expense	2	2
Changes in assets and liabilities:		
in trade receivables	(56)	17
in GST receivables	4	146
in other assets	(46)	272
in payables	(596)	(866)
in GST payable	4	(71)
in LSL reimbursement receivables	(156)	47
in contributions receivables	(59)	
in employee benefits	(80)	(36)
Net cash provided by/(used in) operating activities	442	(300)

Skills Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

17. Contingencies and Commitments for Expenditure

(a) There are no legal or any other contingencies that are known to the agency at 30 June .

(b) Commitments for Expenditure

(i) Grants and Subsidies Commitments

Grants and subsidies commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	2013	2012
	\$'000	\$'000
Not later than one year	1,748	1,067
Later than one year and not later than five years	1,226	512
Total	2,974	1,579

18. Economic Dependency

Skills Queensland is dependent on State contributions of \$11.849 million for the 2013-14 financial year.

19. Events Occurring after Balance Date

The Vocational Education, Training and Employment (Skills Queensland) and Another Amendment Bill 2013, was introduced to Parliament on the 6 August 2013. The Bill includes provisions for the dissolution of Skills Queensland. In accordance with Clause 21 of the Bill, it is proposed that Skills Queensland will be dissolved via amendment of the Vocational Education, Training and Employment Act 2000.

The Bill states that the date of dissolution will coincide with the commencement date of the Vocational Education, Training and Employment (Skills Queensland) and Another Amendment Act 2013. The Act will commence on a day to be fixed by proclamation. As at the date of issue of this financial report, a proclamation fixing the date of commencement has not been issued.

20. Financial Instruments

(a) Categorisation of Financial Instruments

The agency has the following categories of financial assets and financial liabilities:

Category	Note	2013	2012
		\$'000	\$'000
Financial Assets			
Cash and cash equivalents	10	3,910	3,468
Receivables	11	318	55
Total		4,228	3,523
Financial Liabilities			
Financial liabilities measured at amortised costs:			
Payables	14	197	793
Total		197	793

20. Financial Instruments (contd)**(b) Financial Risk Management**

The agency's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and agency policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the agency.

All financial risk is managed by Executive Management under policies approved by the agency. The agency provides written principles for overall risk management, as well as policies covering specific areas.

The agency measures risk exposure using a variety of methods as follows -

Risk Exposure	Measurement method
Credit Risk	Ageing analysis, earnings at risk
Liquidity Risk	Sensitivity analysis
Market Risk	Interest rate sensitivity analysis

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the agency may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The carrying amount of receivables represents the maximum exposure to credit risk.

No collateral is held as security and no credit enhancements relate to financial assets held by the agency.

The agency manages credit risk through the use of management reports. This strategy aims to reduce the exposure to credit default by ensuring that the agency invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

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

The method for calculating any provision for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Skills Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

20. Financial Instruments (contd)

(c) Credit Risk Exposure (contd)

Aging of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2013 Financial Assets Past Due But Not Impaired

	Less than 30 Days \$'000	30-60 Days \$'000	Overdue 61-90 Days \$'000	More than 90 Days \$'000	Total \$'000
Financial Assets					
Receivables	-	-	-	-	-
Total	-	-	-	-	-

2012 Financial Assets Past Due But Not Impaired

	Less than 30 Days \$'000	30-60 Days \$'000	Overdue 61-90 Days \$'000	More than 90 Days \$'000	Total \$'000
Financial Assets					
Receivables	-	-	-	-	-
Total	-	-	-	-	-

(d) Liquidity Risk

Liquidity risk refers to the situation where the agency may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The agency is exposed to liquidity risk in respect of its payables.

The agency manages liquidity risk through the use of management reports. This strategy aims to reduce the exposure to liquidity risk by ensuring the agency has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

Skills Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2012-13

20. Financial Instruments (contd)

(d) Liquidity Risk

The following table sets out the liquidity risk of financial liabilities held by the agency. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

	Note	2013 Payable in			Total
		<1year \$'000	1-5 years \$'000	>5 years \$'000	\$'000
Financial Liabilities					
Payables	14	197	-	-	197
Total		197	-	-	197

	Note	2012 Payable in			Total
		<1year \$'000	1-5 years \$'000	>5 years \$'000	\$'000
Financial Liabilities					
Payables	14	793	-	-	793
Total		793	-	-	793

(e) Market Risk

The agency does not trade in foreign currency and is not materially exposed to commodity price changes. The agency is exposed to interest rate risk through its cash deposits in interest bearing accounts. The agency does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

(f) Interest Rate Sensitivity Analysis

The agency is not sensitive to interest rate movements as the Agency is funded via an administered grant from government.

(g) Fair Value

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any provision for impairment.

The agency has not offset any assets and liabilities.

**Management Certificate
for Skills Queensland**

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

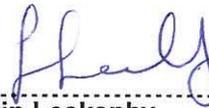
- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects: and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Skills Queensland for the period ended 30 June 2013 and of the financial position of the entity at the end of that period.



Greg Kempton
Chairman of the Board
Skills Queensland

Date:

20/8/2013



Gavin Leckenby
A/Chief Executive Officer
Skills Queensland

Date:

20/8/13



Paula Higham
Chief Financial Officer
Skills Queensland

Date:

20/8/13

INDEPENDENT AUDITOR'S REPORT

To the Board of Skills Queensland

Report on the Financial Report

I have audited the accompanying financial report of Skills Queensland, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman, Acting Chief Executive Officer and Chief Financial Officer.

The Board's Responsibility 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 prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of Skills Queensland for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year

Emphasis of Matter – Proposed abolition of Skills Queensland

Without qualification to the opinion expressed above, attention is drawn to Note 1(b) in the financial report which identifies that pursuant to the Queensland Government's *Great Skills. Real Opportunities* reform, there is an intention to abolish Skills Queensland. While the specific timing is unknown, inherent uncertainty exists as to the future operation of Skills Queensland. If the legislation is passed, all assets and liabilities of Skills Queensland will be transferred to the Department of Education, Training and Employment.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.


J F Welsh FCPA

(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Glossary

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.

Gateway to Industry Schools

This program provides students with industry-relevant skills development through integrated curriculum, structured industry placements, school-based traineeships and involvement in industry events.

Industry Reference Group

The Industry Reference Group coordinates and drives consideration of key reform issues and provides advice to the Board across a range of issues.

Industry Skills Bodies

Industry Skills Bodies provide advice on industry specific skill and workforce development priorities. These organisations provide a structured mechanism to tap directly into industry, and play an important day-to-day role in ensuring that skilling priorities and funding meets the needs of industry.

Vocational education and training

Education and training which provides people with occupational or work-related knowledge and skills.

Workforce development

Workforce development incorporates both the planning and the development of a workforce to ensure the right people with the right skills are available in the right place at the right time.

Workforce Development Program

Skills Queensland's Workforce Development Program funds innovative, one-off projects that address skills and workforce development needs are consistent with identified priorities.

