September 2011

The Honourable Stirling Hinchliffe MP
Minister for Employment, Skills and Mining
Level 18 Mineral House
41 George Street
BRISBANE QLD 4000

Dear Minister

I am pleased to present the Annual Report 2010-2011 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 found on our website at: http://www.skills.qld.gov.au

Yours sincerely

Greg Kempton
Board Chairman
Skills Queensland
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Skills Queensland is responsible for aligning Queensland’s skills system with the needs of employers, individuals, industry, and the community...
Overview
Welcome to the Skills Queensland Annual Report 2010–11. The annual report is an integral part of Skills Queensland’s corporate governance framework, describing our achievements, outlook and financial position for the first six months of operation to June 2011. This report provides comprehensive information about Skills Queensland’s:

- role and responsibilities
- achievements
- performance against its objectives
- future direction
- financial position for the 2010–11 financial year.

Establishment
On 20 December 2010 the Education and Training Legislation, (Skills Queensland) Amendment Bill 2010 was proclaimed. This formally established Skills Queensland as an industry-led statutory body to strengthen Queensland’s economic base by providing a skilled workforce to meet the current and future needs of industry and the community.

Roles and responsibilities
Skills Queensland is responsible for aligning Queensland’s skills system with the needs of employers, individuals, industry, and the community, to alleviate skill shortages and better position Queensland and Queenslanders to address future skill needs.

Skills Queensland functions include:
- advising the Minister for Employment, Skills and Mining on the direction of the skills system and workforce development, employment programs, and skilled migration
- partnering with Industry Skills Bodies to:
  - identify demand through workforce planning
  - strengthen the quality of training delivery and the link with business needs
  - stimulate further demand and make use of skills through workforce development activities
- planning state wide training investment
- making strategic investment decisions in training and workforce development.

Contribution to Toward Q2
Skills Queensland contributes to the following Toward Q2: Tomorrow’s Queensland objectives:

- **Smart Queensland:** Target 2 Three out of four Queenslanders will hold trade, training or tertiary qualifications by 2020.
- **Strong Queensland:** Target 1 Queensland is Australia’s strongest economy, with infrastructure that anticipates growth by 2020.

Contributions include the:
- Queensland Natural Disasters Jobs and Skills Package
- Strategic Investment Fund
- Skills and Workforce Development Investment Plan.
On behalf of the Board, it gives me great pleasure to present the first annual report for Skills Queensland.

The establishment of Skills Queensland is an investment by the Queensland Government to assist Queensland industries to respond to the challenge of getting the right skills, in the right place, at the right time.

Skills Queensland’s role is to advise the Government on its investment in workforce development, skills and training programs, employment participation programs and skilled migration to support the needs of the Queensland economy.

Strategic industry leadership will enable Queensland’s skills and workforce development activities and resourcing to be aligned closer to the priority needs of the Queensland economy and its current and future workforce.

The Skills Queensland Board has extensive experience and knowledge across industry, employment, and training and education and has set a demanding and challenging agenda for the organisation during these first months of operation. I thank them for their support and direction.

Robust and comprehensive industry engagement and partnering is critical for our success. We have worked hard to establish industry engagement strategies which allow us to receive broad industry input and intelligence. This engagement will be critical in the development of the Skills and Workforce Development Investment Plan and in informing the Strategic Investment Fund.

During the first six months of operation Skills Queensland has engaged in the state and national debate on proposed reforms for skills and workforce participation and development. In particular, Skills Queensland has led the response to the recent reports from Skills Australia, Skills for Prosperity – a roadmap for vocational education and training and the recommendations of the A Shared Responsibility - Apprenticeships for the 21st Century Review.

As Chairman of Skills Queensland, I have had the opportunity to address the Ministerial Council for Tertiary Education and Employment (MCTEE) and provide Skills Queensland’s view on the shared responsibility of industry and government, the need for industry and government to lift investment in skills and workforce development, and the need for new approaches to investment, including better utilisation of the tax system.

We have provided leadership on workforce planning in a number of regions and launched the Strategic Investment Fund in May 2011. Within the first month of operation, Skills Queensland developed and implemented the Queensland Natural Disasters Jobs and Skills Package in response to Queensland’s natural disasters in late 2010 and early 2011.

I am confident the Board has laid out a strong platform for reform and an agenda that will deliver a more effective, efficient and sustainable skilling system in Queensland.

Greg Kempton
Chairman Skills Queensland
We have provided leadership on workforce planning in a number of regions...
Skills Queensland – leading, investing, prioritising, planning, researching and reforming.
Leading, researching and reforming the skills system in Queensland is our challenge, as we partner with industry to build a skilled workforce to improve productivity, workforce participation and capitalise on our opportunities in Queensland.

Despite recent natural disasters and continued economic troubles around the globe, Queensland has experienced an acceleration of business investment and a rebound in export growth, forecast to produce a significant five per cent increase in Gross State Product (GSP) in 2011-12. Business investment is forecast to grow 27 per cent with resource investment set to gather momentum and economic growth forecast to strengthen. This increased investment is expected to drive population growth and migration.

As you read through this report, you will gain a sense not only of how quickly Skills Queensland has moved to make a difference in the way skills and workforce development is being approached in Queensland, but also of the opportunities and challenges ahead as we plan for the future of Queensland’s skills system.

The Strategic Investment Fund is well underway and the Queensland Natural Disasters Jobs and Skills Package is established and delivering outcomes for industry, businesses, communities, apprentices and individuals in regions that felt the impact of the recent natural disasters.

These first six months are only the beginning. Skills Queensland is well placed to take on the reform agenda required to ensure our skills system supports the current and future economic needs of Queensland. Industry leadership will be critical. We have engagement strategies in place and an Industry Reference Group established to inform the Skills Queensland Board on skills and workforce development priorities.

During the next twelve months Skills Queensland will pursue the development of an industry driven entitlement model that provides individuals and industry with choices in selecting skills development pathways aligned with their own prospects and aspirations and in tune with future job opportunities in the economy.

Our achievements within the first six months of operation are a testament to the leadership of our Board, the efforts of Skills Queensland staff, and the support of industry and government stakeholders.

Rod Camm
Chief Executive Officer
Achievements

During the first six months of operation Skills Queensland has recorded a number of achievements and has implemented innovative responses to the skills and workforce needs of various sectors of the Queensland economy.

**December 2010**
- Establishment of Skills Queensland.

**January 2011**
- Development of the Queensland Natural Disasters Jobs and Skills Package.

**February 2011**
- Investment in four new Skills Formation Strategies across Queensland.

**March 2011**
- The Queensland Natural Disasters Jobs and Skills Package was announced by the Prime Minister and the Minister for Employment, Skills and Mining.
- Address by the Skills Queensland Chairman to the Ministerial Council for Tertiary Education and Employment.

**April 2011**
- Established the Local Government Workforce Retention Initiative to encourage the retention and attraction of skilled workers.
- Extension of the Agribusiness Gateway Schools to Industry Program into eight Central and North Queensland schools.

**May 2011**
- Investment in the development of a Health and Community Services Workforce Development Program for the Surat Basin.
- Launch of the 2011-2012 Strategic Investment Fund.
- Established the Skills Queensland Industry Reference Group.
- Led the Queensland Government response to the recommendations in the *Skills Australia Skills for Prosperity – a roadmap for vocational education and training* report.
- Commenced the development of a workforce development plan for the Bowen and Galilee Basins.

**June 2011 and ongoing**
- Leading workforce development strategies to maximise opportunities for Queenslanders in Gladstone and the Surat Basin in response to major resource and infrastructure projects underway.
- Funding the Coal Seam Gas/Liquefied Natural Gas (CSG/LNG) Skills Formation Strategy led by Energy Skills Queensland.
- Continuing to support the Mining Industry Skills Centre, Energy Skills Queensland and Queensland Automotive Skills Alliance to undertake sustainability and green skills related initiatives.
Financial Snapshot 2010-11

In 2010-11, Skills Queensland received $7.3 million in grant revenue from the Department of Education and Training and received an additional $2.5 million in other contributions and sundry revenue including funding for the Jobs and Skills Package from the Queensland Government.

Table 1: Summary of Skills Queensland finances 2010-11

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
</tr>
<tr>
<td>Grant revenue</td>
<td>9,759</td>
</tr>
<tr>
<td>Other revenue</td>
<td>6</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Employee expenses</td>
<td>1,867</td>
</tr>
<tr>
<td>Grant payments</td>
<td>5,083</td>
</tr>
<tr>
<td>Other expenses</td>
<td>678</td>
</tr>
<tr>
<td>Operating surplus/(deficit)</td>
<td>2,137</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>4,241</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2,104</td>
</tr>
<tr>
<td><strong>Net assets/(liabilities)</strong></td>
<td>2,137</td>
</tr>
</tbody>
</table>

Table 2: Skills Queensland employees 2010-11

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees as at 30 June 2011</td>
<td>34.4</td>
</tr>
</tbody>
</table>
The Skills Queensland Board has direct industry or training, education or employment experience.

Members are appointed for a term of not more than four years. All current Board members have been appointed for a term of three years up to and including 19 December 2013. In the six months of operation the composition of the Board has remained unchanged. The Board has met four times during the reporting period.

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

**Andrew Dettmer**
Mr Dettmer is the State Secretary of the Australian Manufacturing Workers Union. He is also the Chair of Manufacturing Skills Queensland and a member of a number of boards, including the Building and Construction Industry Training Fund Board, the SkillsTech Australia Board, the QMI Solutions Board, the Training Employment and Recognition Council and the Enterprise Connect Manufacturing Board.

**John Battams**
Mr Battams is the General Secretary of the Queensland Teachers’ Union and the President of the Queensland Council of Unions. He is currently Chair of the Queensland Residential Tenancies Authority and a Director of Sunsuper.
Mr Fletcher is the Director-General of the Department of Employment, Economic Development and Innovation. He has served in a number of senior public sector roles over the last 27 years.

Ms Grantham is the Director-General of the Department of Education and Training. Prior to this appointment, she was Director-General of the Department of Justice and Attorney-General. She was a teacher in Queensland state schools for 14 years, served as a principal for seven years and has held a number of other executive public sector roles.

Ms Hollows is the Chief Executive Officer and Managing Director of Macarthur Coal Limited. She has extensive experience in the mining industry and is a board member of the Queensland Resources Council.

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

Professor Harding is the Vice-Chancellor of James Cook University. She has extensive academic and leadership experience, including more than 12 years in the university sector. She is a board member of the Australian Learning and Teaching Council and Director of Townsville Enterprise and Advance Cairns.

Benjamin Swan

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

Rod Camm

Chief Executive Officer

Prior to his appointment with Skills Queensland, Mr Camm was the Associate Director-General of the Skills, Tertiary and Non-State Education Division within the 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 is currently a director on a number of boards including Technical and Vocational Education and Training Australia Limited, the National Centre for Vocational Education and Research and Aviation Australia.

Board sub-committees

Governance arrangements for Skills Queensland include an Audit and Risk Management Sub-Committee and a Remuneration Sub-Committee. These sub-committees are directly accountable to the Board and membership and framework, including roles and responsibilities are currently being finalised.

The Board understands the establishment of the two sub-committees are essential to manage the inherent risks of managing public funding, delivering services to external stakeholders, and engaging with industry, employers, unions and other government agencies on skills and workforce development.
‘Empowering industry to lead the state’s skills system’

Skills Queensland’s capacity to fulfil its role and functions is built upon high quality engagement with industry.

Skills Queensland provides industry, employers, unions and vocational education and training (VET) and higher education sector stakeholders with a direct contact on skills and workforce development issues. Skills Queensland utilises the following strategies to engage with industry:

- Skills Queensland Industry Reference Group
- Industry Skills Bodies
- Direct engagement with industry and enterprises
- Skills Formation Strategies
- Gateway to Industry Schools Program.

Industry Reference Group

The Skills Queensland Industry Reference Group provides advice and recommendations to the Skills Queensland Board and Chief Executive Officer on skills and workforce development in Queensland. Membership is made up of peak industry bodies, unions, government agencies, and community and regional organisations. The group plays a key role in informing the development of the annual Skills and Workforce Development Investment Plan.

Industry Skills Bodies

Fifteen Industry Skills Bodies help ensure that skilling priorities and funding in Queensland meet the needs of industry. The network provides Skills Queensland with a structured mechanism to tap directly into industry.

Skills Queensland contracts Industry Skills Bodies to provide advice and services on a range of workforce development and skills matters across the VET and higher education sectors. They provide intelligence to Skills Queensland, including the identification of emerging skills needs, skills investment advice, and workforce planning and development activities.

Direct engagement with industry and enterprises

Skills Queensland directly engages with industry, employers, unions and other relevant industry stakeholders on skills and workforce development issues. Active engagement takes place with industry at both the peak body and enterprise level. During the first six months of operation Skills Queensland held meetings with more than 200 industry representatives, including senior executives of key employers and enterprises in Queensland.
Skills Formation Strategies

Skills Formation Strategies provide opportunities for industries and communities to analyse and address current and future workforce issues.

These strategies provide a framework for collaborative partnerships between industries, communities, government agencies and other relevant stakeholders to develop and implement workforce plans and strategies to attract and retain appropriately skilled workers in ways which suit local conditions and circumstances.

During 2010-11, Skills Queensland supported 17 Skills Formation Strategies across a range of industries and regions.

Skills Queensland has committed $840,000 to four new projects:

- Engineering and Manufacturing Wide Bay, hosted by the Australian Industry Engineering and Manufacturing Network Cooperative Limited
- Whitsundays Industrial Skills Development, hosted by Enterprise Whitsundays
- Mining and Support Services Far North Queensland, hosted by Advanced Cairns
- Retail Mackay, hosted by the Mackay Whitsunday Regional Economic Development Corporation.

Gateway to Industry Schools Program

The Gateway to Industry Schools Program involves partnerships between industry and schools to deliver industry-based learning and support programs. A key aim of the program is to help ensure young people make successful transitions from school to further training or employment.

The program allows high school students to learn more about the career and employment opportunities available in a number of industries. This is done through structured workplace learning, industry contextualised school learning and school based apprenticeships and traineeships.

The program covers agribusiness, aerospace, building and construction, manufacturing and engineering, minerals and energy, and wine tourism. As at 30 June 2011 the program involved 119 schools.
‘Investing in strategic priorities, emerging industries & workforce development strategies’

Investing in workforce development is central to the work of Skills Queensland. The Queensland Natural Disasters Jobs and Skills Package and the Strategic Investment Fund were a key focus during the year.

Queensland Natural Disasters Jobs and Skills Package

The natural disasters in Queensland during the summer of 2010-2011 had significant economic and labour market impacts, including reducing the ability of businesses to retain employees and hastening the re-emergence of critical skills shortages.

Skills Queensland, in partnership with the Queensland Government Departments of Education and Training (DET) and Employment, Economic Development and Innovation (DEEDI) and the Australian Government Department of Education, Employment and Workplace Relations (DEEWR), responded through the $83 million Queensland Natural Disasters Jobs and Skills Package. Skills Queensland is coordinating implementation of the package.

The package was announced by Queensland Minister for Employment, Skills and Mining the Honourable Stirling Hinchliffe and Prime Minister Julia Gillard on 6 March 2011.

The package aims to assist up to 10,000 Queenslanders. As at 30 June 2011, 2,750 Queenslanders had been assisted.

The package consists of the following skills and employment initiatives:

- Community Capability – building the capacity of affected communities to support local industry, coordinating employment and skills assistance and maximising available funding opportunities. As at 30 June 2011, investment under the Community Capability initiative was $4.2 million with the employment of 29 Jobs and Skills Development Officers and five Indigenous Employment Coordinators.

- Green Jobs – providing employment and work experience opportunities for eligible people on projects targeted at rebuilding community and public infrastructure and environmental restoration following the natural disasters. As at 30 June 2011, funding of $19.3 million had been made. This included investment in 71 projects assisting 1,236 Queenslanders.

- Apprentice Support – implementing assistance measures to support employers to retain apprentices and trainees; providing employment and
training opportunities to those apprentices and trainees who were stood down or cancelled; expanding the Out-of-Trade Register to provide a link to future employment opportunities; and providing additional apprentice incentives to maximise employment during the recovery phase. As at 30 June 2011, Apprentice Support investment totalled $2.4 million.

- **Priority Skills Development** – training to address priority skills development in regions and industries directly affected by the natural disasters. As at 30 June 2011, investment in priority skills development totalled $5.9 million and provided training opportunities for 1,318 Queenslanders.

**Strategic Investment Fund**

The Strategic Investment Fund provides up to $50 million of funding per year to address priority and emerging workforce development needs in critical industries, which are not addressed through mainstream training programs.

In 2010–2011 the Strategic Investment Fund committed $32 million to support key industry skills priorities and the Queensland disaster recovery and reconstruction effort. These initiatives were:

- $17 million for pre-employment programs
- $15 million for workforce development strategies, which has leveraged an estimated $11.5 million from industry in the following sectors:
  - CSG/LNG training program - $5 million committed with $5 million from industry
  - resources - $3 million committed with $3 million from industry
  - civil construction - $2.9 million committed with $2.9 million from industry
  - health - $1.49 million committed with $0.64 million from industry
  - disaster response - $2.35 million committed as part of the disaster response to support priority skills development in the manufacturing, primary industries, and tourism sectors.
Prioritising

‘Prioritising skills development to meet industry and community needs’

A priority for Skills Queensland is planning for future skills demand through the Skills and Workforce Development Investment Plan. Skills Queensland is also developing a strategic plan for the organisation to ensure it has the focus, capability and capacity to respond to the priorities identified by the Board.

Skills and Workforce Development Investment Plan

The Skills Queensland Board has identified the following areas as skill reform priorities:

- working with industry to address skills needs
- meeting the needs of Queensland’s resource sector and its supply chains
- enhancing Queensland’s trade training system and preparatory training to improve skills outcomes
- transforming VET investment.

A formal consultation process will be held with government, industry and community stakeholders in early 2011 - 2012 on these reform priorities. The feedback through this consultation process will inform the advice to government contained in the Skills and Workforce Development Investment Plan.

Strategic Plan

Skills Queensland is finalising a Strategic Plan for 2011 – 2015. This plan will provide the framework for addressing the priorities identified by the Board and be underpinned by the following goals:

- drive innovative skills and employment reforms
- strengthen strategic alliances between government and industry
- build a viable and sustainable skills system
- develop a more skilled, productive and engaged workforce.
Consultancies and overseas travel
From December 2010 to June 2011 Skills Queensland has not employed any consultants, or undertaken any overseas travel.

Record management
Skills Queensland applies whole of government information legislation, policies and standards including the Information Standard 40 – IS40: Record keeping.

Code of conduct
Skills Queensland operates under the Code of Conduct for the Queensland Public Service and is committed to implementing and supporting the standards and values of the Code. Skills Queensland provides training and awareness in the Code of Conduct through induction and ongoing information to all staff.

Carers statement
Skills Queensland ensures that the principle of the Carer’s Recognition Act are acknowledged and practiced as part of its operations. The induction program for new staff ensures all employees are aware of the options available to them. Human resource policies are also being developed by Skills Queensland to ensure staff consider and provide for carers when developing policy, programs and services.

Interpreter services
If language assistance is needed to access the annual report, you can contact TAFE Queensland English Language and Literacy Services (TELLS) on telephone 131 450 to arrange an interpreter to effectively communicate the report to you.

Providing feedback
We continually strive to meet best practice reporting standards and value the views of our readers. We invite you to provide feedback on this report by email to info@skills.qld.gov.au or by mail to Skills Queensland, PO Box 15137, City East Q 4002.
Skills Queensland
Financial Statements 2010-11

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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.
Statement of Comprehensive Income
for the period 20 December 2010 to 30 June 2011

Income from Continuing Operations

Revenue
- Grants and other contributions 2 9,759
- Other revenue 3 6

Total Income from Continuing Operations 9,765

Expenses from Continuing Operations
- Employee expenses 4 1,867
- Supplies and services 6 642
- Grants and subsidies 7 5,083
- Depreciation and amortisation 8 1
- Other expenses 9 35

Total Expenses from Continuing Operations 7,628

Operating Result from Continuing Operations 2,137

Total Comprehensive Income 2,137

The accompanying notes form part of these statements.
## Statement of Financial Position

**as at 30 June 2011**

<table>
<thead>
<tr>
<th>2011</th>
<th>Notes</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>10</td>
<td>3,768</td>
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<tr>
<td>Receivables</td>
<td>11</td>
<td>194</td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
<td>272</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>4,234</td>
</tr>
<tr>
<td><strong>Non Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total Non Current Assets</strong></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>4,241</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>14</td>
<td>1,659</td>
</tr>
<tr>
<td>Accrued employee benefits</td>
<td>15</td>
<td>445</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td>2,104</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>2,104</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td>2,137</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td></td>
<td>2,137</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>2,137</td>
</tr>
</tbody>
</table>

*The accompanying notes form part of these statements.*
Statement of Changes in Equity
for the period 20 December 2010 to 30 June 2011

<table>
<thead>
<tr>
<th></th>
<th>Accumulated Surplus $000</th>
<th>Contributed Equity $000</th>
<th>TOTAL $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as at 20 December 2010</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating Result from Continuing Operations</td>
<td>2,137</td>
<td></td>
<td>2,137</td>
</tr>
<tr>
<td>Transactions with Owners as Owners:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Annual Leave liability transferred</td>
<td>(225)</td>
<td>(225)</td>
<td></td>
</tr>
<tr>
<td>• Cash and non-cash contributions for Annual Leave liability transferred</td>
<td>225</td>
<td></td>
<td>225</td>
</tr>
<tr>
<td><strong>Balance as at 30 June 2011</strong></td>
<td>2,137</td>
<td></td>
<td>2,137</td>
</tr>
</tbody>
</table>

*The accompanying notes form part of these statements.*
## Statement of Cash Flows
for the period 20 December 2010 to 30 June 2011

### Cash flows from operating activities

<table>
<thead>
<tr>
<th>Inflows:</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and other contributions</td>
<td>9,669</td>
</tr>
<tr>
<td>GST collected from customers</td>
<td>246</td>
</tr>
<tr>
<td>GST input tax credits from ATO</td>
<td>264</td>
</tr>
<tr>
<td>Interest receipts</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outflows:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee expenses</td>
<td>(1,410)</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>989</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>(5,083)</td>
</tr>
<tr>
<td>GST paid to suppliers</td>
<td>(442)</td>
</tr>
<tr>
<td>GST remitted to ATO</td>
<td>(172)</td>
</tr>
<tr>
<td>Other</td>
<td>(19)</td>
</tr>
</tbody>
</table>

**Net cash from (used in) operating activities**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>4,048</td>
</tr>
</tbody>
</table>

### Cash flows from investing activities

<table>
<thead>
<tr>
<th>Inflows:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments and advances</td>
<td>(272)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outflows:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(8)</td>
</tr>
</tbody>
</table>

**Net cash provided by (used in) investing activities**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(280)</td>
</tr>
</tbody>
</table>

**Net increase (decrease) in cash held**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>3,768</td>
</tr>
</tbody>
</table>

**Cash at end of financial year**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,768</td>
</tr>
</tbody>
</table>

*The accompanying notes form part of these statements.*
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 and Amortisation
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: Accrued Employee Benefits
Note 16: Reconciliation of Operating Result to Net Cash from Operating Activities
Note 17: Non-Cash Financing and Investing Activities
Note 18: Contingencies
Note 19: Economic Dependency
Note 20: Events Occurring after Balance Date
Note 21: 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 sections 43 and 44 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’s Minimum Reporting Requirements for the year ending 30 June 2011, 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. Except where stated, the historical cost convention is used.

(b) 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.

(c) 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.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(d) 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.
1. Summary of Significant Accounting Policies (contd)

(e) 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 the balance sheet date. No bad debts were written off at 30 June.

(f) Acquisitions of Assets
Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland department (whether as a result of a machinery-of-Government or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB116 Property, Plant and Equipment.

(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) Amortisation and 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:

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and Equipment</td>
<td></td>
</tr>
<tr>
<td>• Office Equipment</td>
<td>25%</td>
</tr>
</tbody>
</table>
1. Summary of Significant Accounting Policies (contd)
   
   (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.

   (k) Leases
   A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

   Where a non-current asset is acquired by means of a finance lease, the asset is recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount. There were no finance leases during the year.

   Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

   (l) 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.
1. **Summary of Significant Accounting Policies (contd)**

   (m) **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 21.

   (n) **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, Recreation Leave and Sick leave**
   Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

   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.
1. Summary of Significant Accounting Policies (contd)
   (n) Employee Benefits (contd)

   **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.

   **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.

   Therefore, no liability is recognised for accruing superannuation benefits 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.

   **Key Executive Management Personnel and Remuneration**

   Key executive management personnel and remuneration disclosures are made in accordance with the section 5 Addendum (issued in May 2011) to the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 5 for the disclosures on key executive management personnel and remuneration.

   (o) Provisions

   Provisions are recorded when the agency has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. The provision for annual leave is deemed to be current only. 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.

   (p) 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.

   (q) 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.
1. **Summary of Significant Accounting Policies (contd)**

   **(r) 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).

   **(s) 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.

   **(t) 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.

   The agency has assumed that all annual leave entitlements accrued are current with no adjustment made to report a proportion as non current.

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

   **(u) 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. No comparatives are available as the agency only commenced operation in the current financial year.

   **(v) 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
   - Management accounting
   - Human resources recruitment and payroll
   - Information systems and support
1. Summary of Significant Accounting Policies (contd)

(w) New and Revised Accounting Standards

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

The agency is not permitted to early adopt a new accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the agency has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The agency will apply these standards and interpretations in accordance with their respective commencement dates.

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

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] becomes effective from reporting periods beginning on or after 1 January 2011. The agency will then need to make changes to its disclosures about credit risk on financial instruments in note 20(c). No longer will the agency need to disclose amounts that best represent an entity’s maximum exposure to credit risk where the carrying amount of the instruments reflects this. If the agency holds collateral or other credit enhancements in respect of any financial instrument, it will need to disclose - by class of instrument - the financial extent to which those arrangements mitigate the credit risk. There will be no need to disclose the carrying amount of financial assets for which the terms have been renegotiated, which would otherwise be past due or impaired.

Also, for those financial assets that are either past due but not impaired, or have been individually impaired, there will be no need to separately disclose details about any associated collateral or other credit enhancements held by the agency.

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 2013. The main impacts of these standards on the agency are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either 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)
   (w) New and Revised Accounting Standards (contd)

   On initial application of AASB 9, the agency will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. 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 2013-14 financial statements, all of the agency's financial assets will be required to be classified as "financial assets required to be measured at fair value through profit or loss" (instead of the measurement classifications recently used in notes 1(n) and 22. 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 receivables, the carrying amount is considered to be a reasonable approximation of fair value.

   The most significant impact on the agency of the new measurement requirements is that the "held to maturity" investment described in notes 1(n) and 22 will need to be measured at fair value as at 1 July 2013. In addition, that investment will no longer be classified as "held to maturity", as explained above. The agency is not yet able to predict what the fair value of this investment will be at that date. The difference between the carrying amount of this investment and the fair value as at 1 July 2013 will be recognised as an adjustment to the balance of Accumulated Surplus as at 1 July 2013. In respect of this change, the 2013-14 financial statements will need to disclose a comparison between the previous measurement classification and carrying amount as at 30 June 2013 and the new classification and fair value amount as at 1 July 2013. The agency plans to recognise subsequent changes in the fair value of that investment in the annual operating result.

   AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 11, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129, & 1052] apply to 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. AASB 2010-2 sets out the details of which disclosures in standards and interpretations are not required under tier 2 reporting.
1. Summary of Significant Accounting Policies (contd)
   (w) 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, the Treasury Department is the regulator. Treasury Department has
   advised that it’s policy decision is to require all departments to adopt tier 1 reporting
   requirements. In compliance with Treasury’s policy which prohibits the early adoption of
   new or revised accounting standards unless Treasury approval is granted, the agency has not
   early adopted AASB 1053.

   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.
2. Grants and Other Contributions

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Grants</td>
<td>1,612</td>
</tr>
<tr>
<td>Programs Grants</td>
<td>5,794</td>
</tr>
<tr>
<td>Contributions from Government</td>
<td>2,343</td>
</tr>
<tr>
<td>Donations received below fair value</td>
<td>8</td>
</tr>
<tr>
<td>Donations</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,759</strong></td>
</tr>
</tbody>
</table>

3. Other Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

4. Employee Expenses

**Employee Benefits**

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>1,431</td>
</tr>
<tr>
<td>Annual leave expense</td>
<td>119</td>
</tr>
<tr>
<td>Employer superannuation contributions</td>
<td>* 162</td>
</tr>
<tr>
<td>Long service leave levy</td>
<td>* 29</td>
</tr>
<tr>
<td><strong>Employee Related Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Workers' compensation premium</td>
<td>* 9</td>
</tr>
<tr>
<td>Payroll tax and fringe benefits</td>
<td>* 79</td>
</tr>
<tr>
<td>Other employee related expenses</td>
<td>38</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,867</td>
</tr>
</tbody>
</table>

* Refer to Note 1(o).

The number of employees including both full-time employees and part-time employees as at 30 June:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>34.4</td>
</tr>
</tbody>
</table>
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 paid and provided for the entire year or for that part of the year during which the employee has worked.
  - Short term bonuses.

No performance bonuses were paid to any key executive management personnel. No remuneration increases were paid to key executive management personnel. However, standard 2.5% increases apply from 1 July 2011 in accordance with government policy.

Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Short-term employee benefits which include:
- Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Key Executive Management Personnel and Remuneration

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 2010-11. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Below is a table showing the current incumbents, their responsibilities, and the date they were appointed:

<table>
<thead>
<tr>
<th>Position</th>
<th>Responsibilities</th>
<th>Contract classification and appointment authority</th>
<th>Date approved to position</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Strategic vision setting and developing new model for economic development</td>
<td>CEO / Vocational Education, Training and Employment</td>
<td>17 January 2010</td>
</tr>
<tr>
<td>General Manager, Employment &amp; Economic Development</td>
<td>Oversee the design and delivery of education, training and employment programs</td>
<td>SES 2 / Public Service Act 2008</td>
<td>1 January 2010</td>
</tr>
<tr>
<td>General Manager, Employment &amp; Economic Development</td>
<td>Oversee the design and delivery of education, training and employment programs</td>
<td>SES 2 / Public Service Act 2008</td>
<td>1 January 2010</td>
</tr>
<tr>
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<td>1 January 2010</td>
</tr>
<tr>
<td>General Manager, Employment &amp; Economic Development</td>
<td>Oversee the design and delivery of education, training and employment programs</td>
<td>SES 2 / Public Service Act 2008</td>
<td>1 January 2010</td>
</tr>
<tr>
<td>General Manager, Employment &amp; Economic Development</td>
<td>Oversee the design and delivery of education, training and employment programs</td>
<td>SES 2 / Public Service Act 2008</td>
<td>1 January 2010</td>
</tr>
</tbody>
</table>

No performance bonuses were paid to any key executive management personnel. No remuneration increases were paid to key executive management personnel. However, standard 2.5% increases apply from 1 July 2011 in accordance with government policy.

Position
-17 -
### Key Executive Management Personnel and Remuneration

<table>
<thead>
<tr>
<th>Position</th>
<th>Total Remuneration</th>
<th>Remuneration</th>
<th>Base (non-monetary)</th>
<th>Non-Monetary Benefits</th>
<th>Long Term Employee Benefits</th>
<th>Short Term Employee Benefits</th>
<th>Post Employment Benefits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager, Employment and Economic Development</td>
<td>$869,010,783</td>
<td>$329,330,393</td>
<td>$10,170</td>
<td>$0</td>
<td>$73,769</td>
<td>$0</td>
<td>$2,930</td>
<td>$869,010,783</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>$168,170,202</td>
<td>$61,902,757</td>
<td>$204,000</td>
<td>$0</td>
<td>$75,000</td>
<td>$0</td>
<td>$10,000</td>
<td>$168,170,202</td>
</tr>
</tbody>
</table>

#### Total Remuneration

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

- Remuneration includes superannuation contributions.
- Long-term employee benefits include long service leaves accrued.
- Post-employment benefits include superannuation contributions.

#### Notes

- Remuneration and benefits are provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination.
### 6. Supplies and Services

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building maintenance</td>
<td>4</td>
</tr>
<tr>
<td>Corporate service charges</td>
<td>63</td>
</tr>
<tr>
<td>Utilities</td>
<td>13</td>
</tr>
<tr>
<td>Equipment and building refurbishment</td>
<td>12</td>
</tr>
<tr>
<td>Consultants and contractors</td>
<td>280</td>
</tr>
<tr>
<td>Materials and running costs</td>
<td>160</td>
</tr>
<tr>
<td>Operating lease rentals</td>
<td>22</td>
</tr>
<tr>
<td>Staff travel</td>
<td>44</td>
</tr>
<tr>
<td>Board fees</td>
<td>44</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>642</td>
</tr>
</tbody>
</table>

### 7. Grants and Subsidies

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants to Industry Skills Bodies</td>
<td>906</td>
</tr>
<tr>
<td>Grants to Industry - General</td>
<td>942</td>
</tr>
<tr>
<td>Grants to Peak Industry Bodies</td>
<td>84</td>
</tr>
<tr>
<td>Grants - Other</td>
<td>3,076</td>
</tr>
<tr>
<td>Contributions - Other</td>
<td>75</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,083</td>
</tr>
</tbody>
</table>

### 8. Depreciation and Amortisation

Depreciation and amortisation were incurred in respect of:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and equipment</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1</td>
</tr>
</tbody>
</table>

### 9. Other Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>2</td>
</tr>
<tr>
<td>External audit fees</td>
<td>23</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>35</td>
</tr>
</tbody>
</table>

* Total external audit fees relating to the 2010-11 financial year are estimated to be $22,990. There are no non-audit services included in this amount.

### 10. Cash and Cash Equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imprest accounts</td>
<td>1</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>3,767</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,768</td>
</tr>
</tbody>
</table>
11. Receivables

<table>
<thead>
<tr>
<th>Item</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>37</td>
</tr>
<tr>
<td>Less: Allowance for impairment</td>
<td>-</td>
</tr>
<tr>
<td>GST receivable</td>
<td>178</td>
</tr>
<tr>
<td>GST payable</td>
<td>(74)</td>
</tr>
<tr>
<td>Long service leave reimbursements</td>
<td>23</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>194</strong></td>
</tr>
</tbody>
</table>

12. Other Current Assets

<table>
<thead>
<tr>
<th>Item</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments</td>
<td>261</td>
</tr>
<tr>
<td>Advances</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>272</strong></td>
</tr>
</tbody>
</table>

13. Plant and Equipment

<table>
<thead>
<tr>
<th>Item</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At cost</td>
<td>8</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7</strong></td>
</tr>
</tbody>
</table>

Plant and Equipment Reconciliation

<table>
<thead>
<tr>
<th>Description</th>
<th>Plant and Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at 20 December 2010</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assets acquired at below fair value</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Depreciation for period</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Carrying amount at 30 June</strong></td>
<td><strong>7</strong></td>
<td><strong>7</strong></td>
</tr>
</tbody>
</table>
14. Payables

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (2011 $000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants payable</td>
<td>1,428</td>
</tr>
<tr>
<td>Travel related</td>
<td>22</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>21</td>
</tr>
<tr>
<td>Audit fees</td>
<td>16</td>
</tr>
<tr>
<td>Fringe Benefits Tax</td>
<td>8</td>
</tr>
<tr>
<td>Other creditors</td>
<td>164</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,659</strong></td>
</tr>
</tbody>
</table>

15. Accrued Employee Benefits

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (2011 $000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and wage related</td>
<td>12</td>
</tr>
<tr>
<td>Recreation leave provision</td>
<td>309</td>
</tr>
<tr>
<td>Long service leave levy payable</td>
<td>11</td>
</tr>
<tr>
<td>Secondments</td>
<td>113</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>445</strong></td>
</tr>
</tbody>
</table>

16. Reconciliation of Operating Result to Net Cash from Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (2011 $000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating surplus/(deficit)</td>
<td>2,137</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>1</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>in trade receivables</td>
<td>(90)</td>
</tr>
<tr>
<td>in interest receivables</td>
<td>-</td>
</tr>
<tr>
<td>in GST receivables</td>
<td>(178)</td>
</tr>
<tr>
<td>in trade creditors</td>
<td>1,659</td>
</tr>
<tr>
<td>in GST payable</td>
<td>74</td>
</tr>
<tr>
<td>in accrued employee benefits</td>
<td>445</td>
</tr>
<tr>
<td><strong>Net cash from/(used in) operating activities</strong></td>
<td><strong>4,048</strong></td>
</tr>
</tbody>
</table>
17. Non-Cash Financing and Investing Activities
Asset donated from Department of Education of Training on 1 January 2011 and recognised as non-cash donation revenue:
Konica Multi Function Device $8,377.91

18. Contingencies
There are no legal or any other contingencies that are known to the agency at 30 June with the exception of the matter of the pending Memorandum of Agreement between the agency and the Department of Education and Training. The funding agreement is contained in the MOU and provides for the agency's main source of income. This provides funding to offset the anticipated accommodation charges payable to the Department of Education and Training and will achieve a revenue cost neutral position. Due to the ongoing negotiations, the costs for 2011/12 cannot be reliably estimated at this time.

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

19. Economic Dependency
Skills Queensland is dependent on State contributions of $12.423 million for the 2011-12 financial year.

20. Events Occurring after Balance Date
There were no significant events occurring after balance date.

21. Financial Instruments
(a) Categorisation of Financial Instruments
The agency has the following categories of financial assets and financial liabilities:

<table>
<thead>
<tr>
<th>Category</th>
<th>Note</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>10</td>
<td>3,768</td>
</tr>
<tr>
<td>Receivables</td>
<td>11</td>
<td>194</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>3,962</td>
</tr>
<tr>
<td><strong>Financial Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities measured at amortised costs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>14</td>
<td>1,659</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>1,659</td>
</tr>
</tbody>
</table>
21. 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 -

<table>
<thead>
<tr>
<th>Risk Exposure</th>
<th>Measurement method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Risk</td>
<td>Ageing analysis, earnings at risk</td>
</tr>
<tr>
<td>Liquidity Risk</td>
<td>Sensitivity analysis</td>
</tr>
<tr>
<td>Market Risk</td>
<td>Interest rate sensitivity analysis</td>
</tr>
</tbody>
</table>

(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 following table represents the agency's maximum exposure to credit risk based on contractual amounts net of any allowances:

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
</tr>
<tr>
<td>Cash</td>
<td>10</td>
</tr>
<tr>
<td>Receivables</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>
21. Financial Instruments (contd)
(c) Credit Risk Exposure (contd)

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.

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

### 2011 Financial Assets Past Due But Not Impaired

<table>
<thead>
<tr>
<th></th>
<th>Less than 30 Days</th>
<th>30-60 Days</th>
<th>61-90 Days</th>
<th>More than 90 Days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
</tbody>
</table>

(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.
21. Financial Instruments (contd)

(d) Liquidity Risk (contd)

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 data.

<table>
<thead>
<tr>
<th>Note</th>
<th>2011 Payable in</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt;1 year</td>
<td>1-5 years</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>14</td>
<td>1,659</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 data.

(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.

(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 Accountability 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 2011 and of the financial position of the entity at the end of that period.

Greg Kempton
Chairman of the Board
Skills Queensland

Date: 23/6/11

Rod Camm
Chief Executive Officer
Skills Queensland

Date: 23/8/11

Paula Higham
Chief Financial Officer
Skills Queensland

Date: 30/8/11
Independent Auditor’s Report

To the Board of Skills Queensland


I have audited the accompanying financial report of Skills Queensland, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended 30 June 2011, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Board Chair, 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 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 only be removed 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 period 20 December 2010 to 30 June 2011 and of the financial position as at the end of that period.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor’s report relates to the financial report of Skills Queensland for the period ended 30 June 2011. Where the financial report is included on Skills Queensland’s website the Board is responsible for the integrity of Skills Queensland’s website and I have not been engaged to report on the integrity of Skills Queensland’s website. The auditor’s report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

D J Grove CPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

25 Aug 2011
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.

**Energy Skills Queensland**
Energy Skills Queensland is an Industry Skills Body leading energy industry engagement on vocational education and training, skills development and labour market issues.

**Gateway to Industry Schools Program**
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 Skills Queensland 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 meet the needs of industry.

**Ministerial Council for Tertiary Education and Employment (MCTEE)**
MCTEE is the key decision-making body and has overall responsibility for the national tertiary education and employment system. Membership of MCTEE comprises Commonwealth, State and Territory Ministers with responsibility for tertiary education and employment. MCTEE is chaired by the Commonwealth Government Minister.

**Mining Industry Skills Centre**
The Mining Industry Skills Centre is an Industry Skills Body leading resource industry engagement on vocational education and training, skills development and labour market issues.

**Queensland Automotive Skills Alliance**
The Queensland Automotive Skills Alliance is an Industry Skills Body leading automotive industry engagement on vocational education and training, skills development and labour market issues.

**Queensland Minerals and Energy Academy (QMEA)**
The QMEA works across 27 state and independent Queensland schools to assist young people start careers in the resources sector.

**Skills Formation Strategies (SFS)**
SFS are partnerships with other government agencies, industry, regions and the community to help understand and address issues associated with skills and labour shortages.

**Traineeship**
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.

**Vocational education and training (VET)**
Education and training which provides people with occupational or work-related knowledge and skills.
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