



NSW
Skills
Board

NSW SKILLS BOARD
**ANNUAL
REPORT
2018**



NSW Skills Board

Annual Report 2017–2018

The Honourable John Barilaro MP
Deputy Premier
Minister for Regional New South Wales,
Minister for Skills and Minister for Small Business
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Deputy Premier

In accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984*, it is our pleasure to submit a copy of the 2018 Annual Report of the NSW Skills Board, which covers the work of the Board from 1 July 2017 to 30 June 2018.

Yours sincerely



Philip Marcus Clark AM
Chair



Adam Boyton
Member

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Contents

Chair's Overview.....	3
The Role of the Board	4
Members of the Board and Governance.....	5
Board Members.....	5
Meetings of the Board	9
Corporate Governance Structure.....	10
The 2017-2018 Year in Review.....	11
Research Projects of the NSW Skills Board	12
Overseeing Smart and Skilled	15
NSW Skills Board Reference Groups	16
Regional Visit.....	17
Training Awards	17
Financial Statements.....	19
Appendix 1: Report of Operations.....	36
Digital Information Security Annual Attestation Statement.....	40
Index.....	41

Chair's Overview



The NSW Skills Board met formally six times during the year ended 30 June 2018.

In addition, in March 2018, the Board visited Broken Hill and Wilcannia. We met key organisations, communities and stakeholders to discuss training and employment issues and opportunities. The report which follows provides more information in relation to that visit.

The Board has continued to provide the Deputy Premier with strategic analysis and advice in relation to the whole vocational education and training (VET) sector and to oversee the NSW Government's Smart and Skilled program.

There have been challenges for the VET sector in recent years. The NSW Government has responded with several strategic initiatives. The Board has supported the NSW Government in developing and implementing those important initiatives, which are mentioned in the report which follows. Those initiatives have provided good outcomes for VET in NSW.

The Board's strong research program is continuing to provide a very valuable evidence base to support NSW Government initiatives and to provide information on VET issues and operations.

I wish to again thank the Deputy Premier, The Hon. John Barilaro MP, for his unwavering commitment to ensuring that NSW, including regional NSW, has the best VET system in Australia.

Our Secretariat in the NSW Department of Industry has again provided support for the Board's activities, for which I am grateful.

Gemma Van Halderen retired as a member of the Board during the year to take up a position with the United Nations. I thank Gemma for her outstanding contribution as a Board member and as Chair of the Board's Research Committee.

Finally, I thank the other Board members for their significant contributions during the year, with particular thanks to those Board members who have chaired our Reference Groups so effectively.

A handwritten signature in black ink, appearing to read 'P. Marcus Clark'.

Philip Marcus Clark AM
Chair
NSW Skills Board

The Role of the Board

The NSW Skills Board was established in late 2013 to provide independent advice to the NSW Government on the vocational education and training (VET) system in NSW, and on how best to meet the skills and training needs of NSW industry, employers, regions and the economy. The Board is responsible for overseeing the VET system in NSW, including the Smart and Skilled reform which introduced an entitlement to training up to Certificate III, or in selected higher level courses, and increased contestability, transparency, quality and choice.

Aims and Objectives

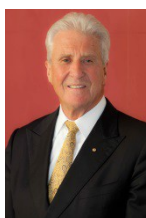
The Board's aims and objectives, as specified in section 6 of the *NSW Skills Board Act 2013*, are:

- (a) to provide the Minister with an independent, strategic perspective on the vocational education and training system in New South Wales
- b) to oversee major reform of the vocational education and training system in New South Wales and its implementation, including reform that maintains the TAFE Commission as the major provider of vocational education and training, accessible across New South Wales
- c) to monitor and advise the Minister on the performance of the vocational education and training system in New South Wales, including financial performance, fiscal sustainability, levels of training activity and the achievement of State priorities
- d) to advise the Minister on the allocation of the State and Commonwealth vocational education and training funding and the New South Wales vocational education and training budget
- e) to collect and analyse labour market intelligence, in particular intelligence on skills shortages and future skills and workforce development needs in New South Wales
- f) to coordinate the development of strategic skills plans that reflect the priorities and directions of the New South Wales Government regarding vocational education and training
- g) to oversee quality assurance in the vocational education and training system in New South Wales
- h) to ensure the availability of accurate consumer information on vocational education and training in New South Wales and appropriate consumer protections
- i) to commission and conduct enquiries and research into any matter relevant to the functions of the Board
- j) to advise on strategies for more effective educational pathways between secondary school, vocational training and higher education in New South Wales
- k) to consult widely with reference groups and other representative bodies and persons in the vocational education and training industry
- l) to investigate and advise the Minister on any matter relating to training, skills development and higher education referred to the Board by the Minister or on its own initiative
- m) such other functions conferred or imposed on it by or under this or any other Act.

Members of the Board and Governance

Board Members

In 2017-18, the Board consisted of nine part-time members, eight of whom are appointed by the Deputy Premier and Minister for Skills. Zoe de Saram is an ex-officio member as the Deputy Secretary, Skills and Economic Development, Department of Industry. Members selected have significant experience and expertise in skills and tertiary education, project and risk management, business and industry, government, economics and finance.



Philip Marcus Clark AM (Chair)

Philip Clark AM is a member of the J P Morgan Advisory Council.

He was Managing Partner and CEO of Minter Ellison and worked with that firm from 1995 until June 2005.

Prior to joining Minter Ellison, Phil was Director and Head of Corporate with ABN Amro Australia and prior to that he was Managing Partner of Mallesons Stephen Jaques for 16 years. Earlier in his career he worked with a Pratt Industries subsidiary and with Shell Australia.

Phil now serves on a number of listed company, private company and university boards and advisory boards. Phil has extensive board experience in the tertiary education sector.

His work in the not-for-profit sector has also included positions in education foundations, as a Director of High Resolves Foundation, the Australian Indigenous Mentoring Experience (AIME) and Karen Lynch Foundation. Phil also served as a Director of the Garvan Foundation from 2005 to 2008 and of the St James Ethics Centre from 2004 to 2013.

Phil has Bachelors degrees in Arts and Law from Sydney University and an MBA from Columbia University. He was appointed as a Member in the General Division of the Order of Australia in 2007.



Adam Boyton

Adam Boyton has over 20 years of experience as a policy advisor and economist.

He was formerly a Managing Director at Deutsche Bank, the Bank's Australian Chief Economist and Head of Fixed Income Research. He started his career at the Federal Treasury and the Department of the Prime Minister and Cabinet, before joining Deutsche Bank in 2000.

After spending three years in New York as the bank's US-based currency strategist, Adam was appointed Deutsche Bank's Australian Chief Economist in July 2010.

Adam is a regular contributor to the economic and public policy debate in Australia and has a monthly column in the opinion pages of the Australian Financial Review since mid-2015. He has also had opinion articles published in The Australian and The Age; and has contributed essays to two books.

Adam was also a Policy Director and Chief of Staff to a NSW Opposition Leader. In addition to being a member of the NSW Skills Board, he is also a Trustee of the Centennial Park and Moore Park Trust.



Denise Bradley AC

Emeritus Professor Denise Bradley AC, the former Vice-Chancellor and President of the University of South Australia has been extensively involved in national education policy groups for three decades. She has specialist interests in educational equity and excellence.

She led the Review of Australian Higher Education in 2008 (the Bradley Review); was Chair of the South Australian Training and Skills Commission between 2008 and 2010; has been a non-Executive Director of SEEK Limited since February 2010; was foundation Chief Commissioner of the Tertiary Education Quality and Standards Agency in 2011 ; was Chair of the Australian Health Workforce Advisory Agency 2011-13 ; chaired the Advisory panel for the National Trade Cadetships program 2012-2013 ; and has been Deputy Chair of the National School Resourcing Board since 2017.

Earlier, Professor Bradley was a member of the TAFE Council of the Commonwealth Tertiary Education Commission, a member of the National Board of Employment, Education and Training, a member of the SA Council of Technical and Further Education, one of the foundation Directors of the Australian Universities Quality Agency, a member of the Board of Directors of the Business/Higher Education Round Table and President of IDP Education Australia.

Professor Bradley began her professional career as a teacher in secondary schools and colleges, and was Women's Adviser to the South Australian Education Department from 1977 to 1980.

She holds Honorary Doctorates from Pukyong University (Korea), the University of South Australia, RMIT University, the University of Sydney and the University of Western Sydney.

Denise chairs the Board's Provider Reference Group and is a member of the Research Committee.



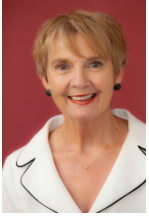
Mark Goodsell

Mark Goodsell is the Director– NSW for the Australian Industry Group (Ai Group). Ai Group is a peak industry association in Australia, which along with its affiliates represents the interests of more than 60,000 businesses in an expanding range of sectors including: manufacturing; engineering; construction; automotive; food; transport; information technology; telecommunications; call centres; labour hire; printing; defence; mining equipment and supplies; airlines; and other industries.

Mark has been with Ai Group since 1985, initially as an industrial relations adviser to the manufacturing, heavy engineering and construction sectors.

In 15 years as NSW Director, Mark has been responsible for pursuing business and industry policy issues on behalf of these businesses with both State and Commonwealth Governments including employment regulation, OHS and workers compensation, regulatory and occupational licensing issues, state and regional development, innovation, skills formation and vocational education.

Mark is the Chair of the NSW Industry Capability Network (ICN), and a member of Safe Work Australia.



Kay Hull AM

Kay Hull AM is a former Australian politician. She was a National Party member of the Australian House of Representatives from October 1998 to August 2010, representing the Division of Riverina, New South Wales. Kay was the first female NSW National to be elected to Federal Parliament and the first female Nationals Chief Whip.

Kay served on a range of parliamentary committees including: the Economics, Finance and Public Administration Committee; Aboriginal and Torres Strait Islander Affairs Committee; and Legal and Constitutional Affairs Committee. As Chair of the House of Representatives Standing Committee on Family and Community Services, Kay's report, Every Picture Tells a Story, created the initiative for substantial reforms to family law and the child support system.

Kay was appointed by the Australian Government to represent Australia on the International Parliamentary Union/UNAIDS HIV committee based in Geneva from 2008 to 2012.

Before entering Federal Parliament, Kay served on the Wagga Wagga City Council from 1991 to 1998, including five years as Deputy Mayor, and was Chair of the Council of Tourist Associations in NSW from 1995 to 1998. She was also a member of the Board of Tourism NSW from 1995 to 1998, and received the Rod Murdoch Award for Contribution to Tourism in NSW in 1998.

Kay has been a medium enterprise owner operator in the Motor Vehicles Trades and Services sector since 1978. She was awarded the Golden Crow Roll of Honour Award for contribution to the business community of Wagga Wagga in 2010, and received the Freedom of the City of Wagga Wagga in March 2011.

She convened the Parliamentary Cancer Network from 1999 to 2010, and has been a Board member of NSW Can Assist, a not-for-profit organisation from 2010 to 2016 President 2012 to 2016..

In October 2014, Kay was appointed as the Chair of The Australian National Advisory Council on Alcohol and Drugs by the Commonwealth Minister for Health. She was awarded an AM in the 2015 Queens birthday Honours for her contribution to the Parliament of Australia and her leadership in the Riverina. Kay was appointed the Chair of the Rural Industries Research and Development Corporation (AGRIFUTURES Australia) in September 2016.



David Liddiard OAM

David Liddiard OAM has devoted himself to youth welfare and development, Indigenous health and education and Indigenous employment and participation for over 30 years.

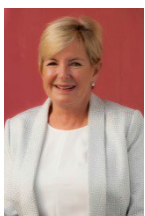
David was a successful sportsman, playing in the National Rugby League, was the recipient of the Dally M Rookie of the Year in 1983, played in two grand finals for Parramatta Eels in 1983 and 1984 and won the Premiership in 1983.

In 1995 he founded the National Aboriginal Sporting Chance Academy (NASCA) which provides real opportunities for Indigenous youth in sport and education. Having seen first-hand what opportunities can be opened through sport David has long promoted sport as a bridge to a brighter future.

David has spearheaded initiatives which provide practical support to businesses large and small with workplace participation strategies for Indigenous talent. He has worked with programs at both national, state and territory levels, which focus on economic leadership development and has presented at numerous forums, conferences and events.

David has led numerous educators and corporate CEOs on cultural immersion programs to remote Indigenous communities aiming to close the gap between Indigenous and Non-Indigenous Australians through interactive cultural experiences and educational activities.

David is a successful and highly regarded Aboriginal businessman and his commercial businesses under the David Liddiard Group focus on providing employment and career pathways for Aboriginal and Torres Strait Islander youth and adults through delivering contracted work in diverse industry areas.



Marie Persson

Marie Persson is currently a member of the NSW Skills Board and chairs its Industry Reference Group. Marie is also a member of the Monash Commission established in 2018 to review the Tertiary sector in Australia and a member of the National Review of the Australian Qualifications Framework.

Marie has broad experience in government policy, education and training reform, organisational development and leadership and management. She has advised Australian State and Federal governments on national and international issues as well as the governments of China, India, Canada, South America and Germany.

Marie has held senior executive positions in the Australian public sector at state and national levels for over 20 years. From 2005 to 2010 Marie was the head of NSW TAFE and Community Education, the largest education and training provider in Australia, with around 500,000 students and over 10,000 staff.

From 2008 to 2014 Marie was a member of the Federal government's Board of Skills Australia and the Australian Workforce and Productivity Agency, which provided advice to the Australian government on current, emerging and future skills and workforce development needs.

Marie is the recipient of several awards recognising her skills and contributions including the NSW Telstra Business Woman of the Year, the Australian Telstra Community and Government Woman of the year and the International Literacy Year medal.

Marie has a Masters of Education from the University of NSW, is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management. As a Board member and reviewer, she has brought her policy and leadership skills to the NSW Board of Studies, the YWCA, the NSW TAFE Commission, the University of Melbourne LH Martin Institute of Leadership and Management in Higher Education, as well as the Australian Government's Expert Panel on Australian Apprenticeships.

Marie is currently the chief judge for the NSW Telstra Business Awards.



Gemma Van Halderen

Gemma Van Halderen led the Australian Bureau of Statistics Strategic Transformation and Implementation Division. This Division leads the transformation of ABS' statistical programs and strategies for data use, data integration and data access.

During 16-17, Gemma was seconded to the Commonwealth Department of the Prime Minister and Cabinet to lead a Taskforce preparing a Government response to the Productivity Commission Data Availability and Use Inquiry.

Gemma had been with ABS since 1989, initially as a methodological cadet prior to roles in the delivery of demographic, social and environmental statistics, corporate governance, and statistical modernisation. Gemma has extensive experience with Commonwealth and State Governments, the research sector and global statistical community.

Gemma has a Bachelor of Science (Honours) from the Australian National University, is an Accredited Statistician, and an elected member of the International Statistics Institute. She is a member of the Executive of the International Association of Official Statistics and co-chairs a United Nations Working Group on the Integration of Statistical and Geospatial Information.

Gemma is the outgoing Chair of the Board's Research Committee. Gemma resigned her membership of the Board effective 1 June 2018.



Zoe de Saram

Zoe de Saram PSM was appointed to the position of Deputy Secretary, Skills and Economic Development, in the NSW Department of Industry, in July 2017.

She is a seasoned leader and policy maker, having operated in a number of different executive roles in the NSW Public Sector, as well as in a NSW Minister's office. She has broad experience in economic, environmental and social policy development, regulation, reform and program delivery, including the delivery of corporate enabling services.

Immediately prior to joining Industry, Zoe was Executive Director, Justice and Community Safety, and Executive Director, Ministerial and Correspondence Services, at the NSW Department of Premier and Cabinet. She was the Executive Director, Policy, Economics and Governance at the Office of Environment and Heritage between 2010 and 2012.

In 2017, Zoe was awarded the Public Service Medal for outstanding service in the management and delivery of support services to the NSW Ministry and the Office of the Leader of the Opposition.

Zoe trained as an agricultural economist and first joined the NSW Public Sector in 1990. She worked briefly in the finance sector before joining the NSW Public Sector.

Meetings of the Board

There were six meetings of the Board in 2017-18.

Table 1: Members' Attendance at Board Meetings

Member	Meetings eligible to attend	Meetings attended
Philip Clark AM	6	6
Adam Boyton	6	5
Denise Bradley AC	6	5
Zoe de Saram	6	2
Mark Goodsell	6	6
Kay Hull AM	6	5
David Liddiard OAM	6	4
Marie Persson	6	5
Gemma Van Halderen	5	5

Corporate Governance Structure

The NSW Skills Board's *Code of Conduct for Board Members* outlines the values, principles and standards of behaviour expected of members of the Board, its reference groups and committees.

The NSW Skills Board is a government board, subject to relevant NSW Government guidelines and legislation.

The Code of Conduct has been developed with reference to the ethical framework outlined in the *Government Sector Employment Act 2013*, the NSW Department of Premier and Cabinet's *Conduct Guidelines for Members of NSW Government Boards and Committees (2011)*, and Chapter 8 Model Code of Conduct, of the NSW Public Service Commission's *Personnel Handbook (Version 13.3, 2013)*. This is to ensure best practice and high standards of corporate governance in the conduct of the Board.

As outlined in the *Code of Conduct*, a member must declare interests to the Board, which includes positions and pecuniary interests in corporations, partnerships or other businesses that may be relevant to the activities of the Board. A Personal Interest Declaration form has been developed for this purpose. Personal Interest Declaration forms are completed annually, or as and when required, and filed by the Board's Secretariat.

The Board adopted the *NSW Skills Board Charter on Work Health and Safety* at its February 2018 meeting. All Board members and secretariat staff are aware of their duties as officers and workers in accordance with the *NSW Work Health and Safety Act 2011*.

The Board has developed an overarching legislative compliance framework. The framework lists relevant legislation where the Board has some obligation of compliance or accountability. The framework makes transparent the Board's statutory and policy requirements, and provides evidence of the Board's endeavours to meet its obligations and ensure accountability for complying with obligations. The Board has also developed a comprehensive risk register, which includes both strategic and operational risks. The Board reviewed the legislative compliance framework and risk register at its April 2018 meeting.

A Memorandum of Understanding (MOU) exists between the Board and the Department of Industry which establishes agreed areas of cooperation and accountabilities between the parties, and the provision of the annual allocation of funds and resources to the Board.

The 2017-2018 Year in Review

In 2017-18, the Board focused on providing the Deputy Premier with a strategic perspective of the whole VET system in NSW. This included monitoring total VET activity in NSW, identifying employment-related and other outcomes from VET, improving the quality of information available for consumers, providing advice on VET participation and support services for students, as well as evaluating the effectiveness of the entire NSW education and training system in supporting the skills needs of NSW. In addition, the Board maintained its significant role in overseeing the NSW Government's Smart and Skilled program. The Board has commissioned and completed several research projects that have provided the Department with data to inform evidence based policy recommendations.

The Board continues to be supported by a Secretariat in the Skills Policy, Enablers and Analytics Branch within the Department of Industry.

NSW Student Outcomes Survey 2018

Following the first iteration undertaken in 2017, the Board commissioned the NSW Student Outcomes Survey 2018 to provide an extensive set of data on the performance of the NSW VET system, comparable to previous years and to other jurisdictions. This research project supports the Board's objective to develop robust measures for VET outcomes that can be incorporated into system design. The survey captures data about the post-study outcomes of students who participated in Smart and Skilled training, including student satisfaction with training providers, and students' employment-status and income levels. The scope of the survey covers all students who completed or withdrew from NSW Government-funded training in 2017. To achieve this comprehensive coverage of government-funded VET students, the NSW Student Outcomes Survey is fully aligned with NCVET's National Student Outcomes Survey

Smart, Skilled & Hired

The Board continued its oversight and advisory role to the Deputy Premier on the implementation of the Smart, Skilled and Hired program. The \$100 million Smart, Skilled and Hired program is a package of initiatives to support young people into employment and actively develop the skills demanded by industry. The program consists of the following initiatives:

- The **Youth Employment Program** works closely with local businesses and employers to help young unemployed or underemployed people overcome employment barriers and get them into sustainable jobs. The program targets regions in NSW with high youth unemployment rates.
- **Disability Sector Scale-Up** aims to assist businesses, workers and local communities to maximise economic opportunities from the National Disability Insurance Scheme (NDIS) rollout. The program supports individuals and organisations that participate or want to participate in the disability sector by offering business acceleration grants, providing small business advisory services and partnering with Aboriginal Affairs to increase the number of Aboriginal people and businesses participating in the NDIS.
- Smart, Skilled and Hired provides additional funding to support the **Infrastructure Skills Legacy Program** (ISLP) which aims to increase the number of skilled construction workers and create new pathways to employment across the state. The ISLP continued to deliver against apprenticeship targets. The Premier announced in June 2018 that these targets would be mandatory for all major NSW government infrastructure projects.

VET in Schools

VET in Schools activity remains a particular area of interest for the Board. Following the Board's advice, the Deputy Premier and Minister for Education are co-sponsoring a 'once in a generation' research project, the *Pathways for the Future Reform Project*, to evaluate the structure, content, credentials and other policy settings of the NSW education system to improve young people's transition into meaningful employment. The project gathers and analyses an extensive evidence base relating to pathways between secondary education, VET, higher education and employment. The Board informed the design of the project to include a focus on identifying outcomes from VET delivered to secondary students.

The Board continued its role in allocating funding to the NSW Schools Consortium which is comprised of the three school sectors – the NSW Department of Education, the Catholic Education Commission, and the Association of Independent Schools – and the NSW Education Standards Authority. This funding supports improvements in the quality and expands the delivery of school based VET, and supporting the development of curricula and resources to target areas of skills shortages.

The Board continued to contribute partial fund for the annual *NSW Secondary Students' Post-School Destinations and Expectations Survey* delivered by the Centre for Education Statistics and Evaluation (CESE) and funding for additional collaborative research with CESE to inform skills policy. CESE commenced a review to identify evidence based options for the future of VET programs in school, using existing publicly available data collections, evidence from the *Pathways for the Future Reform Project*, and other research funded by the Board. The final report of this review is expected at the end of 2018.

NSW Schools Curriculum Review

On 13 May 2018, the Premier and Minister for Education announced that the NSW Education Standards Authority (NESA) has been directed to review the NSW curriculum to ensure it prepares students to contribute to Australian society in the 21st century. Board members provided feedback to NESA out-of-session on the draft Terms of Reference for the review. Feedback focused on ensuring that the review effectively takes account of industry and community views. Public consultation and engagement activities are due to commence in the second half of 2018.

Research Projects of the NSW Skills Board

Under the *Skills Board Act 2013*, the Board has a mandate to lead a strong research program. One of its functions is to commission and conduct inquiries and research into any matters relevant to the functions of the Board. In addition to the NSW Student Outcomes Survey, a number of research projects commenced, continued or were completed during the reporting period.

Research Committee

The Skills Board Research Committee continued to advise the Board on a comprehensive research program related to all aspects of VET and the impact of skills reform on the NSW economy. In 2017-18, the committee considered and initiated a range of proposals and made recommendations to the Board.

Following the resignation of Gemma Van Halderen (former Chair) effective 1 June 2018, membership of the Research Committee at 30 June 2018 is as follows:

- Adam Boyton – Chair
- Mark Goodsell – Member
- Denise Bradley AC – Member

Employer Perceptions of and Engagement with the VET Sector

The Board identified a need to investigate employer perceptions of, and engagement with, the VET sector in NSW to understand how VET could better meet employer skills needs. The Social Research Centre was commissioned to conduct this research project. The final report will inform actions to improve the responsiveness and accessibility of training across NSW. Synthesising the findings of this research with those of related projects have provided useful insights to inform ongoing VET repositioning efforts.

Skills Shortages and Surpluses Dashboard

The Research Committee identified a need for real-time insights into emerging skills shortages and surpluses in the NSW labour market. To meet this need, the Skills Shortages and Surpluses Dashboard concept was developed. Job vacancy data from Burning Glass will be uploaded onto a dashboard to provide a live-feed of statistically relevant insights into the NSW labour market. This powerful tool will enhance the Board's ability to fulfil its statutory function to identify and analyse labour market dynamics, in particular skills shortages, workforce development and future skills needs in NSW.

Consumer Information Insights (Course Templates)

The Board commissioned ACIL Allen to undertake a research project to inform initiatives to improve the quality of information available about VET courses. This project aims to better inform prospective students' decisions and increase completion rates. Consumer information templates, covering a range of courses and tailored for target cohorts, are being developed based on findings from a literature review and key informant interviews. Template designs will be tested with current VET students and providers to ensure that the required information is communicated clearly and effectively.

Occupational Clusters and Qualification Rankings

Nous Group was commissioned to identify occupational clusters in the Australian labour market based on similarity of skill requirements, and allocate VET qualifications to each identified cluster. This research project will provide a more meaningful framework linking VET qualifications to occupations by analysing the skills demanded in job advertisements (using the data from the Skills Shortages and Surpluses Dashboard). The project will also develop a system to rank VET qualifications that provide the best prospects for potential VET students to launch a career in each cluster, which has the potential to better inform the NSW Skills List and allocation decisions under Smart and Skilled.

Understanding the VET Fee-for-Service Market

To improve the effectiveness of Smart and Skilled fee and subsidy settings in creating a successful and contestable VET market, the Skills Board identified the need to understand how students' choice of provider is shaped by the interaction of price (fee levels) with non-price factors (such as mode of delivery, location, and perceptions of provider quality and reputation). Ernst and Young Sweeney have been engaged to collect price data for qualifications and providers covering a substantial proportion of the Fee-for-Service market, and use primarily qualitative approaches to understand what factors are driving the delivery of VET in NSW. Focus groups and interviews with students, employers and training providers will explore how Fee-for-Service VET activity interacts with Smart and Skilled and the price and non-price considerations that are most impactful for these groups.

Employer Satisfaction Survey

The Board identified an opportunity to collaborate with the Australian Department of Education and Training on a new national survey of employer satisfaction with VET received by their employees. The project will provide the Board with data about NSW employers' satisfaction with VET at a fine-grained detail level. A top-up sample of 2,500 NSW employers in specific industry sectors was commissioned in order to obtain statistically valid data at the level of specific qualifications and training packages. The final report is expected in February 2019.

Behavioural Insights Grant Program

The Board endorsed a targeted grant program that will seek proposals from providers and industry groups to pilot behavioural interventions that aim to increase VET student participation, completions and transitions to work.

Tertiary Pathways and Innovative Apprenticeships

The Board continued to sponsor a number of projects that aim to develop and pilot various pathways that can overcome barriers between the VET and higher education systems and demonstrate how integrated pathways can benefit students, employers, industry and institutions. The pathways projects cover three broad models including higher apprenticeships/traineeships, degree apprenticeships/traineeships, and tertiary pathways. The projects aim to develop various pathways that can overcome barriers inherent in the vocational and higher education systems and demonstrate how integrated pathways can benefit students, employers, industry and institutions. A total of eight pilots sponsored by the Board have either been developed or have been completed and are being offered. These projects are led by the Department of Education in conjunction with the Department of Industry.

Three pilots offered since the beginning of 2018 include:

- an integrated apprenticeship to degree pathway from traditional trade qualifications to a bachelor in construction management, bridged by a Diploma of Project Management (Master Builders Association of NSW);
- an integrated bachelor qualification that incorporates vocational education competencies, leading to a Bachelor of Electrical Engineering whilst also delivering an electrical licence (University of Newcastle); and
- modification of the MBA higher apprenticeship delivered by the Master Builders Association of NSW to include a 'Construction Site Supervisor Cadetship' rather than an apprenticeship to provide the graduate with a broader base of construction experience (Master Builders Association of NSW).

Additional pathways in the following areas are currently under development: Aboriginal Primary Health Care, Civil Construction Management and Engineering, Transport and Logistics, and Sustainable Agriculture and Food Security.

Collaborative Research Partnership with the University of Sydney led consortium for Vocational Education and Training Reform

The three year collaborative partnership with the University of Sydney led consortium made significant progress in 2017-18 on all three strands of the project:

1. Strand 1 work was largely concluded, with the project team continuing to disseminate the lessons learned about capabilities-based qualifications and training systems through academic publications and reports.

2. Department users continued to provide feedback throughout the development of the tool which aims to support the effective and efficient allocation of funds under Smart and Skilled.
3. A draft report about the analysis of overlapping qualifications that could be rationalised was prepared. The analysis of workers' transitions through the labour market and between occupations is currently using data from the Australia at Work and HILDA surveys, with further data sources to be included as progress continues.

Project outcomes will inform the establishment of qualifications that are recognised and used by industry, a predictive model to better inform policy decisions within Smart and Skilled, and better alignment of labour supply and demand.

Overseeing Smart and Skilled

The Board continued to oversee the Smart and Skilled program from a strategic perspective in line with the NSW Government's Directions Statement for Vocational Education and Training in NSW (2016).

Smart and Skilled 2018 Provider Allocations

Eligible Registered Training Organisations (RTOs) are contracted by the NSW Government to deliver training under Smart and Skilled. Training providers are assessed on organisational capability, regulatory compliance, and capacity to offer qualifications in specified regions. Following the Board's review of the approach to provider allocations, the Department transitioned from calendar year to financial year contracting and allocations from 2018. This approach was adopted to improve budget forecasting and enable the Department to maximise funding for the market and intervene more effectively using Financial Caps.

In managing the 2017-18 financial year budget, the Department:

- uplifted some 2017 financial caps for the highest performing providers, in line with established priorities, prior to allocating for the additional transitional period
- allocated approximately 50% of the 2017 calendar year financial caps for the transitional period
- preserved the split of funds between Sydney and non-metropolitan regions.

Smart and Skilled Performance Monitoring

Performance monitoring is undertaken to support training providers in the continuous improvement of Smart and Skilled training delivery and to ensure providers are meeting their contractual obligations. The Smart and Skilled contract has enforceable sanctions for providers that are found to be non-compliant. Depending on the degree of non-compliance, possible sanctions include withholding payments, removing financial cap allocations and suspension or termination of the contract. Being a high priority matter, the Board undertakes a review of Smart and Skilled performance monitoring data at every meeting. Details of terminated providers are publicly available on the Smart and Skilled website.

NSW Skills List

Since the transition from calendar year to financial year contracting and allocations under Smart and Skilled, NSW Skills List qualifications have been added or removed on a 'rolling' basis to flexibly meet industry skills needs. During the 2017-18 financial year, the Board approved changes to the Skills List at its August, November and February meetings in line with the Skills List Review Criteria. Additions to the Skills List were proven to support training of the VET workforce and met specific needs in regional and rural NSW.

VET Budget and Funding 2017-18

One of the Board's functions under the *Skills Board Act 2013* is to advise the Minister for Skills on the allocation of the State and Commonwealth VET funding and the NSW VET budget.

In addition to funding from the NSW Government, the VET system receives Commonwealth funding through two mechanisms:

1. The National Agreement for Skills and Workforce Development, which provides ongoing funding and sets targets and reform goals for the national system.
2. The National Partnership Agreement on Skills Reform, which commits NSW to reform of the training system covering a student entitlement, support for the competitive training market and access to income contingent loans. This agreement expired on 30 June 2017.

To replace the National Partnership Agreement on Skills Reform, on 7 June 2018 the NSW Government signed the National Partnership Agreement on the Skilling Australians Fund, which enables the NSW Government to access up to \$500 million in funding over five years to support the VET sector. This includes:

- up to \$391.4 million partnership funding over 4 years from 2018-19
- approximately \$25 million of sign-on bonus
- \$68 million for two 2017-18 projects which the Commonwealth is assessing for approval.

NSW Skills Board Reference Groups

Provider Reference Group

The Provider Reference Group provides advice to the Board on the extent to which skills reform is enabling training organisations to offer responsive, high quality training that meets the needs of learners and industry.

The Chair of the Provider Reference Group is Board member Professor Denise Bradley AC. Membership of the Provider Reference Group at 30 June 2018 was as follows:

- from TAFE NSW: Jon Black, Nigel Bailey, Peter Price
- from ACPET: Bruce Callaghan, Ron Maxwell and Peter McDonald
- from Community Colleges Australia: David Fuller and Don Perlgut
- from The Enterprise RTO Association: Gabrielle Deschamps

The Provider Reference Group met on 26 October 2017, 8 February 2018 and 10 May 2018 to provide advice on emerging issues in the VET system. The Board received reports from these meetings.

Industry Reference Group

The Chair of the Industry Reference Group is Board member Marie Persson. The group was reconstituted during the year. Membership at 30 June 2018 comprised:

- Rebecca Burdick, NSW Business Chamber
- Rachel Edwards, BlueScope Steel
- David Castledine, NSW Civil Contractors Federation
- Brian Seidler, Master Builders Association NSW
- Kim Parish, House with No Steps
- Rod Henderson, Ampcontrol
- Stavros Yallouridis, Motor Traders' Association of NSE

- Susan Scowcroft, Executive Director, NSW Community Services and Health ITAB
- Kate O'Callaghan, Southern Cotton
- Jenny Sharp, Newcrest Mining
- David Bare, Housing Industry Association
- Andrew Ryan, National Rugby League
- Shona Tarrant, Harris Farm Markets

The Industry Reference Group met on 14 September 2017, 9 November 2017 and 22 February 2018.

The group provided industry perspectives on training product reforms and various Skills Board research projects.

Skills Board visit to Broken Hill and Wilcannia

On 6-7 March, Board members visited Broken Hill and Wilcannia and met with key organisations and stakeholders in the area to discuss training and employment. The objective of the visit was to learn more about Aboriginal economic development and training, and understand the unique opportunities and challenges facing the Far West NSW region.

Through the visit the Board identified a range of skills, training and employment challenges in the region, including:

- viability issues in providing training for small groups of people in remote areas;
- a lack of employment opportunities once training is complete;
- the need for VET students to gain employability and business skills alongside technical skills;
- the need for greater coordination between organisations and programs; and
- the complexity and compound nature of challenges faced by disadvantaged groups in remote areas.

As well as providing insights for the Board, the visit has acted to strengthen relationships in the region between the Department of Industry and local organisations. Training Services NSW have followed up with organisations in the region to further discuss skills development and employment opportunities through VET. In addition, Board members were able to provide introductions to relevant corporate partners that can potentially assist in the development of local programs.

Training Awards

The NSW Training Awards are conducted annually by the Department of Industry to recognise outstanding achievement in the vocational education and training sector. The Awards honour and reward the achievements of students, trainers and teachers, training organisations, as well as large and medium employers.

2017 NSW Training Awards

The 2017 NSW Training Awards were held on 7 September 2017 at the Sydney Town Hall. The Board sponsored the NSW Training Awards as a Strategic Partner, including the NSW Aboriginal and Torres Strait Islander Student of the Year Award and the Vocational Student of the Year Award.

The 2017 Aboriginal and Torres Strait Islander Student of the Year was awarded to Donald Dundas, who studied a Certificate III in Plumbing at TAFE NSW. Donald chose plumbing because he believes more Aboriginal people should be in the trade. Donald excels at all aspects of his job. His enthusiasm, leadership and specialist skill set has earned him the respect of staff and peers.

Whether it's mentoring, communicating with the community or organising effective workflow, Donald leads by example. He has encouraged many local youths to become apprentices. Donald was

awarded 2016 Team of the Year from Warrumbungle Shire Council.

“I’m a proud Aboriginal man driven to be a leader not only of my people, but to encourage all to have a go and better themselves.”

The 2017 Vocational Student of the Year was Liam Muldoon, who studied Certificate IV in Automotive Mechanical Diagnosis at TAFE NSW. Currently a fly-in-fly-out technician with Gold Fields Australia, Liam constantly identifies industry changes that require further training. Liam’s strategic study choices have equipped him with a unique skill set that’s highly sought after by employers.

For his Certificate IV, Liam studied remotely meeting his tutor face-to-face during his return home to Ballina. Despite juggling the demands of a young family, his enthusiasm and effort paid off. Liam is also passionate about training young apprentices and is recognised by his employer as a future leader.

“The skills I’ve gained from TAFE have set me on a very successful career path.”

Financial Statements

NSW Skills Board

For the period ended 30 June 2018

Contents

Independent Audit Report	20
Statement by Members of the Board	23
Primary Financial Statements	
Statement of Comprehensive Income	24
Statement of Financial Position	25
Statement of Changes in Equity	26
Statement of Cash Flows	27
Notes to and forming part of the Financial Statements	28



INDEPENDENT AUDITOR'S REPORT

NSW Skills Board

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the NSW Skills Board (the Board), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Board in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Other Information

Other information comprises the information included in the annual report of the Board for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Board are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Chair and a Board member.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Board's Responsibilities for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board are responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Board will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Board carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



C J Giumelli
Director, Financial Audit Services

16 October 2018
SYDNEY

NSW SKILLS BOARD

STATEMENT BY MEMBERS OF THE BOARD

Pursuant to section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983*, and in accordance with a resolution of Members of the NSW Skills Board, we state that:

- (a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions mandated by the Treasurer;
- (b) the accompanying financial statements exhibit a true and fair view of the financial position and the financial performance of the NSW Skills Board for the year ended 30 June 2018;
- (c) at the date of signing we are not aware of any circumstances that would render the financial statements materially misleading or inaccurate.



Philip Marcus Clark AM
Chair

11 / 10 / 2018



Adam Boyton
Member

11 / 10 / 2018

Beginning of the audited financial statements

NSW SKILLS BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Actual 2018 \$000	Actual 2017 \$000
Expenses excluding losses			
Operating expenses			
Personnel services	2(a)	764	833
Other operating expenses	2(b)	1,595	1,975
Total expenses excluding losses		2,359	2,808
Revenue			
Investment revenue	3(a)	44	49
Grants and contributions	3(b)	2,119	2,060
Total revenue		2,163	2,109
Net result		(196)	(699)
Other comprehensive income		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		(196)	(699)

The accompanying notes form part of these financial statements.

NSW SKILLS BOARD
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	Actual 2018 \$000	Actual 2017 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	4	3,054	3,287
Receivables	5	20	135
Total Current Assets		3,074	3,422
Total Assets		3,074	3,422
LIABILITIES			
Current Liabilities			
Payables	6	765	917
Total Current Liabilities		765	917
Total Liabilities		765	917
Net Assets		2,309	2,505
EQUITY			
Accumulated funds		2,309	2,505
Total Equity		2,309	2,505

The accompanying notes form part of these financial statements.

NSW SKILLS BOARD
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Funds \$000	Total \$000
Balance at 1 July 2017	2,505	2,505
Net result for the year	(196)	(196)
Total other comprehensive income	-	-
Total comprehensive income for the year	(196)	(196)
Balance at 30 June 2018	2,309	2,309
Balance at 1 July 2016	3,204	3,204
Net result for the year	(699)	(699)
Total other comprehensive income	-	-
Total comprehensive income for the year	(699)	(699)
Balance at 30 June 2017	2,505	2,505

The accompanying notes form part of these financial statements.

NSW SKILLS BOARD
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Actual 2018 \$000	Actual 2017 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Secretariat / personnel services		(733)	(601)
Suppliers for goods and services		(1,864)	(2,018)
Total payments		(2,597)	(2,619)
Receipts			
Interest received		70	39
Grants and contributions		2,120	2,975
Other		174	68
Total receipts		2,364	3,082
NET CASH FLOWS FROM OPERATING ACTIVITIES	7	(233)	463
NET INCREASE/ (DECREASE) IN CASH			
Opening cash and cash equivalents		3,287	2,824
CLOSING CASH AND CASH EQUIVALENTS	4	3,054	3,287

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Reporting entity**

The NSW Skills Board (the Board) is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Board was established under the *Skills Board Act 2013*. The Board is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2018 have been authorised for issue by the Board members on the date the accompanying statement in relation to the particular audit was signed.

(b) Basis of preparation

The Board's financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions mandated by the Treasurer.

Judgements, key assumptions, and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Insurance

The Board's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

(e) Accounting for the Goods and Services Tax (GST)

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

- the amount of GST incurred by the Board as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Tax Office are classified as operating cash flows.

(f) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Grants and contributions

Project funds represent income received from the Commonwealth. The Commonwealth funds are allocated by the NSW Minister for Skills to the Board for vocational education and training and research and development projects. These funds are recognised when the Board obtains control over the contribution. The Board is deemed to have assumed control when the grant is received or receivable.

State contribution represents funding received by the Board from Department of Industry to fund the Board's operating expenses. This funding is recognised when it becomes payable by the Department of Industry as per the Memorandum of Understanding (MoU) agreement clause 2.3.

(ii) Investment Revenue

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(g) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The Board determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(i) Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

• Receivables

Trade receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of discounting is material.

(ii) Financial liabilities

Financial liabilities are classified as either 'at fair value through profit or loss' or 'at amortised cost'.

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Payables represent liabilities for goods and services provided to the Board and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(h) Equity and reserves**(i) Accumulated funds**

The category 'accumulated funds' includes all current and prior period retained funds.

(i) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(j) Secretariat/personnel services

Secretariat services represent the salaries and wages of Department of Industry employees who were allocated to the Board during the year in line with the MoU agreement between the Board and Department of Industry. These costs were incurred by Department of Industry and have been subsequently recharged to the Board as a fee for services rendered when incurred. All related on-costs of these Department of Industry employees, such as payroll tax have also been included in this charge.

(k) Corporate service support charge

In the year ended 30 June 2018, the Board compensated Department of Industry the sum of \$75,000 as per Schedule A to the MoU.

(l) Board Members fees and on-costs

Personnel services expenses also include fees for Board member services plus superannuation, payroll tax and departmental on-costs. Board members are not entitled to any leave provisions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(m) New Australian Accounting Standards issued and effective for the first time in financial year 2018**

The accounting policies applied in the preparation of these financial statements are consistent with those of the previous financial year unless otherwise stated. The following new and revised Accounting Standards were applicable for the first time for the 2018 financial year. However, these standards do not have any material effect on the accounting policies adopted by the Board.

- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

(n) New Australian Accounting Standards issued but not effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have been issued but are not yet effective. The Board has not early adopted any of these new standards or amendments. When applied in future periods, they are not expected to have a material impact on the financial position or performance of the Board.

- AASB 9 *Financial Instruments* (1 July 2018)
- AASB 16 *Leases* (1 July 2019)
- AASB 15 *Revenue from Contracts with Customers - the mandatory application date has been deferred for not-for-profit entities* (1 July 2019)
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15 - the mandatory application date has been deferred for not-for-profit entities* (1 July 2019)
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* (1 July 2019)
- AASB 1058 *Income of Not-for-profit Entities* (1 July 2019)
- AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation* (1 July 2019)

2. EXPENSES EXCLUDING LOSSES

	2018	2017
	\$000	\$000
(a) Personnel services expenses include the following:		
Salaries and wages (including annual leave)	415	480
Superannuation	29	30
Payroll tax	24	27
Board member fees and on-costs*	296	296
	<u>764</u>	<u>833</u>
(b) Other operating expenses include the following:		
Auditor's remuneration – audit of financial statements	23	22
Administration fees	75	75
Contractors and other fees	1,403	1,796
Sponsorship	50	50
Travel	25	16
Other operating	19	16
	<u>1,595</u>	<u>1,975</u>

* refer to note 1(l) for items associated with Board member services and on-costs.

3. REVENUE

	2018	2017
	\$000	\$000
(a) Investment revenue		
Interest revenue	44	49
	<u>44</u>	<u>49</u>
(b) Grants and contributions		
Grants – Commonwealth (Projects)	976	976
Grant from Department of Industry	1,143	1,084
	<u>2,119</u>	<u>2,060</u>

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2018	2017
	\$000	\$000
Cash at bank and on hand	3,054	3,287
	<u>3,054</u>	<u>3,287</u>

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, and short term deposits.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	3,054	3,287
Closing cash and cash equivalents (per statement of cash flows)	<u>3,054</u>	<u>3,287</u>

Refer to Note 8 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. CURRENT ASSETS - RECEIVABLES

	2018	2017
	\$000	\$000
CURRENT		
Receivable from Department of Industry	-	1
GST receivable	20	108
Interest receivable	-	26
	<u>20</u>	<u>135</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 8.

6. CURRENT LIABILITIES - PAYABLES

	2018	2017
	\$000	\$000
CURRENT		
Payable to Department of Industry	31	-
Creditors	727	910
PAYG tax payable	7	7
	<u>765</u>	<u>917</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 8.

7. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2018	2017
	\$000	\$000
Net cash used on operating activities	(233)	463
Increase / (decrease) in receivables	(115)	(803)
Decrease / (increase) in payables	152	(359)
Net Result	<u>(196)</u>	<u>(699)</u>

8. FINANCIAL INSTRUMENTS

The Board's principal financial instruments are outlined below. These financial instruments arise directly from the Board's operations or are required to finance the Board's operations. The Board does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board's main risks arising from financial instruments are outlined below, together with the Board's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Board, to set risk limits and controls and to monitor risks.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2018 \$000	Carrying Amount 2017 \$000
Class:				
Cash and cash equivalents	4	N/A	3,054	3,287
Receivables ¹	5	Loans and receivables (at amortised cost)	-	27
Financial Liabilities	Note	Category	Carrying Amount 2018 \$000	Carrying Amount 2017 \$000
Class:				
Payables ²	6	Financial liabilities measured at amortised cost	758	910

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility of the Board's debtors defaulting on their contractual obligations, resulting in a financial loss to the Board. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Board, including cash, receivables, authority deposits and advances receivable. No collateral is held by the Board. The Board has not granted any financial guarantees.

Credit risk associated with the Board's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (Tcorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Board will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Board is not materially exposed to concentrations of credit risk.

There are no financial assets that are past due or impaired.

8. FINANCIAL INSTRUMENTS (continued)**(c) Liquidity risk**

Liquidity risk is the risk that the Board will be unable to meet its payment obligations when they fall due. The Board continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

During the current year and prior year, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Board's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which the invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Board may automatically pay the supplier simple interest.

The table below summarises the maturity profile of the Board's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Nominal Amount ¹ \$000	Interest Rate exposure			Maturity Dates		
			Fixed Int. Rate \$000	Variable Int. Rate \$000	Non-interest Bearing \$000	< 1 yr \$000	1 - 5 yrs \$000	> 5 yrs \$000
2018								
<i>Payables</i>	-	758	-	-	758	758	-	-
		758	-	-	758	758	-	-
2017								
<i>Payables</i>	-	910	-	-	910	910	-	-
		910	-	-	910	910	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Board can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Board has no exposure to foreign currency risk and does not enter into commodity contracts. The Board has no borrowings or investments.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2017. The analysis assumes that all other variables remain constant.

8. FINANCIAL INSTRUMENTS (continued)**Interest rate risk**

Exposure to interest rate risk arises primarily through the Board's interest bearing liabilities. The entity does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Board's exposure to interest rate risk is set out below.

	Carrying Amount \$000	Result \$000	Equity \$000	Result \$000	Equity \$000
			-1%		+1%
2018					
Financial assets					
Cash and cash equivalents	3,054	(31)	(31)	31	31
Financial liabilities					
Payables	758	-	-	-	-
2017					
Financial assets					
Cash and cash equivalents	3,287	(33)	(33)	33	33
Receivables	27	-	-	-	-
Financial liabilities					
Payables	910	-	-	-	-

(e) Fair value measurement**(i) Fair value compared to carrying amount**

The carrying value of receivables less any impairment provision and payables is a reasonable approximation of their fair value due to their short term nature.

9. RELATED PARTY DISCLOSURE

During the period, the Board incurred \$432,649 (2017: \$444,628) in respect of the key management personnel services that are provided by a separate management entity, Department of Industry.

During the period, the Board did not enter into transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the period, the Board entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government. These transactions (incurred in normal course of business) in aggregate are a significant portion of the Board's revenue and expenses, and the nature of these significant transactions are detailed below;

Entity	Nature of Transactions
Audit Office of NSW	Provides independent audit services on the Board's financial statements.
Department of Education	Administers the Board's Tertiary Pathway and Post-School Destination projects.
Department of Industry	Provision of grants funding, administrative, secretariat support and operational assistance.

10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Board does not have any contingent liabilities or contingent assets as at balance date (2017: Nil).

11. COMMITMENTS

As at the reporting date there were no commitments outstanding (2017: Nil).

12. EVENTS AFTER REPORTING PERIOD

There are no events subsequent to the balance date which affect the financial information disclosed in these financial statements.

End of the audited financial statements.

Appendix 1: Report of Operations

The following report addresses additional reporting requirements of the *Annual Reports (Statutory Bodies) Act 1984* or the *Annual Reports (Statutory Bodies) Regulation 2015*.

Access

NSW Skills Board
 Level 12, 1 Oxford St, Darlinghurst, NSW, 2010
 Correspondence to the NSW Skills Board should be addressed to the Board at:
 PO Box 960, Sydney NSW 1300
 Telephone: +61 2 9338 6769
<https://www.industry.nsw.gov.au/about/advisory-bodies/nsw-skills-board>
 Business Hours: Monday–Friday 9am–5pm

Charter

The Board was established under the *Skills Board Act 2013*, replacing the Board of Vocational Education and Training (BVET). See Role of the Board on page 4.

Management and structure

Refer to Board Members, pages 5-9.

Summary review of operations

Refer to The Year in Review, pages 11-18.

Funds granted to non-government community organisations

No funds were granted to non-government community organisations.

Legal Change

No amendments were made to the *Skills Board Act 2013* during the reporting period.

Economic or other factors

There have been no economic factors that have affected achievement of the Board's operational objectives during the year in review.

Management and activities

See The Year in Review, pages 11-18,

Research and development

See The Year in Review, pages 11-18.

Human resources

There were nine board members at 30 June 2018, as there were at the end of the previous two financial years. There were no exceptional movements in wages, salaries or allowances. At 30 June 2018, the Board's secretariat comprised 3.6 equivalent full-time employees of the Department of Industry, Skills and Economic Development who are subject to the personnel and industrial relations policies and practices of the Department of Premier and Cabinet's guidelines.

The number of officers staffing the Secretariat by category is summarised as follows:

Salary Level	\$60,154- \$65,396	\$83,406- \$92,026	\$94,782- \$104,918	\$108,044- \$119,061	\$124,965- \$144,521
Female		1	0.6		
Male				1	1

Numbers and remuneration of senior executives

The total number of executives employed at the end of the 2017-2018 financial year was 0.

Band	Female	Male	TRP band (\$)
SE1			\$178,850 - \$255,050

Consultants

Engagements ≥\$50,000

Consultant	Costs \$	Title
Department of Education (Centre for Education Statistics and Evaluation)	\$314,538	<i>Collaboration with CESE (Destination and Longitudinal Surveys and Research Manager)</i>
The University of Sydney	\$120,000	<i>Collaborative Research Partnership</i>
Department of Education (Higher Education Directorate)	\$210,000	<i>Innovative Apprenticeship Pathways</i>
Burning Glass Technologies	\$285,600	<i>Skills Shortages/Surpluses Dashboard</i>
The Social Research Centre	\$106,372	<i>NSW Student Outcomes Survey of VET Graduates 2018</i>

Engagements <\$50,000

Nature	Number	Total Cost
Education consultants	6	\$180,005

Disability Inclusion Action plans

The Board adheres to the NSW Government's Disability Policy Framework through the Department of Industry's Disability Inclusion Action Plan.

Land disposal

The Board does not own land or buildings.

Promotion

There were no overseas visits by Board Members or Secretariat staff for 2017-18.

Consumer response

The Board is open to, responds to and addresses any suggestions or complaints it receives. Any complaints up to 30 June 2018 to the Board would be dealt with according to the Department of Industry complaints handling policy.

Payment of accounts

All suppliers

Measure	September 2017	December 2017	March 2018	June 2018	Full Year
Invoices due for payment (Number)	19	16	12	19	66
Invoice paid on time (Number)	19	14	12	18	63
Percentage paid on time (%)	100%	87.5%	100.0%	94.7%	95.5%
Amount due for payment (\$)	\$1,052,938	\$458,597	\$199,895	\$675,683	\$2,387,112
Amount paid on time (\$)	\$1,052,938	\$444,133	\$199,895	\$589,185	\$2,286,150
Percentage paid on time (%)	100%	96.8%	100%	87.2%	95.8%
Number of payments of interest on overdue accounts (Number)	0	0	0	0	0
Interest paid on late accounts (\$)	\$0	\$0	\$0	\$0	\$0

Small Business

Measure	September 2017	December 2017	March 2018	June 2018	Full Year
Invoices due for payment (Number)	0	0	0	0	0
Invoice paid on time (Number)	0	0	0	0	0
Percentage paid on time (%)	NA	NA	NA	NA	NA
Amount due for payment (\$)	\$0	\$0	\$0	\$0	0
Amount paid on time (\$)	\$0	\$0	\$0	\$0	0
Percentage paid on time (%)	NA	NA	NA	NA	NA
Number of payments of interest on overdue accounts (Number)	0	0	0	0	0
Interest paid on late accounts (\$)	\$0	\$0	\$0	\$0	0

Time for Payment of accounts

All Suppliers

Quarter	Current Within Date	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	Greater than 90 days overdue
September 2017	\$1,052,938				
December 2017	\$444,133	\$7,232	\$7,232		
March 2018	\$199,895				
June 2018	\$589,185	\$86,498			

Small Business

Quarter	Current Within Date	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	Greater than 90 days overdue
September 2017					
December 2017					
March 2018					
June 2018					

Risk management and insurance activities

Insurance policies to 30 June 2018 are the responsibility of Department's Corporate Services division and are reported through the Department's Annual Report. The Board has a Risk Register, which covers both strategic and operational risks.

Disclosure of controlled entities and subsidiaries

The Board does not control any entities or have any subsidiaries.

Workforce Diversity

The Board does not have direct employees - the secretariat is staffed by employees of the Department of Industry, Skills and Economic Development. The Board supports the Department of Industry's Workforce Diversity initiatives.

Multicultural Policies and Services Program

The Board supports the Department of Industry, Skills and Economic Development's multicultural policies and initiatives.

Agreements with Multicultural NSW

The Skills Board has not entered any agreement with Multicultural NSW under the *Multicultural NSW Act 2000*.

Work Health and Safety

The Board adopted the *NSW Skills Board Charter on Work Health and Safety* at its February 2018 meeting. There were no injuries or prosecutions under the *Work Health and Safety Act 2011* in the reporting period.

Budgets

The Board received a grant from the Department of Industry for Board and Secretariat costs and Commonwealth grant for research activities, as reflected in page 24 of the financial statements. The Department of Industry and the Board agreed on a Budget of \$1.142 million for Board and Secretariat costs for 2017-18. The Board also received a \$976,000 Commonwealth grant to fund research activities.

Expenditure Area	Function of Budget Area	Total Budget 2017-18
Research Payments	Research Fund from National Agreement for Skills and Workforce Development	\$976,000
Employee related costs	Strategic advice to Board on all aspects of NSW VET system, project management and secretariat activities	\$677,660
Board Members Fees including On Costs	Independent advice to the NSW Government on the vocational education and training (VET) system	\$295,650
Board Meeting Expenses	Board Meeting, Reference Group and Regional Visit Expenses	\$18,288
Website costs	Website enhancement and maintenance	\$4,145
Other Expenses	Audit Fees, Payments to Department under MoU, Travel Costs, Administrative costs	\$116,902

Implementation of Price Determination of Independent Pricing and Regulatory Tribunal (IPART)

The Board is not subject to determinations of the Tribunal.

Credit card certification

In accordance with the requirements set down in Treasurer's Direction 205.01 concerning the use of corporate credit cards, the Board has certified that corporate credit card use by four members of the Secretariat in 2017-18 was in accordance with the Premier's Memoranda and Treasurer's Directions.

Government Information (Public Access) Act 2009

The Board does not process applications under the GIPA Act. The Department of Industry processes Government Information Public Access Applications made on the NSW Skills Board.

Public Interest Disclosures (PID)

Secretariat staff were notified of responsibilities under s6E(1)(b) of the *Public Interest Disclosure Act 2013*. No Public Interest Disclosures were made during the reporting period.

Public availability of annual reports

The Board's Annual Report and other Board publications and reports are available for viewing and downloading on the Board's website, <https://www.industry.nsw.gov.au/about/advisory-bodies/nsw-skills-board>.

Printing and distribution requirements

As required by the Department of Premier and Cabinet, costs of production of the 2018 Annual Report have been kept to a minimum by restricted use of photos and graphs and eliminating external production costs.

Privacy management plan

The Board and Departmental staff supporting the work of the Board comply with *the Privacy and Personal Information Protection Act 1998*, which is managed by the Department and reported on in the Department's Annual Report.

Exemption - Risk Management and Internal Audit

The Board has an exemption from the core requirements of the *Internal Audit and Risk Management Policy* (TPP 15-03) by Treasury. The Board satisfied the exemption criteria as a small agency for the reporting period.

ATTESTATION STATEMENT

Digital Information Security Annual Attestation Statement for the 2017-2018 Financial Year for the NSW Skills Board (Department of Industry)

I, Timothy Bayl, am of the opinion that the security controls in place to mitigate risks to the digital information of the NSW Skills Board were adequate. Information security management arrangements in place during the 2017-2018 financial year were consistent with the core elements set out in the *Digital Information Security Policy* of the NSW Public Sector.

There is no agency under the control of the NSW Skills Board which is required to develop an independent ISMS in accordance with the *NSW Government Digital Information Security Policy*.



Timothy Bayl
LEADER
NSW SKILLS BOARD SECRETARIAT

18 October 2018

Index

A		S	
Access/Address	36	Smart Skilled and Hired	11
Aims and Objectives of the Board	4	Student Outcomes Survey	11
Annual Report and Publications, Production			
Cost	39	T	
Award Sponsorship	17	Training Awards	17
C		V	
Chair's Overview	3	VET Reform in NSW – Smart and Skilled	15
Corporate Governance Structure	10	– NSW Skills List	15
		– Performance Monitoring	15
		– Provider Allocations	15
		– VET Budget and Funding 2016-17	16
F		W	
Financial Statements	20	Website	36
I		Y	
Independent Auditor's Report	21	Year in Review	11
M			
Meetings of the Board	9		
Members of the Board	5		
R			
Reference Groups	16		
– Provider Reference Group	16		
– Industry Reference Group	16		
Report of Operations	36		
Research Projects	12		
Role of the Board	4		