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To the South Australian Skills Commissioner South Australian Skills Commission

Opinion

I have audited the financial report of the South Australian Skills Commission for the financial year ended 30 June 2024.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Skills Commission as at 30 June 2024, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Disclosures.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the South Australian Skills Commissioner and the Manager, Quality and Risk of the South Australian Skills Commission.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the South Australian Skills Commission. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the South Australian Skills Commissioner for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of South Australian Skills Commission for the financial year ended 30 June 2024.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Skills Commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the South Australian Skills Commissioner
- conclude on the appropriateness of the South Australian Skills Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the South Australian Skills Commissioner about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

28 September 2024

OFFICIAL

South Australian Skills Commission

Financial Statements

For the year ended 30 June 2024

South Australian Skills Commission
Statement of Comprehensive Income
for the year ended 30 June 2024

OFFICIAL

	Note	2024 \$'000	2023 \$'000
Income			
Appropriation	2.1	2 582	2 646
Commonwealth-sourced grants and funding	2.2	366	-
SA Government grants, subsidies and transfers	2.3	200	195
Resources received free of charge	2.4	134	129
Other income	2.5	144	10
Total income		3 426	2 980
Expenses			
Staff related expenses	3.3	2 563	2 273
Supplies and services	4.1	1 079	663
Total expenses		3 642	2 936
Net result		(216)	44
Total comprehensive result		(216)	44

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

South Australian Skills Commission OFFICIAL
Statement of Financial Position
as at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Current assets			
Cash	5.1	1 043	1 310
Receivables	5.2	19	21
Total current assets		1 062	1 331
Total assets		1 062	1 331
Current liabilities			
Staff related liabilities	3.4	306	258
Payables	6.1	41	240
Provisions	6.2	15	3
Total current liabilities		362	501
Non-current liabilities			
Staff related liabilities	3.4	363	323
Provisions	6.2	53	7
Total non-current liabilities		416	330
Total liabilities		778	831
Net assets		284	500
Equity			
Retained earnings		284	500
Total equity		284	500

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

South Australian Skills Commission **OFFICIAL**
Statement of Changes in Equity
for the year ended 30 June 2024

	Retained earnings	Total equity
Note	\$'000	\$'000
Balance at 1 July 2022	456	456
Net result for 2022-23	44	44
Total comprehensive result for 2022-23	44	44
Balance at 30 June 2023	500	500
Net result for 2023-24	(216)	(216)
Total comprehensive result for 2023-24	(216)	(216)
Balance at 30 June 2024	284	284

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

South Australian Skills Commission OFFICIAL
Statement of Cash Flows
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Cash inflows			
Appropriation		2 582	2 646
SA Government grants, subsidies and transfers		200	195
Receipts from Commonwealth-sourced grants and funding		366	-
GST recovered from the ATO		92	45
Other receipts		163	11
Cash generated from operations		3 403	2 897
Cash outflows			
Staff benefit payments		(2 417)	(2 097)
Payments for supplies and services		(1 253)	(378)
Cash used in operations		(3 670)	(2 475)
Net cash provided by / (used in) operations		(267)	422
Net increase / (decrease) in cash		(267)	422
Cash at the beginning of the period		1 310	888
Cash at the end of the period	5.1	1 043	1 310

The accompanying notes form part of these financial statements.

South Australian Skills Commission OFFICIAL
Notes to and forming part of the financial statements
For the year ended 30 June 2024

1. About the South Australian Skills Commission

The South Australian Skills Commission (the Commission) was established on 1 July 2021 under *The South Australian Skills Act 2008* as a Statutory Authority instrumentality of the Crown.

The Commission entered into a Service Level Agreement with the Department for Education during 2023-24 for the delivery of corporate service support to the Commission to enable it to meet its statutory requirement in delivering its functions.

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

1.1. Basis of preparation

These financial statements are general purpose financial statements prepared in accordance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and accounting policy statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards applying simplified disclosures.

For the purposes of preparing the financial statements, the Commission is a not-for-profit entity. The financial statements have been prepared based on a 12-month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the notes associated with the item measured.

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

Significant accounting policies are set out throughout the notes.

The Commission is liable for goods and services tax (GST). GST collections and payments are carried out by the Department for Education on behalf of the Commission.

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

Cash flows are included in the Statement of Cash Flows on a gross basis.

South Australian Skills Commission OFFICIAL
Notes to and forming part of the financial statements
For the year ended 30 June 2024

1.2. Objectives of the Commission

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

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

The Act also gives authority to the Commission in:

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

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

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

South Australian Skills Commission OFFICIAL
Notes to and forming part of the financial statements
For the year ended 30 June 2024

2. Income

2.1. Appropriation

Appropriations are recognised on receipt.

Total appropriation received from the Consolidated Account pursuant to the *Appropriation Act* was \$2.582 million (2023: \$2.646 million).

2.2. Commonwealth-sourced grants and funding

	2024	2023
	\$'000	\$'000
National Skills Agreement	366	-
Total commonwealth sourced grants and funding	366	-

Commonwealth-sourced grants and funding are recognised in accordance with AASB 1058 as income on receipt.

2.3. SA Government grants, subsidies and transfers

	2024	2023
	\$'000	\$'000
SA Government grants	-	100
Intra-Government transfers	200	95
Total SA Government grants, subsidies and transfers	200	195

SA Government grants, subsidies and transfers relate to amounts received from other SA Government entities for the delivery of the Commission's objectives. These are recognised as income on receipt in accordance with AASB 1058.

2.4. Resources received free of charge

	2024	2023
	\$'000	\$'000
Resources received free of charge - Accommodation*	113	108
Resources received free of charge - SSSA	21	21
Total resources received free of charge	134	129

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.

The Commission receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge. A corresponding expense is recognised in the financial statements (see note 4.1).

* Accommodation received free of charge was received from the Department for Education.

South Australian Skills Commission OFFICIAL
Notes to and forming part of the financial statements
For the year ended 30 June 2024

2.5. Other income

	2024	2023
	\$'000	\$'000
Other income	43	1
Sponsorship revenue	101	9
Total other income	144	10

3. Board, committees and staff

3.1. Key management personnel

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

Total compensation for the Commission's key management personnel in 2024 was \$292 000 (2023: \$295 000).

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

Transactions with Key Management Personnel and other related parties

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

3.2. Remuneration of board and committee members

Members during the 2024 financial year were:

South Australian Skills Commission

Cameron Baker (Chair)* (appointed 24/07/2023)
 Sara Longbottom (Acting Chair)* (until 21/07/2023)
 Leonie Boothby (appointed 01/07/2023)
 John Chapman (appointed 01/07/2023)
 Helen Gibbons (appointed 01/07/2023)
 Stuart Gordon (appointed 01/07/2023)
 Ian Horne (appointed 01/07/2023)
 Andrew Keough (re-appointed 01/07/2023)
 Michael Luchich (appointed 01/07/2023)
 Adrienne Nieuwenhuis (re-appointed 01/07/2023)
 Louise Nobes (appointed 01/07/2023)
 Robyn Verrall (appointed 01/07/2023)

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

South Australian Skills Commission OFFICIAL
Notes to and forming part of the financial statements
For the year ended 30 June 2024

3.2. Remuneration of board members (continued)

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

	2024	2023
	Number	Number
\$0 - \$19 999	2	2
\$20 000 - \$39 999	10	9
Total number of paid members	12	11

Remuneration of members reflects all costs of performing board / committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax paid. The total remuneration received or receivable by members was \$319 000 (2023: \$303 000).

3.3. Staff related expenses

	2024	2023
	\$'000	\$'000
Salaries and wages	1 771	1 394
Board and committee fees - excluding on-costs	290	285
Staff on-costs - superannuation	230	214
Staff on-cost - other	109	113
Workers compensation	59	2
Long service leave	42	100
Annual Leave	29	166
Skills and experience retention leave	11	(1)
Other staff related expenses	22	-
Total staff related expenses	2 563	2 273

Staff expenses

In accordance with Part 3 Section 23 (1) (a) of the *South Australian Skills Act 2008*, "the Commission's staff consists of Public Service employees assigned to work in the office of the Commission".

Superannuation staff on-cost charges represent the Commission's contributions to superannuation plans in respect of current services of current staff.

South Australian Skills Commission OFFICIAL
Notes to and forming part of the financial statements
For the year ended 30 June 2024

3.3. Staff related expenses (continued)

Staff remuneration

Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and any related fringe benefits tax paid.

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

	2024 Number	2023 Number
\$246 001 to \$266 000	-	1
\$266 001 to \$286 000	1	-
Total number of staff	1	1

Remuneration received or due and receivable by the above staff was \$284 000 (2023: \$254 000) which is included in staff benefits expenses.

3.4. Staff related liabilities

	2024 \$'000	2023 \$'000
Current		
Annual leave	164	135
Accrued salaries and wages	50	33
Staff on-costs	44	41
Long service leave	34	36
Skills and experience retention leave	14	13
Total current staff related liabilities	306	258
Non-current		
Long service leave	330	286
Staff on-costs	33	37
Total non-current staff related liabilities	363	323
Total staff related liabilities	669	581

Long service leave

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

The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which is then applied to the Commission's staff details. Key assumptions include whether the characteristics of staff remuneration, terms of service with the public sector, and expectations as to when staff take long service leave, as established by the actuary, are applicable to staff of the Commission. These assumptions affect both the expected amount to be paid that has been factored into the calculation of the liability. The discount rate used in measuring the liability is another key assumption. The discount rate is reflective of long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has increased to 4.25% (2023: 4%).

This increase in the bond yield results in a decrease in the reported long service leave liability.

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

South Australian Skills Commission OFFICIAL
Notes to and forming part of the financial statements
For the year ended 30 June 2024

3.4. Staff related liabilities (continued)

Staff On-Costs

Staff on-costs include payroll tax and superannuation contributions and are settled when the respective staff benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to staff. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

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

As a result of an actuarial assessment performed by Department of Treasury and Finance, the percentage of long service leave taken has changed to a rate of 44% (2023: 65%) and the average factor for the calculation of employer superannuation increased to a rate of 11.5% (2023: 11.1%). These rates are used in the staff on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff on-cost of \$2 000 and staff related expenses of \$2 000. The impact on future periods is impracticable to estimate.

4. Expenses

4.1. Supplies and services

	2024	2023
	\$'000	\$'000
Events	388	29
Contractors	167	88
Accommodation	113	108
Marketing	102	98
Information technology and communication	96	63
Travel and related expenses	76	15
Consultants	42	106
Shared services fee	21	21
Staff related expenses	18	102
Office administration expenses	17	8
Auditor's remuneration*	15	14
Other	24	11
Total supplies and services	1 079	663

Total supplies and services includes resources received free of charge \$21 000 from Shared Services SA and \$113 000 from the Department for Education for accommodation services (refer note 2.3).

In 2023-24, Events expenses include hosting the South Australian Training Awards 2023, partnering with WorldSkills Australia for the Skills Excellence Forum 2024 and other industry stakeholder engagement events.

* Audit fees paid / payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* of \$15 000 (2023: \$14 000). No other services were provided by the Audit Office of South Australia.

South Australian Skills Commission OFFICIAL
Notes to and forming part of the financial statements
For the year ended 30 June 2024

4.1 Supplies and services (continued)

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	2024 Number	2024 \$'000	2023 Number	2023 \$'000
\$10 000 or above	1	42	1	106
Total	1	42	1	106

5. Financial assets

5.1. Cash

	2024 \$'000	2023 \$'000
Deposits with the Treasurer (Special deposit accounts)		
South Australian Skills Commission Operating Account	720	987
Accrual Appropriation Excess Funds	323	323
Total cash	1 043	1 310

Cash is measured at nominal amounts.

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

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

5.2. Receivables

	2024 \$'000	2023 \$'000
Current		
Debtors	1	-
Prepayments	13	3
GST recoverable from the ATO	5	18
Total current receivables	19	21
Total receivables	19	21

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

Collectability of receivables is reviewed on an ongoing basis.

South Australian Skills Commission OFFICIAL
Notes to and forming part of the financial statements
For the year ended 30 June 2024

6. Liabilities

6.1. Payables

	2024	2023
	\$'000	\$'000
Current		
Accrued expenses	17	16
Creditors	24	224
Total current payables	41	240
Total payables	41	240

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

6.2. Provisions

All provisions relate to workers compensation.

Reconciliation of workers compensation (statutory and non-statutory)	2024	2023
	\$'000	\$'000
Carrying amount at the beginning of the period	10	8
Additional provision recognised	58	2
Carrying amount at the end of the period	68	10

The Commission is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the Commission is responsible for the management of workers rehabilitation and compensation, and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventive programs

Accordingly, a liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2024 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to the variety of factors involved. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

7. Outlook

7.1. Unrecognised contractual commitments

The Commission had no unrecognised contractual commitments as at 30 June 2024.

7.2. Contingent assets and liabilities

The Commission is not aware of any contingent assets or liabilities as at 30 June 2024.

7.3. Events after the reporting period

On 31 May 2024, the government issued a proclamation that effective from 1 July 2024, the administrative support of the South Australian Skills Commission will transfer from the Department for Education to the Department of State Development. The financial effect of this machinery of government change will not be material and will be reflected in the financial statements for 2024-25.

South Australian Skills Commission OFFICIAL
Certification of the Financial Statements
for the year ended 30 June 2024

We certify that the:

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



Commissioner Cameron Baker
South Australian Skills Commissioner

26 September 2024



Michelle Mader
Manager, Quality and Risk of the South Australian Skills Commission
26 September 2024