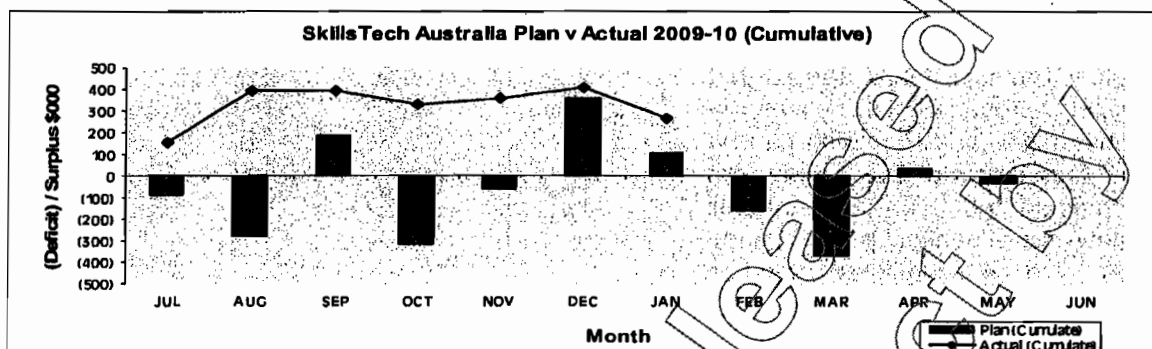


A) FINANCIAL OVERVIEW & MAJOR VARIANCES

At 31 January 2010, SkillsTech Australia is reporting a **surplus of \$263k** compared to a planned surplus of \$108k. The institute is therefore \$154k ahead of plan after month 7 of the financial year. The institute's forecast year-end position remains at **breakeven**.



- **Overall revenue is \$1.32m below plan**, largely as a result of slower than expected recognition of infrastructure revenue (\$1.5m behind plan) to reflect an underspending in expenses.
- VRG and User Choice revenue remain on plan with the institute recognising \$400k safety net funding to reflect approximately 450 safety net enrolments to date for semester 1 2010.
- User Charges are \$1.18m below plan, however this is largely offset by higher than expected revenue for IT and product developments.

Table 1 - Revenue

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
1,129	1,132	(3)	VRG	11,958	11,911	47
2,946	2,600	346	User Choice	26,121	25,732	390
906	1,259	(353)	User Charges	9,119	10,295	(1,175)
361	548	(187)	Infrastructure Revenue	2,336	3,836	(1,500)
685	420	265	Other Revenue	4,251	3,329	920
6,027	5,958	69		53,785	55,103	(1,318)

- **Overall expenses are \$1.47m underspent**; employee expenses continue to track well at \$971k underspent.
- Supplies and services are \$1.43m underspent reflecting slower than planned infrastructure spending, however SKA and other internal costs are \$553k higher than plan and the institute has made an additional \$319k provision for doubtful debts.

Table 2 - Expenses

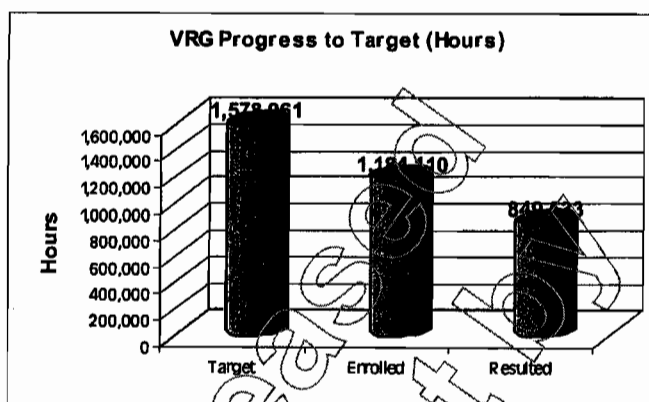
In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
3,755	3,911	156	Employee Expenses	37,527	38,498	971
1,398	1,443	46	Supplies & Services	9,075	10,509	1,434
730	563	(168)	Internal Expenses	4,524	3,972	(553)
14	12	(2)	Other Expenses	2,395	2,015	(379)
6,173	6,205	32		53,522	54,995	1,473

B) KEY MESSAGES – Revenue

i) VRG Revenue: \$47k ahead of plan.

VRG continues on plan at month 7 with \$11.96m recognised to date. The institute has enrolled 75% of its 2009-10 VRG AHC target.

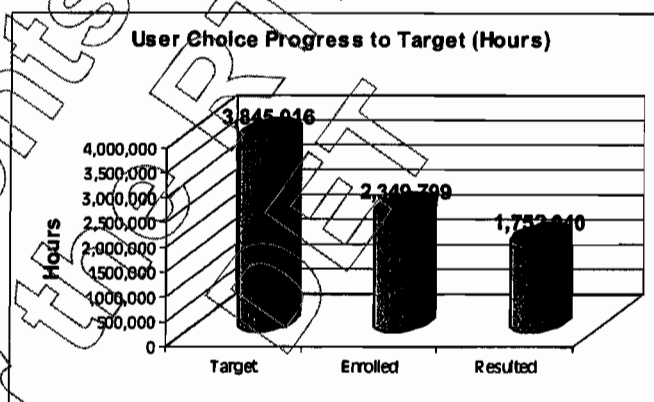
Skills Queensland has agreed that existing prevocational delivery in Construction and Plumbing can be counted towards the safety net funding in the event that the full safety net allocation is not earned from the 4 additional courses approved by TERC; however no adjustments have been made to date.



ii) User Choice Revenue: \$390k ahead of plan.

User Choice revenue currently stands at \$26.12m. The institute has enrolled 61% of its annual AHC target at the half year stage however the majority of enrolments for the current semester will occur during February 2010.

Current levels of delivery / payments indicate full year User Choice revenue of approximately \$40m - \$41m before recognition of safety net funding, against a total contract value of \$43.6m.



The institute has enrolled approximately 450 students into the 4 TERC approved safety net courses from which the institute will earn approximately \$2.7m (excluding the \$1,000 per student apprentice placement fee). In month 7, the institute has recognised \$400k for safety net students with the balance to be recognised over the remaining 5 months of the financial year.

The level of safety net enrolments coupled with strong apprentice sign-up levels for semester 1 2010 has given the institute more confidence that the full \$43.6m User Choice contract value will be earned during 2009-10.

The value of User Choice 'data in error' at 31 January 2010 stands at approximately \$360k, which represents 0.8% of the institute's 09-10 User Choice contract value (including safety net funding).

See attachment 4 for User Choice receipts
See attachment 7 for 'data in error' trends

- iii) Overall User Charges are \$1.18m below plan as shown below;

Table 3 – User Charges

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
573	553	20	Commercial / FFS	3,460	3,874	(414)
207	345	(138)	Student Tuition Fees	2,890	3,552	(662)
49	266	(217)	International Revenue	1,750	2,240	(491)
77	95	(18)	Other User Charges	1,019	628	391
906	1,259	(353)		9,119	10,295	(1,175)

Commercial revenue is \$414k below plan and includes \$75k relating to PNG consultancy services performed to date, and \$170k relating to the PNG Dalby Phase 1 training contract (approximately \$450k revenue to be recognised for Phase 2 by March 2010)

International student revenue recognised to date amounts to \$1.75m against a plan of \$2.2m. At 31 January, the institute's international revenue for enrolled future study (unearned) stands at \$2.76m (\$1.3m for 09-10 and \$1.4m for 10-11). Therefore at the end of month 7, the institute has \$3.1m revenue 'banked' for 09-10 against an annual target of \$4.4m. Information provided by SkillsTech Partners has indicated enrolments still to be processed for semester 1 2010 would increase the institute's 09-10 international revenue to approximately \$3.9m.

Student tuition fees represent the largest shortfall against plan at month 7, where 44% of the annual target has been earned to month 7 (\$2.89m, \$662k below plan). Enrolled tuition fee revenue for future study stands at \$970k meaning that enrolments to month 7 have achieved \$3.86m or 59% of the institute's annual tuition fee target of \$6.51m.

An investigation is being undertaken to reconcile the enrolment levels of VRG students (75%) and User Choice students (61%) with 59% tuition fees as at month 7.

See attachment 6 for student commencement trends by fund source.

- iv) **Infrastructure Revenue** is \$1.50m below plan at month 7. The institute recognises infrastructure revenue to match expenses incurred in order to avoid unnecessary fluctuations in the financial results. To month 7 the institute has recognised \$2.34m rather than the \$3.64m payments received from DET. It is expected that infrastructure revenue and expenses will be fully recognised by year end.

C) KEY MESSAGES – Expenses

- v) **Employee expenses** (including contractors & consultants): **\$971k underspent** at month 7.

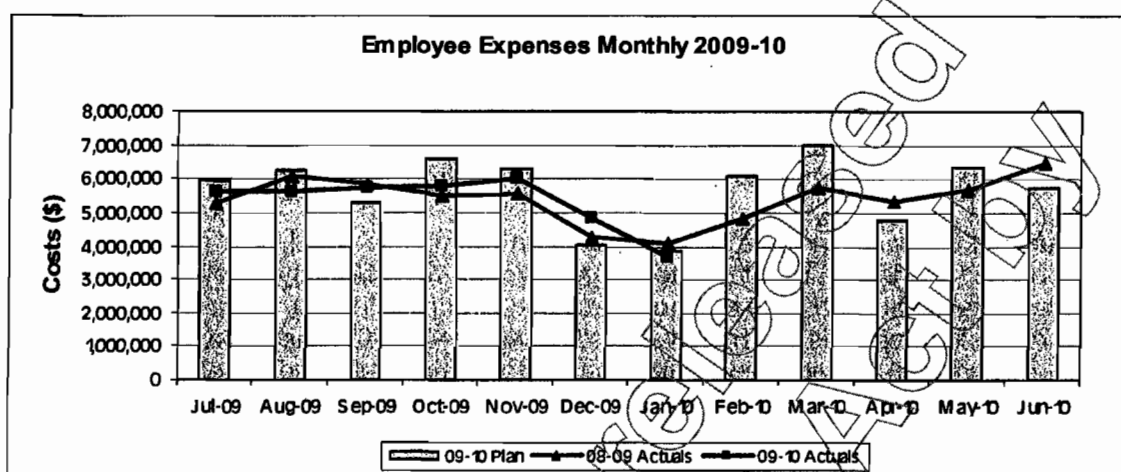
Employee expenses during month 7 continued at a reduced level reflecting effective management of annual leave over the holiday period, leading to an improved position of \$971k underspent.

Employee expenses to date include an accrual of \$150k to reflect potential casual hours worked but not yet paid as well as \$402k unfunded severance costs for staff taking up early retirement offers (total expected severance costs 09/10 of \$629k). The institute has a \$600k savings target in the second half of the financial year relating to a proposed Treasury funded

early retirement scheme, however the Department has now indicated that Treasury funding will not be available and all severance costs must be met by institutes across the TAFE network.

Improved controls in the area of employee expenses during 2009-10 have seen cost increases limited to 1.8% when compared to the same period last year, despite a 4.5% across the board EB increase (2.5% for senior staff).

The full year underspend in employee expenses is expected to be in the region of \$1.4m which is essential to offset potential additional costs relating to service level agreements and provision for doubtful debts.



See attachment 5 for FTE trend analysis

vi) Supplies & Services expenses are \$1.41m underspent at month 7.

The position on supplies and services largely reflects an underspend on infrastructure expenses (see infrastructure revenue iv) above), offset somewhat by prepayments on copyright and course supplies and also an anticipated overspend on maintenance expenses.

vii) Internal Expenses are \$553k overspent at month 7.

Negotiations with Brisbane North and Metropolitan South Institutes regarding Service Level Agreement (SLA) costs are nearing conclusion with cost savings of approximately \$250k expected. These negotiations will also reach agreement on appropriate SLA costs for 2010-11 to allow the institute to plan with greater confidence.

D) BALANCE SHEET

viii) Solvency;

At 31 January 2010, SkillsTech Australia is technically insolvent with current liabilities greater than its current assets by \$2.7m (current ratio -1.29).

ix) Cash Balance: \$3.85m negative

At 31 January, the institute had a negative cash balance of \$3.85m, a decrease of \$5.65m in the month.

The decrease in cash in the month can be analysed as;

Operational cash movements decrease	(\$3.33m)
Cash outflows from capital expenditure	(\$2.05m)
DET cash withdrawal (capital)	(\$0.28m)

See attachment 3 for cash flow statement

x) User Choice Accrual (current assets);

The institute's User Choice revenue accrual at 31 January 2010 stands at \$6.82m and is recognition of the value of students in training up to the end of month 7. This is encouraging as the majority of apprentice enrolments for semester 1 are scheduled to take place during February 2010.

The level of K results (training completed but unpaid) within the institute has reduced by 38% from 9,425 in November 2009 to 5,808 in January 2010. Whilst the reduction in K results is encouraging, the institute must maintain its focus and ensure the level of K results continues to decrease, therefore reducing the risk of non payment for training delivery.

xi) Accounts Receivable and Accrued Revenue;

The institute's Account Receivable balance at 31 January 2010 stands at \$8.07m. This balance is made up of;

Future debt (not yet due)	\$1.73m
Domestic and International student debt	\$1.92m
Organisational / Employer debt	\$1.57m
Annual Leave receivable (Treasury)	\$2.51m
Other accruals	\$0.34m

The organisational debt consists of over 900 individual debtors; however the main debts owed to the institute at 31 January 2010 are;

EOSJV (PNG)	\$164,000	Current	(note 1)
EOSJV (PNG)	\$ 75,000	Current	(note 2)
Joint Industry Services Training	\$124,300	61-90 days	(note 3)
Energex (EasiTrain)	\$ 92,400	61-90 days	
Q-Rail	\$ 73,338	Current - 60 days	
QLD Plumbing & Drainage	\$ 46,200	190 days +	
Integrated Glass	\$ 46,000	Current \$25k, 160 days \$21k	
Queensland Textbook Warehouse	\$ 44,948	Current	

Note 1: The debt relates to phase 1 of the PNG Nationals training in Dalby. EOS have verbally confirmed that the invoice has been passed for payment.

Note 2: The debt relates to consultancy services provided to the EOS / PNG project. Payment of this invoice will be delayed until main training contract is signed (if main contract is not signed, recovery action will commence).

Note 3: The outstanding debt relates to the 2009-10 sub-lease of premises at Salisbury. In 2008-09 the Department directed the institute to waive sub-lease charges to JIST who were experiencing financial difficulties.

The institute has allocated internal resources to work more closely with the debt management hub within the department to provide better outcomes on debt management and collection.

xii) Payables;

The amount the institute owes to its creditors at 31 January 2010 stands at \$4.44m of which \$2.72m relates to payroll tax.

xiii) Unearned Revenue;

The institute's unearned revenue at 31 January 2010 totals \$6.21m. This is largely a result of student enrolments for future training delivery and is one indication of the Institute's future 'order book'. The analysis of the unearned revenue is shown below;

- International revenue \$2.76m *(including estimated \$1.4m for 2010/11 study)*
- Regulated student fees \$0.97m *(VRG & User Choice delivery)*
- Commercial / FFS revenue \$0.34m

In addition to future student related fees, the institute has also recognised as unearned at 31 January;

- Infrastructure and other revenue \$2.14m *(to be recognised when matching expenses are incurred)*

E) MAIN FINANCIAL RISKS

■ STA has planned savings of at least \$600k from the DET Voluntary Early Retirement (VER) scheme.

Advice from DET indicates that support from Treasury for loan funding will not be provided to the institute, and that all severance cost of any voluntary retirement / redundancies would be borne by STA in the current financial year. To date, the institute has incurred \$402k severance costs from contract terminations, voluntary redundancies and early retirements.

■ To month 6, the institute has recognised 43% (\$3.874m) of its annual **commercial / Fee for Service revenue** target. The recent appointment of a Director, Business Development, and the inclusion of revenue from PNG training at Dalby in future months will assist the institute in progressing towards its 09-10 target of \$8.1m however the institute is forecasting a shortfall in excess of \$1m by the end of the financial year.

■ DET has provided \$270k to the institute in 09-10 for **asset maintenance** requirements. The institute views this level of funding as inadequate and has earmarked \$500k 'better TAFE facilities' funds to this issue to try and mitigate the risks in this area. The lifting of the 'shield of the crown' in January 2009 with regards to individual liabilities has brought this already important issue to the forefront in terms of institutional risk. **Maintenance expenses to month 7 total \$385k.**

■ The institute is facing a potential overspend of approximately \$225k on its **ISAS costs**. This issue is affecting all TAFE institutes and will be progressed through the TAFE Directors Queensland group.

■ Total **international student revenue** earnable by the institute in 09-10 from enrolments up to 31 January 2009 totals \$3.1m against an annual revenue target of \$4.4m. Additional planned enrolments for semester 1 2010 would indicate full year revenue of approximately \$3.9m with business development activities continuing.

■ **Student Tuition & Services Fees** recognised by the institute at month 7 total \$2.89m with a further \$0.97m enrolled for future study. This level of revenue represents 59% of the annual target of \$6.506m. This category of revenue will be impacted by the 'safety net' students in semester 1 2010 as no fees are payable for that training.

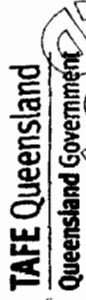
An investigation is currently underway to reconcile the fact that VRG and User Choice enrolments have reached 75% and 61% respectively by the end of month 7, however the total fees arising from these enrolments equates to 59% of the annual target.

■ Latest **SLA cost** information supplied to STA indicates a potential overspend of \$500k in 09-10. Negotiations are close to concluding with the other institutes and cost reductions of approx \$250k are expected.

Simon Pritchard
Finance Director
5 February 2010

- Attachment 1 Profit & Loss Account
- Attachment 2 Balance Sheet
- Attachment 3 Cash Flow Statement
- Attachment 4 User Choice Receipts
- Attachment 5 Monthly FTE Analysis
- Attachment 6 Student Commencements
- Attachment 7 Data In/error Rates

Financial Performance
July 2009 - June 2010
As at 31 January 2010



	In Month		Cumulative to Month 7 (Jul to Jan)		Full Year Forecast	
	Actual \$'s	Plan \$'s	Actual \$'s	Plan \$'s	Actual \$'s	Variance \$'s
Revenue						
User Charges						
Industry Funded Training	573,171	552,500	3,460,119	3,874,300	7,115,900	8,117,800 (1,001,900)
Tuition & Student Services	207,294	345,400	2,890,519	3,552,100	6,055,500	6,505,500 (450,000)
International Students	49,468	266,200	1,749,838	2,240,400	3,900,000	4,464,900 (564,900)
Other User Charges	76,167	94,800	1,018,806	627,700	1,403,000	1,252,000 151,000
Sub Total User Charges	906,101	1,258,900	9,119,282	10,294,500	18,474,400	20,340,200 (1,865,800)
Grants and Other Contributions	0	400	2,874	9,500	15,000	15,000 0
Other Revenues	14,490	1,600	106,964	37,800	120,000	60,000 60,000
Total Non-Government Revenue	920,591	1,260,900	9,229,120	10,341,800	18,609,400	20,415,200 (1,805,800)
Government Revenue						
VET Revenue	1,128,622	1,131,300	11,958,100	11,910,900	21,340,400	21,340,400 0
User Choice	2,945,700	2,600,000	26,121,376	25,731,500	43,578,000	43,578,000 0
Depreciation and Amortisation Revenue	278,556	276,300	1,973,950	1,934,000	3,370,200	3,315,200 55,000
Infrastructure (QSP) Revenue	361,088	547,800	2,335,592	3,836,000	6,576,200	6,576,200 0
Other VET Revenue	121,934	119,100	878,263	834,200	1,430,300	1,430,300 0
Internal Service Revenue	270,293	22,100	1,288,335	514,600	1,368,500	818,500 550,000
Total Government Revenue	5,106,193	4,696,600	44,555,616	44,761,300	77,663,600	77,058,600 605,000
Total Revenue	6,026,784	5,957,500	53,784,735	55,103,100	96,273,000	97,473,800 (1,200,800)
Expenses						
Employee Expenses						
Permanent and Temporary Salary Costs	1,824,520	2,456,600	24,667,437	25,432,800	43,635,600	44,635,600 1,000,000
Casual Wages Costs	26,255	339,400	2,182,615	2,221,200	4,857,600	4,687,600 (170,000)
Employers On-Costs	1,783,594	1,025,300	10,260,602	10,438,700	17,875,200	18,475,200 600,000
Other Employee Expenses	0	41,300	0	0	0	0 0
Contractors, Consultants and Employment Agencies	89,423	30,100	281,016	252,700	450,700	450,700 0
Staff Training	30,764	16,100	135,799	153,000	273,200	273,200 0
Sub Total Employee Expenses	3,754,557	3,910,800	37,527,468	38,498,400	67,092,300	68,522,300 1,430,000
Supplies and Services	1,397,657	1,443,400	9,075,307	10,509,300	18,502,900	18,678,700 175,800
Depreciation and Amortisation Expense	276,797	276,200	1,973,950	1,933,800	3,370,200	3,315,200 (55,000)
Other Expenses	13,693	11,500	420,792	81,400	240,000	140,000 (100,000)
Internal Service Expenses	730,539	563,000	4,524,499	3,971,900	7,067,600	6,817,600 (250,000)
Total Expenses	6,173,243	6,204,900	53,522,017	54,994,800	96,273,000	97,473,800 1,200,800
Operating Result	(146,459)	(247,400)	2,262,718	108,309.83	0	0

Operating Result 2009/10 application 340/5/2045 289239 108309.83

Balance Sheet as at 31 January 2010

	2009/10					2008/09		2007/08	
	As at 31Jan2010	As at 31Dec2009	As at 30Nov2009	As at 31Oct2009	As at 30Sep2009	As at 31Aug2009	As at 30Jun2009	As at 30Jun2008	As at 30Jun2008
Current Assets									
Cash	(3,849,957)	1,801,442	(3,547,290)	(2,455,330)	4,116,253	(2,886,580)	14,065,828	(7,555,370)	
Accounts Receivable & Accrued Revenue	8,074,397	4,560,435	5,635,139	6,169,118	7,305,040	6,624,776	3,029,678	2,529,864	
GST Input Credits	346,666	129,572	154,671	926,901	278,675	1,846,011	398,747	492,709	
L.S.L. Reimbursement	0	0	0	0	0	0	0	224,568	
Inventories	295,000	295,000	295,000	0	0	0	295,062	440,598	
User Choice and VET Revenue General	4,086,258	2,633,060	7,484,181	7,321,432	5,514,528	5,581,334	3,900,000	14,236,780	
Prepayments	445,036	446,986	333,344	400,336	346,528	241,305	243,699	313,087	
Total Current Assets	9,397,400	9,866,506	10,355,045	12,362,456	17,563,024	11,406,846	21,934,014	10,682,236	
Non - Current Assets									
Land & Buildings	190,398,194	188,703,105	192,606,779	191,286,507	186,968,540	179,723,949	180,281,795	134,610,373	
Plant & Equipment	6,797,351	6,716,678	6,794,004	6,847,164	6,898,235	6,976,928	7,285,476	4,354,667	
Total Non - Current Assets	197,195,545	195,419,783	199,400,783	198,134,271	193,866,775	186,702,877	187,567,271	138,965,040	
Total Assets	206,592,945	205,286,289	209,755,828	210,496,727	211,427,800	198,109,722	209,501,286	149,647,275	
Current Liabilities									
Payables	4,444,809	4,139,373	4,309,826	5,047,555	5,067,376	3,494,946	22,373,054	4,212,443	
Employee Provisions - Rec Leave	1,292,840	1,349,625	1,738,250	1,223,984	2,105,133	1,703,979	2,231,793	5,145,298	
L.S.L. Payable	64,555	272,667	154,559	78,419	237,679	157,610	238,600	212,277	
Wages Due	97,791	1,816,774	2,469,188	1,927,940	1,156,579	552,960	1,936,426	1,512,419	
Unearned Revenue and Fees	6,206,893	(2,796,778)	5,944,560	6,821,574	7,078,095	6,391,924	1,739,822	1,419,762	
Total Current Liabilities	12,106,887	10,375,216	14,616,383	15,099,472	15,644,862	12,301,419	28,519,695	12,502,199	
Non - Current Liabilities									
Nil to Report	0	0	0	0	0	0	0	0	
Total Non - Current Liabilities	0	0	0	0	0	0	0	0	
Total Liabilities	12,106,887	10,375,216	14,616,383	15,099,472	15,644,862	12,301,419	28,519,695	12,502,199	
Net Assets / (Liabilities)	194,486,058	194,911,072	195,139,446	195,397,255	195,782,937	185,808,303	180,981,591	137,145,076	
Equity									
Equity	158,717,575	159,142,590	159,370,963	159,628,773	160,014,455	150,039,821	145,213,109	120,953,373	
Asset Revaluation Reserve	35,768,482	35,768,482	35,768,482	35,768,482	35,768,482	35,768,482	35,768,482	16,191,704	
Total Equity	194,486,058	194,911,072	195,139,446	195,397,255	195,782,937	185,808,303	180,981,591	137,145,076	



CASHFLOW STATEMENT 2009-10

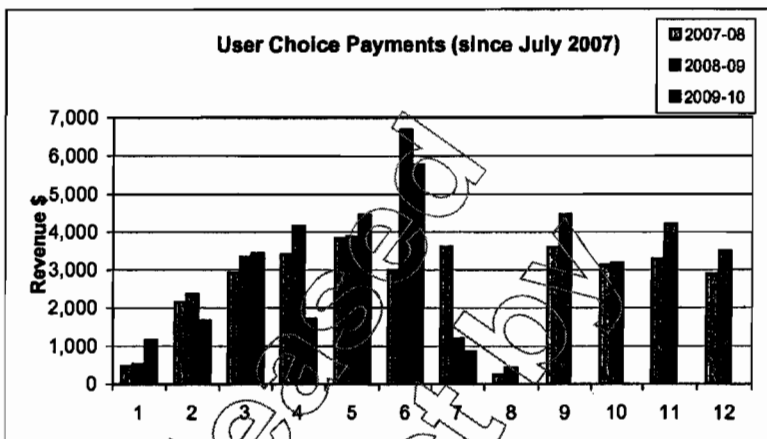
	Sep \$'000	Oct \$'000	Nov \$'000	Dec \$'000	Jan \$'000
Cash flows from Operating Activities					
<i>Inflows:</i>					
Government Funding	6,387	4,234	6,828	10,731	3,387
User Charges	1,652	1,632	1,118	304	1,914
Grants and Other Contributions	0	7	-14	0	0
GST input tax credits	1,567	-629	760	17	-217
GST collected from customers	0	0	0	0	0
Interest Receipts	0	0	0	0	0
Other Inflows	204	58	370	44	276
<i>Outflows:</i>					
Employee expenses	-4,715	-5,010	-4,904	-6,515	-6,387
Supplies and Services	-1,701	-1,344	-1,130	-1,597	-1,551
Grants and subsidies	0	0	0	0	0
Finance/borrowing costs	-1	-2	1	-1	-5
GST paid to suppliers	0	0	0	14	-12
GST remitted to ATO	0	0	0	0	0
Other Outflows	-791	-605	-877	-609	-730
Net Cash provided by (used in) operating activities	2,602	-1,660	2,153	2,388	-3,325
Cash flows from investing activities					
<i>Inflows:</i>					
Sales of property, plant and equipment	0	0	0	0	4
<i>Outflows:</i>					
Payments for property, plant and equipment	-5,568	-4,590	-2,963	3,246	-2,053
Payments for intangibles	0	0	0	0	0
Net Cash provided by (used in) investing activities	-5,568	-4,590	-2,963	3,246	-2,048
Cash flows from financing activities					
<i>Inflows:</i>					
Borrowing	0	0	0	0	0
Equity injections	9,968	-322	-282	-281	-279
<i>Outflows:</i>					
Equity withdrawals	0	0	0	0	0
Borrowing repayments	0	0	0	0	0
Net Cash provided by (used in) financing activities	9,968	-322	-282	-281	-279
Net cash increase (decrease) in cash held	7,003	-6,572	-1,092	5,353	-5,651
Cash at beginning of period	-2,887	4,116	-2,456	-3,548	1,805
Cash at end of period	4,116	-2,456	-3,548	1,805	-3,846



**USER CHOICE REVENUE RECEIPTS
SINCE JULY 2007**

USER CHOICE PAYMENTS RECEIVED

	2007-08 \$000	2008-09 \$000	2009-10 \$000
July	482	524	1,150
Aug	2,141	2,357	1,664
Sept	2,907	3,338	3,434
Oct	3,396	4,165	1,704
Nov	3,824	3,877	4,460
Dec	2,987	6,659	5,768
Jan	3,606	1,193	847
Feb	243	431	
Mar	3,588	4,466	
Apr	3,113	3,180	
May	3,272	4,206	
Jun	2,877	3,482	
TOTAL	32,436	37,877	19,027



plus Feb - June 2010 receipts (estimate) 16,500
plus Safety Net Funds (estimate) 3,000

FORECAST TOTAL RECEIPTS 38,527

plus year end accrual (estimate) 5,000

FORECAST FULL YEAR REVENUE 43,527

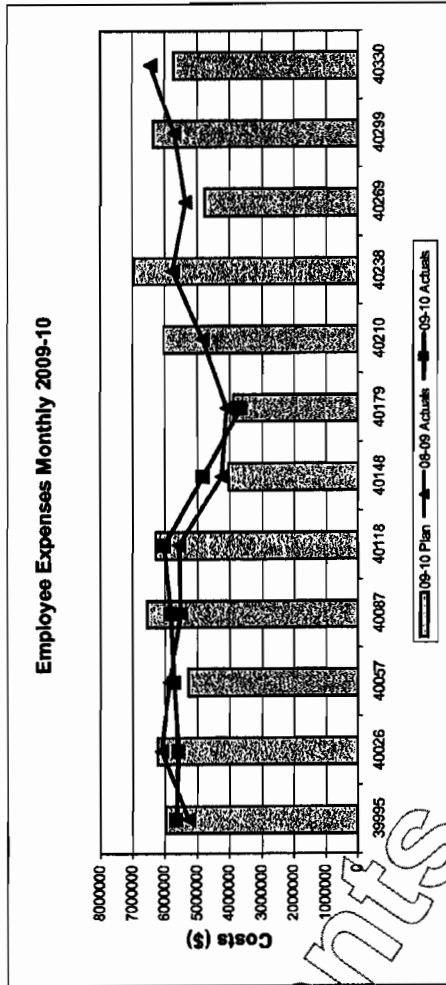
Combined User Choice and Safety Net Revenue target 2009-10 = \$43.58m

Documents released under the RTI Act
DET

ANALYSIS OF WORKFORCE MEASURES 2009-10

a) Overall Funded Establishment 09-10 (Council July 2009)	\$000	FTE
Delivery	34,806	414.50
Non delivery / support	28,542	427.56
Casual expenses	5,492	61.00
Net VER savings target	-600	-8.22
Vacancy rate target	-804	-11.06
Other employee expenses (non FTE)	1,086	
Funded Totals 09-10	68,522	883.78

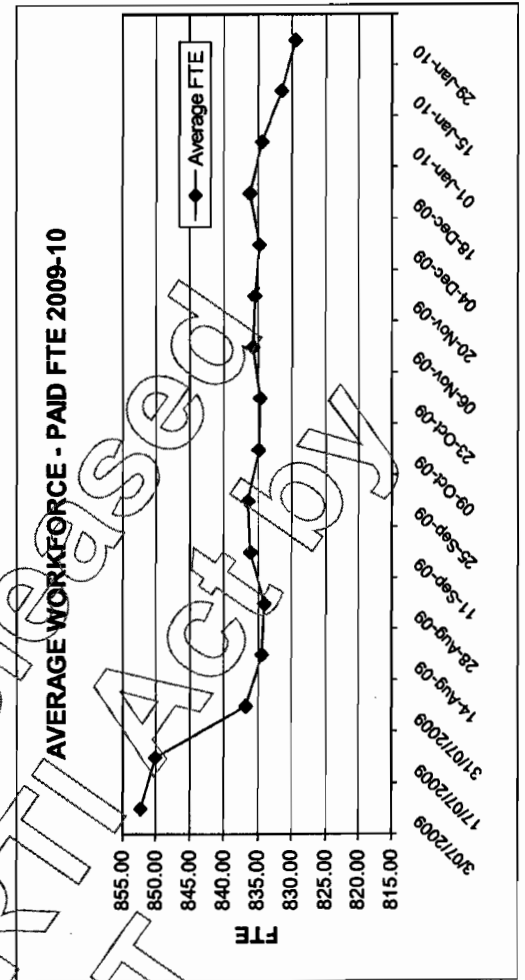
b) Monthly Actual v Plan Employee Expenses



c) Fortnightly record of paid FTE levels (via AURION payroll).
These FTE numbers exclude manual accruals for casual costs.

Pay Ending	Casual	Permanent	Temporary	Total
3/07/2009	59.10	698.34	94.83	852.27
17/07/2009	48.69	695.15	103.93	847.77
31/07/2009	22.14	689.93	97.96	810.03
14-Aug-09	39.04	689.07	99.50	827.61
28-Aug-09	38.45	691.36	102.71	832.52
11-Sep-09	43.82	699.65	102.54	846.01
25-Sep-09	43.43	693.09	101.94	838.46
09-Oct-09	32.15	691.93	100.35	824.43
23-Oct-09	39.19	695.25	98.66	833.10
06-Nov-09	47.78	699.74	96.94	844.46
20-Nov-09	40.53	691.93	100.26	832.72
04-Dec-09	33.38	696.03	98.41	827.82
18-Dec-09	48.00	707.21	97.04	852.25
01-Jan-10	28.42	688.42	95.50	812.34
15-Jan-10	4.55	691.35	94.98	790.88
29-Jan-10	4.35	694.42	99.51	798.28

d) Paid FTE levels via AURION payroll (annual average)

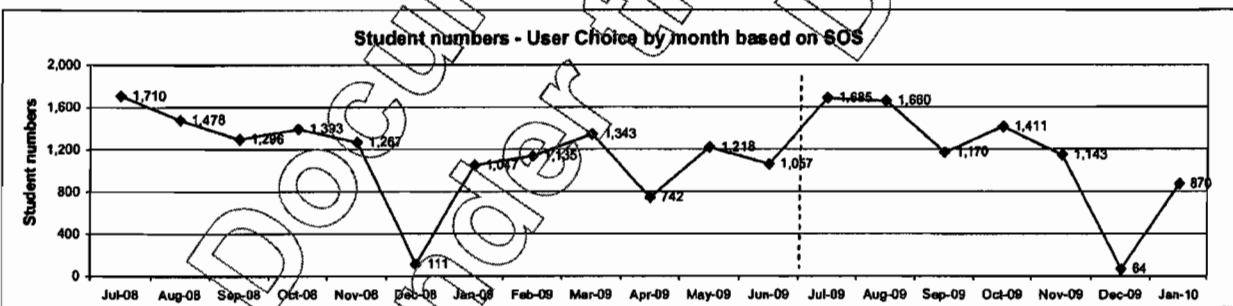
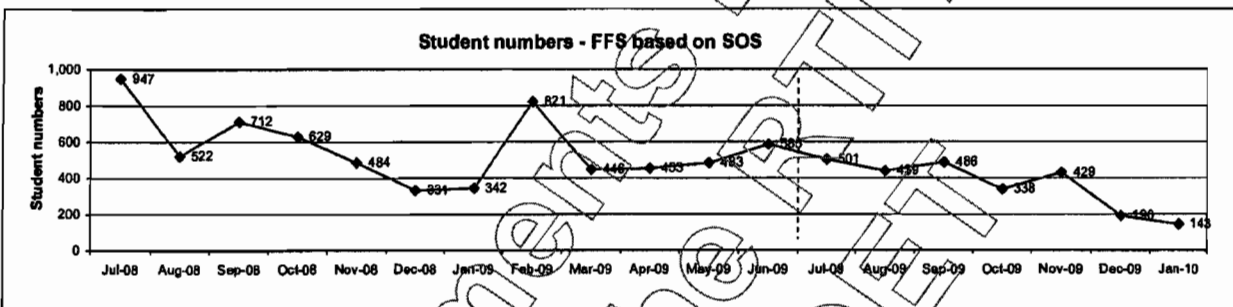
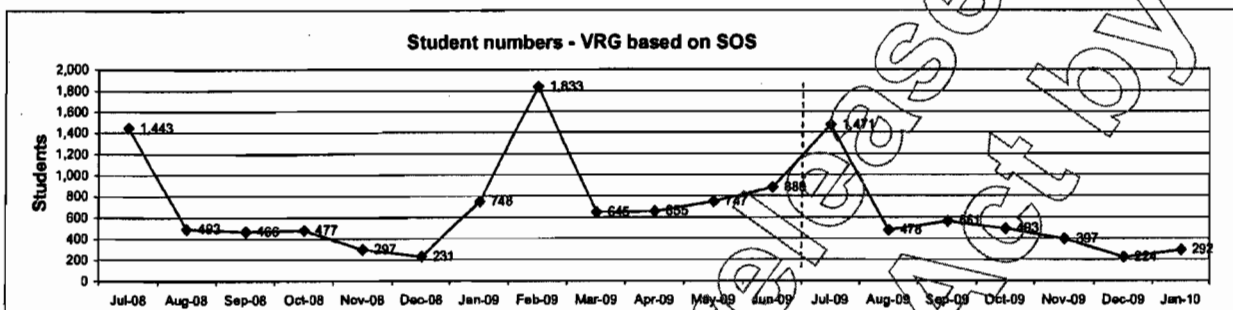




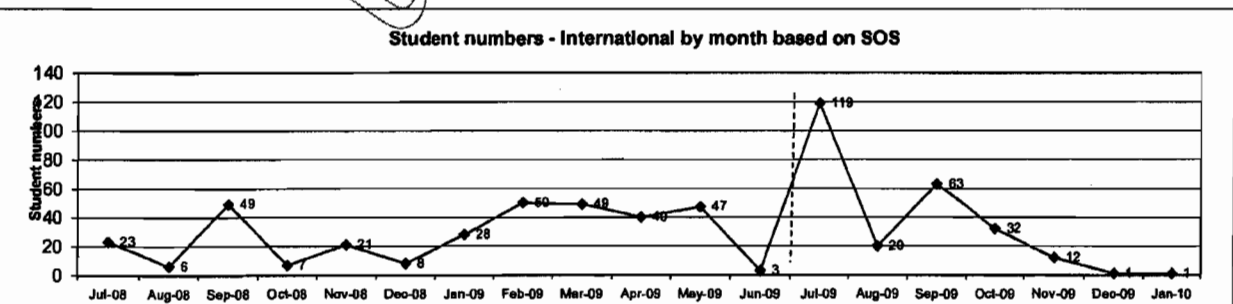
**STUDENT COMMENCEMENT TRENDS BY FUND SOURCE
SINCE JULY 2008**

		09-10	08-09
KEY MESSAGES: Overall student commencements July - January comparison	decrease -11.3%	14,693	16,566
User Choice commencements July - January comparison	decrease -3.6%	8,003	8,302
VRG commencements July - January comparison	decrease -5.8%	3,916	4,155
FFS commencements July - January comparison	decrease -36.3%	2,526	3,967

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10
VRG	748	1,833	645	655	747	880	1,471	478	561	493	397	224	292
FFS	342	821	446	453	483	585	501	439	486	338	429	190	143
User Choice	1,047	1,135	1,343	742	1,218	1,057	1,685	1,660	1,170	1,411	1,143	64	870
International	28	50	49	40	47	3	119	20	63	32	12	1	1
TOTAL	2,165	3,839	2,483	1,890	2,495	2,525	3,776	2,597	2,280	2,274	1,981	479	1,306



NOTE: User Choice commencements from January 2010 include safety net students.



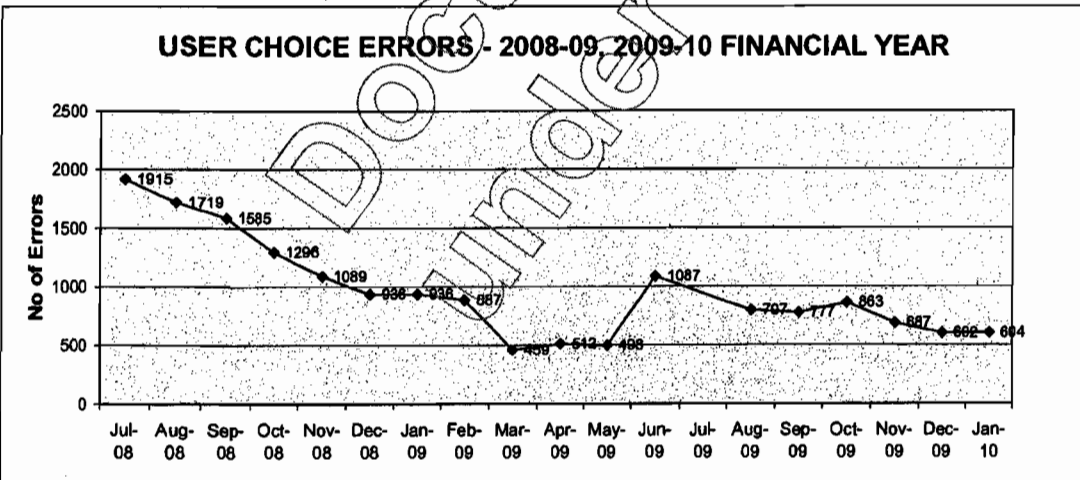
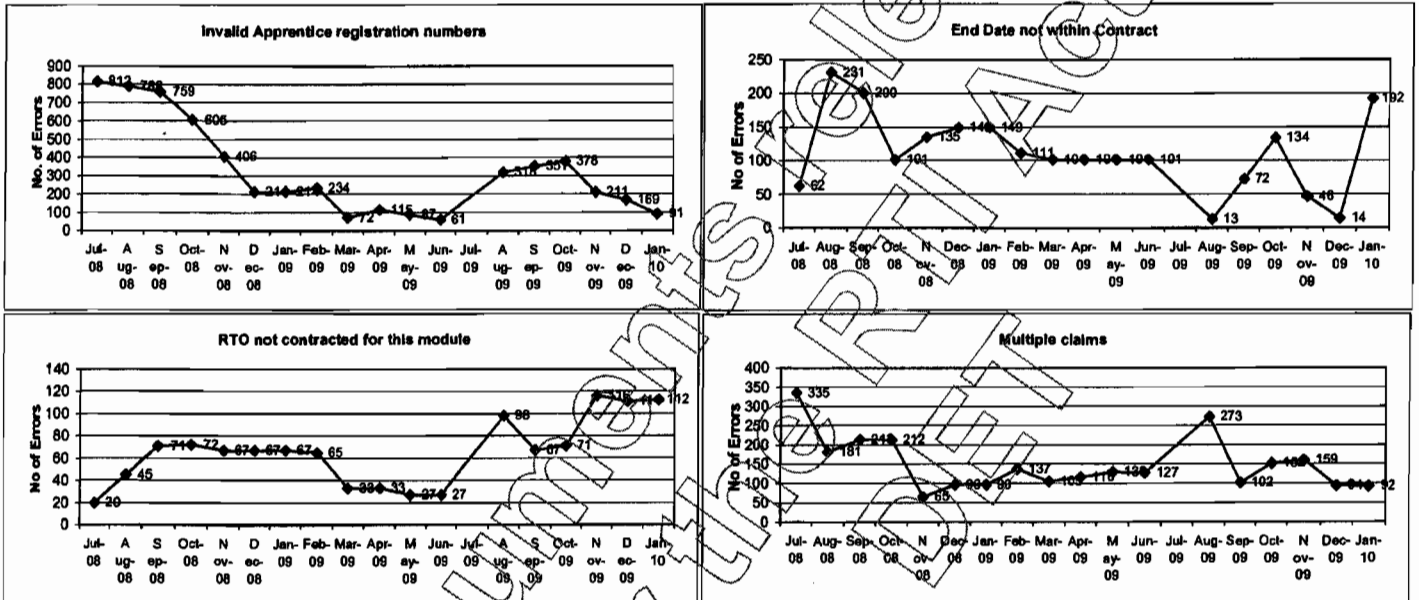


**USER CHOICE DATA IN ERROR TRENDS
SINCE JULY 2008**

Summary of errors 2008-10

Error Name	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10
State Funding is not approved for this student	6	6	7	8	8	8	6	8	11	18	18
Invalid apprentice registration number	234	72	115	87	61	318	351	378	211	169	91
Surname/First Name does not match name on Trai	1	2	2	5	6	4	11	0	17	15	15
Training contract Qualification does not match with	3	2	1	3	4	7	6	5	6	5	3
Invalid Contract / Training schedule number suppli	112	113	113	114	734	17	32	55	19	26	29
RTO not contracted for this module	65	33	33	27	27	98	67	71	116	111	112
Module/competency end date not within contract er	111	101	101	101	101	13	72	134	46	14	192
Invalid delivery strategy/module outcome combinati	2	0	2	2	0	16	19	8	61	85	11
Multiple claims	137	105	116	130	127	273	192	152	159	94	92
Mismatch on Qualifications	89	22	19	19	17	38	106	42	16	22	0
Withdrawn with no student participation	127	3	3	2	2	5	5	10	25	43	61
	887	459	512	498	1087	797	777	863	687	602	604

Selected Graphs;

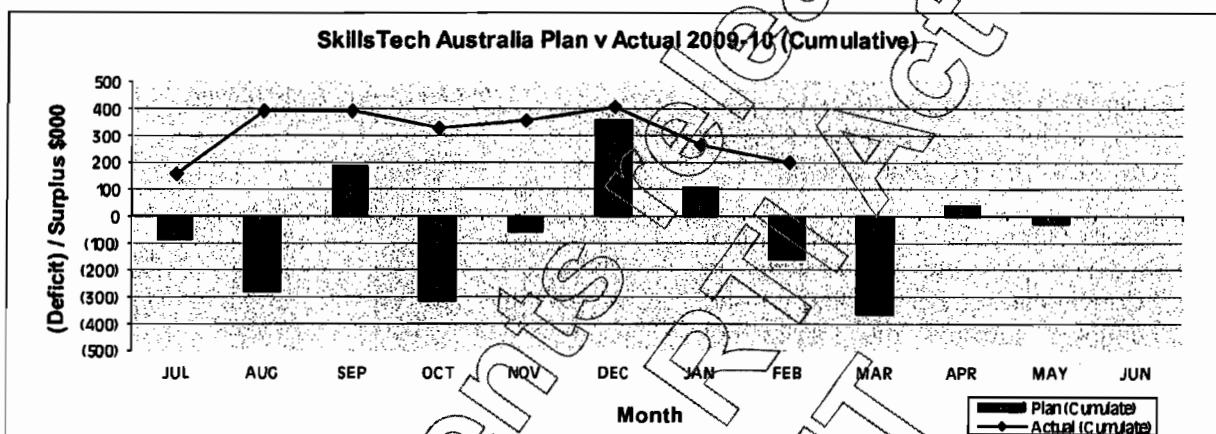


AT 31 JANUARY DATA IN ERROR VALUE AT SKILLSTECH AUSTRALIA WAS \$360K REPRESENTING 0.8% OF 2009-10 USER CHOICE CONTRACT VALUE

A) FINANCIAL OVERVIEW & MAJOR VARIANCES

At 28 February 2010, SkillsTech Australia is reporting a **surplus of \$200k** compared to a planned deficit of \$160k. The institute is therefore \$360k ahead of plan after month 8 of the financial year.

The institute's forecast year-end position remains at **breakeven**, however despite the institute's core government funded activity being strong, disappointing levels of commercial and international revenue will require careful control of expenditure to manage the risk of the institute not achieving its overall financial target.



- Overall revenue is \$1.69m below plan, a significant factor in this being a result of slower than planned recognition of infrastructure revenue (\$1.4m behind plan) to reflect an underspend in expenses.
- VRG and User Choice revenue remain on plan with the institute recognising \$1.09m safety net funding to reflect 483 safety net enrolments to date for semester 1 2010.
- User Charges are \$1.67m below plan, however this is somewhat offset by higher than expected revenue for IT and product development.

Table 1 - Revenue

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
2,033	2,068	(35)	VRG	13,990	13,978	12
3,067	3,100	(33)	User Choice	29,188	28,831	356
1,332	2,103	(771)	User Charges	10,731	12,398	(1,666)
591	548	44	Infrastructure Revenue	2,927	4,383	(1,456)
636	497	139	Other Revenue	4,888	3,828	1,060
7,659	8,316	(656)		61,724	63,418	(1,694)

- **Overall expenses are \$2.33m underspent;** employee expenses continue to track well at \$1.46m underspent.
- Supplies and services are \$1.75m underspent reflecting slower than planned infrastructure spending, however SLA and other internal costs are \$500k higher than plan.

Table 2 - Expenses

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
5,596	6,075	478	Employee Expenses	43,124	44,583	1,459
1,317	1,650	332	Supplies & Services	10,392	12,149	1,756
518	570	(52)	Internal Expenses	5,042	4,542	(500)
290	288	(2)	Other Expenses	2,685	2,304	(381)
7,721	8,583	862		61,243	63,578	2,334

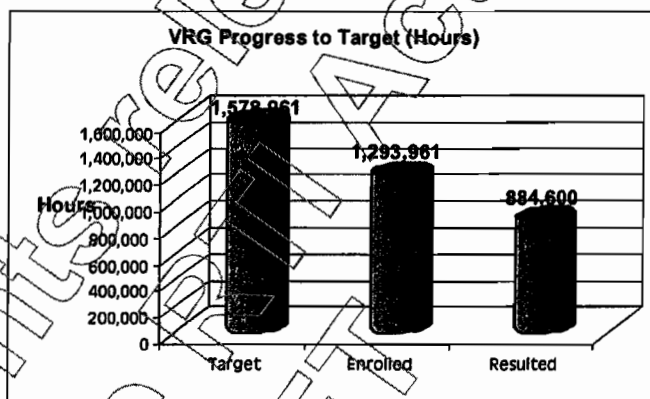
Detailed Profit & Loss Account and Balance Sheet are provided at attachment 1 and 2

B) KEY MESSAGES – Revenue

i) VRG Revenue: \$12k ahead of plan.

VRG continues on plan at month 8 with \$13.99m recognised to date. The institute has enrolled 82% of its 2009-10 VRG AHC target.

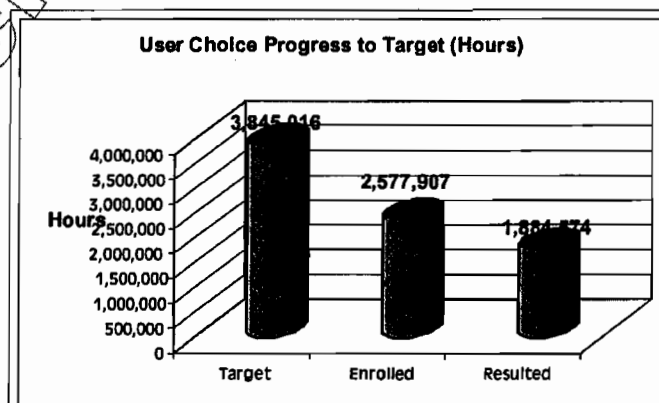
Skills Queensland has agreed that existing prevocational delivery in Construction and Plumbing can be counted towards the safety net funding in the event that the full safety net allocation is not earned from the 4 additional courses approved by TERC; however no adjustments have been made to date.



ii) User Choice Revenue: \$357k ahead of plan.

User Choice revenue currently stands at \$29.18m. The institute has enrolled 67% of its annual AHC target.

Current levels of delivery / payments indicate full year User Choice revenue of approximately \$40m - \$41m before recognition of safety net funding, against a total contract value of \$43.6m.



The institute has enrolled 483 students into the 4 TERC approved safety net courses from which the institute will earn at least \$2.9m (excluding the \$1,000 per student apprentice placement fee). In month 8, the institute has recognised \$1.09m for safety net students with the balance to be recognised over the remaining 4 months of the financial year.

The level of safety net enrolments coupled with strong apprentice sign-ups for semester 1 2010 has given the institute more confidence that the full \$43.6m User Choice contract value will be earned during 2009-10.

The value of User Choice 'data in error' at 28 February 2010 stands at approximately \$126k, which represents 0.3% of the institute's 09-10 User Choice contract value (including safety net funding).

See attachment 4 for User Choice receipts

See attachment 7 for 'data in error' trends

iii) Overall User Charges are \$1.67m below plan as shown below;

Table 3 – User Charges

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
410	918	(508)	Commercial / FFS	3,848	4,792	(944)
328	587	(239)	Student Tuition Fees	3,240	4,119	(879)
240	456	(216)	International Revenue	1,990	2,723	(733)
353	163	190	Other User Charges	1,653	763	890
1,332	2,103	(771)		10,732	12,398	(1,666)

Commercial revenue is \$0.94m below plan and includes \$170k relating to the PNG Dalby Phase 1 training contract and \$366k revenue relating to Phase 2. It should be noted that internal revenue is currently \$631k above plan and an element of this revenue was originally planned to be received as commercial / FFS revenue.

Student tuition fees represent a major shortfall against plan at month 8, where 49.7% of the annual target has been earned to month 8 (\$3.24m, \$879k below plan). Enrolled tuition fee revenue for future study stands at \$1.27m meaning that enrolments to month 8 have achieved \$4.51m or 69% of the institute's annual tuition fee target of \$6.5m.

An analysis undertaken during the month has allowed the institute to forecast full year tuition fee revenue of approximately \$6.0m against an annual plan of \$6.51m. To achieve this, the institute needs to correct a number of enrolment end dates and also achieve full enrolments in VRG and User Choice in 2009-10.

The forecast shortfall in tuition fee revenue is largely a result of the institute being unable to charge tuition fees for the 'safety net' courses, where approximately \$360k tuition fees have been foregone.

International student revenue recognised to date amounts to \$1.99m against a plan of \$2.7m. At 28 February, the institute's international revenue for enrolled future study (unearned) stands at \$4.07m (\$1.39m for 09-10 and \$2.68m for 10-11). Therefore at the end of month 8, the institute has \$3.38m revenue 'banked' for 09-10 against an annual target of \$4.4m.

The institute has substantially completed all outstanding international enrolments for 2009-10 and is therefore forecasting an annual revenue shortfall of \$1m against plan.

See attachment 6 for student commencement trends by fund source.

- iv) **Infrastructure and Other Capital Revenue is \$1.40m below plan** at month 8. The institute recognises infrastructure revenue to match expenses incurred in order to avoid unnecessary fluctuations in the financial results. To month 8 the institute has recognised \$2.92m rather than the \$4.16m payments received from DET. It is expected that infrastructure revenue and expenses will be fully recognised by year end.

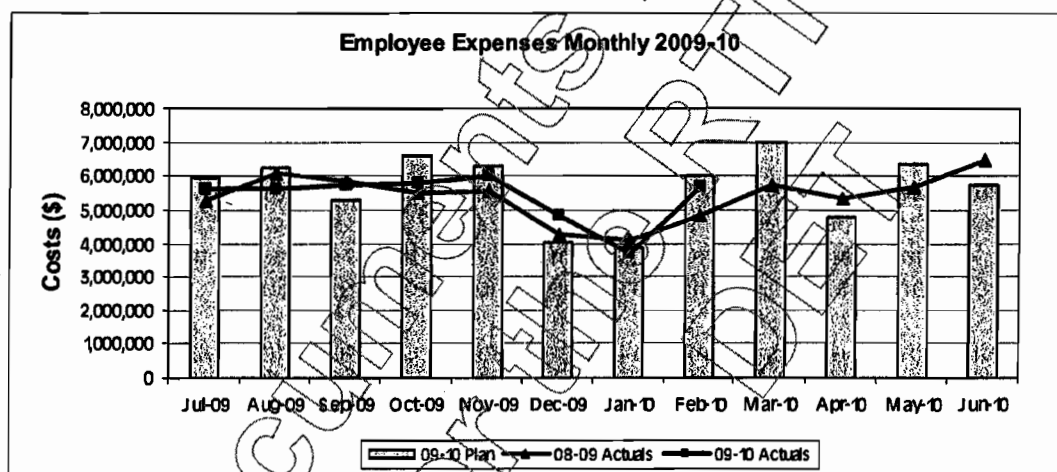
C) KEY MESSAGES – Expenses

- v) **Employee expenses (including contractors & consultants): \$1.46m underspent** at month 8.

Employee expenses were once again below plan at month 8 leading to an improved position of \$1.46m underspent.

Employee expenses to date include an accrual of \$311k to reflect potential casual hours worked but not yet paid as well as \$536k unfunded severance costs for staff taking up early retirement offers (total expected severance costs 09/10 of \$629k). The institute has a \$600k savings target in the second half of the financial year relating to a proposed Treasury funded early retirement scheme, however the Department has now indicated that Treasury funding will not be available and all severance costs must be met by institutes across the TAFE network.

The full year underspend in employee expenses is expected to be in the region of \$1.7m which is essential to offset revenue shortfalls as well as potential additional costs relating to service level agreements and provision for doubtful debts.



See attachment 5 for FTE trend analysis

- vi) **Supplies & Services expenses are \$1.76m underspent** at month 8.

The position on supplies and services largely reflects an underspend on infrastructure and IT expenses (see infrastructure revenue iv) above), offset somewhat by prepayments on copyright and course supplies and also an anticipated overspend on maintenance expenses.

- vii) **Internal Expenses are \$500k overspent** at month 8.

Negotiations with Brisbane North and Metropolitan South Institutes regarding Service Level Agreement (SLA) costs are nearing conclusion with cost savings of approximately \$250k

expected. These negotiations will also reach agreement on appropriate SLA costs for 2010-11 to allow the institute to plan with greater confidence.

D) BALANCE SHEET

viii) Solvency;

At 28 February 2010, SkillsTech Australia is technically insolvent with current liabilities greater than its current assets by \$1.75m (current ratio -1.12).

ix) Cash Balance: \$4.02m negative

At 28 February, the institute had a negative cash balance of \$4.02m, an increase of \$176k in the month.

The decrease in cash in the month can be analysed as;

Operational cash movements decrease	(\$0.93m)
Cash outflows from capital expenditure	\$1.03m
DET cash withdrawal (capital)	(\$0.28m)

See attachment 3 for cash flow statement

x) User Choice Accrual (current assets);

The institute's User Choice revenue accrual at 28 February 2010 stands at \$7.89m and is recognition of the value of students in training up to the end of month 8. The department will not make any payments for 2010 training delivery until March 2010 and this has resulted in a peak in the value of the User Choice accrual. During March to June 2010 the institute should see increased levels of payments from DET and a general reduction in the User Choice accrual value.

The level of K results (training completed but unpaid) within the institute has reduced by 38% from 9,425 in November 2009 to 5,879 in February 2010. Whilst the reduction in K results is encouraging, the institute must maintain its focus and ensure the level of K results continues to decrease, therefore reducing the risk of non payment for training delivery.

xi) Accounts Receivable and Accrued Revenue;

The institute's Account Receivable balance at 28 February 2010 stands at \$9.95m. This balance is made up of;

Future debt (not yet due)	\$3.36m
Domestic and International student debt	\$2.05m
Organisational / Employer debt	\$1.13m
Annual Leave receivable (Treasury)	\$2.63m
Other accruals	\$0.78m

The organisational debt consists of over 900 individual debtors; however the main debts owed to the institute at 28 February 2010 are;

EOSJV (PNG)	\$164,300	31-61 days	(note 1)
EOSJV (PNG)	\$ nil		(note 2)
Joint Industry Services Training	\$124,300	91-120 days	(note 3)

Energex (EasiTrain)	\$ 92,400	91-120 days
Q-Rail	\$ 73,338	31-120 days
QLD Plumbing & Drainage	\$ 46,200	190 days +
Integrated Glass	\$ 46,000	31- 60 days \$25k, 160 - 190 days \$21k
Queensland Textbook Warehouse	\$ 44,948	31- 60 days
Energex Ltd Commercial Training	\$ 43,600	Current

Note 1: The debt relates to phase 1 of the PNG Nationals training in Dalby. EOS have verbally confirmed that the invoice has been passed for payment however to date no payment has been received.

Note 2: This debt (\$75k) related to consultancy services provided to the EOS / PNG project. During February 2010, EoSJV wrote to the debt management team within DET requesting a credit note which was issued without seeking any approval or authorisation from the institute. The institute has formally complained to the Executive Director, Financial Services, DET who has confirmed a breakdown in procedure. An invoice has been reissued however the actions of DET place a question mark around the institute's ability to pursue payment through legal means.

Note 3: The outstanding debt relates to the 2009-10 sub-lease of premises at Salisbury. In 2008-09 the Department directed the institute to waive sub-lease charges to JIST who were experiencing financial difficulties.

The institute has allocated internal resources to work more closely with the debt management hub within the department to provide better outcomes on debt management and collection.

xii) Payables;

The amount the institute owes to its creditors at 28 February 2010 stands at \$5.15m of which \$2.93m relates to payroll tax.

xiii) Unearned Revenue;

The institute's unearned revenue at 28 February 2010 totals \$7.79m. This is largely a result of student enrolments for future training delivery and is one indication of the institute's future 'order book'. The analysis of the unearned revenue is shown below;

- International revenue \$4.07m (including estimated \$2.68m 2010-11 study)
- Regulated student fees \$1.27m (VRG & User Choice delivery)
- Commercial / FPS revenue \$0.44m

In addition to future student related fees, the institute has also recognised as unearned at 28 February;

- Infrastructure and other revenue \$1.24m (to be recognised when matching expenses are incurred)

E) MAIN FINANCIAL RISKS



STA has planned savings of at least \$600k from the DET Voluntary Early Retirement (VER) scheme.

Advice from DET indicates that support from Treasury for loan funding will not be provided to the institute, and that all severance cost of any voluntary retirement /

redundancies would be borne by STA in the current financial year. To date, the institute has incurred \$536k severance costs from contract terminations, voluntary redundancies and early retirements.

Ongoing controls around employee recruitment and vacancy management has enabled the institute to forecast a full year employee expenses to be approximately \$1.7m below plan.

To month 8, the institute has recognised 47% (\$3.848m) of its annual **commercial / Fee for Service revenue** target. The recent appointment of a Director, Business Development, and the inclusion of revenue from PNG training at Dalby in future months will assist the institute in progressing towards its 09-10 target of \$8.1m however the institute is forecasting a shortfall of \$1.2m by the end of the financial year.

DET has provided \$270k to the institute in 09-10 for **asset maintenance** requirements. The institute views this level of funding as inadequate and has earmarked \$500k 'better TAFE facilities' funds to this issue to try and mitigate the risks in this area. The lifting of the 'shield of the crown' in January 2009 with regards to individual liabilities has brought this already important issue to the forefront in terms of institutional risk. **Maintenance expenses to month 8 total \$377k.**

The institute is facing a potential overspend of approximately \$225k on its **ISAS costs**. This issue is affecting all TAFE institutes and will be progressed through the TAFE Directors Queensland group.

Total **international student revenue** earnable by the institute in 09-10 from enrolments up to 28 February 2010 totals \$3.38m against an annual revenue target of \$4.4m. The institute has substantially completed all outstanding international enrolments for 2009-10 and is therefore forecasting an annual revenue shortfall of \$1m against plan.

Student Tuition & Services Fees recognised by the institute at month 8 total \$3.24m with a further \$1.27m enrolled for future study. This level of revenue represents 69% of the annual target of \$6.51m. This category of revenue will be impacted by the 'safety net' students in semester 1 2010 where approximately \$360k tuition fees have been foregone.

An analysis undertaken during the month has allowed the institute to forecast full year tuition fee revenue of approximately \$6.0m against an annual plan of \$6.51m. To achieve this, the institute needs to correct a number of enrolment end dates and also achieve full enrolments in VRG and User Choice in 2009-10.

Latest **SLA cost** information supplied to STA indicates a potential overspend of \$500k in 09-10. Negotiations are close to concluding with the other institutes and cost reductions of approx \$250k are expected.

Simon Pritchard
Finance Director
8 March 2010

- Attachment 1 Profit & Loss Account
- Attachment 2 Balance Sheet
- Attachment 3 Cash Flow Statement
- Attachment 4 User Choice Receipts
- Attachment 5 Monthly FTE Analysis
- Attachment 6 Student Commencements
- Attachment 7 Data in error Rates

	In Month		Cumulative to Month 8 (Jul to Feb)		Full Year Forecast	
	Actual \$'s	Plan \$'s	Actual \$'s	Plan \$'s	Actual \$'s	Plan \$'s
			Variance \$'s		Variance \$'s	
Revenue						
User Charges						
Industry Funded Training	410,328	918,000	(507,672)	3,848,447	4,792,300	(943,853)
Tuition & Student Services	328,166	566,700	(238,534)	3,239,685	4,118,800	(879,115)
International Students	240,257	456,000	(215,743)	1,980,095	2,723,600	(733,505)
Other User Charges	353,676	162,800	190,876	1,653,481	763,300	890,181
Sub Total User Charges	1,332,427	2,103,500	(771,073)	10,731,708	12,398,000	(1,666,292)
Grants and Other Contributions	5,110	1,700	3,410	7,984	11,280	(3,216)
Other Revenues	3,215	6,800	3,585	110,178	44,680	65,578
Total Non-Government Revenue	1,340,751	2,112,000	(771,249)	10,849,871	12,453,960	(1,603,929)
Government Revenue						
VET Revenue	2,032,687	2,067,700	(35,013)	13,990,787	13,978,600	12,187
User Choice	3,066,911	3,100,000	(33,089)	29,189,288	28,831,500	357,788
Depreciation and Amortisation Revenue	275,029	276,300	(1,271)	2,248,979	2,210,300	38,679
Infrastructure (GSP) Revenue	591,715	547,800	43,915	2,927,306	4,383,800	(1,456,494)
Other VET Revenue	121,934	119,100	2,834	1,009,187	953,400	46,787
Internal Service Revenue	230,598	92,600	137,998	1,238,932	607,200	631,732
Total Government Revenue	6,318,874	6,203,500	115,374	50,594,490	50,964,800	(370,310)
Total Revenue	7,659,625	8,315,500	(655,875)	61,444,361	63,418,600	(1,974,239)
Expenses						
Employee Expenses						
Permanent and Temporary Salary Costs	3,942,804	3,832,600	(110,204)	28,610,241	29,308,600	698,359
Casual Wages Costs	247,902	498,200	250,298	2,430,517	2,727,900	297,383
Employers On-Costs	1,481,924	1,640,800	(158,876)	11,742,526	12,080,800	338,274
Other Employee Expenses	0	43,000	43,000	0	0	0
Contractors, Consultants and Employment Agencies	(83,027)	37,700	120,727	197,989	290,200	92,211
Staff Training	7,039	22,800	15,761	142,838	175,800	32,962
Sub Total Employee Expenses	5,596,643	6,075,100	478,457	43,124,111	44,583,300	1,459,189
Supplies and Services	1,317,589	1,650,000	332,401	10,392,907	12,149,500	1,756,593
Depreciation and Amortisation Expense	275,029	276,300	(1,271)	2,438,979	2,210,100	(38,879)
Other Expenses	14,346	11,500	2,846	435,138	92,900	(342,238)
Internal Service Expenses	518,283	570,800	52,517	5,042,782	4,542,700	(500,082)
Total Expenses	7,721,900	8,583,700	861,800	61,243,917	63,578,500	2,334,583
Operating Result Profit / (Loss)	(62,275)	(268,200)	205,925	200,444	(159,900)	360,344
Actual \$'s						
	6,915,900	8,117,800	(1,201,900)	6,915,900	8,117,800	(1,201,900)
	6,085,500	6,505,500	(500,000)	6,085,500	6,505,500	(500,000)
	3,500,000	4,464,900	(964,900)	3,500,000	4,464,900	(964,900)
	1,853,000	1,252,000	601,000	1,853,000	1,252,000	601,000
	18,274,400	20,340,200	(2,065,800)	18,274,400	20,340,200	(2,065,800)
	15,000	15,000	0	15,000	15,000	0
	120,000	60,000	60,000	120,000	60,000	60,000
	18,409,400	20,415,200	(2,005,800)	18,409,400	20,415,200	(2,005,800)
	21,340,400	21,340,400	0	21,340,400	21,340,400	0
	43,878,000	43,578,000	300,000	43,878,000	43,578,000	300,000
	3,370,200	3,315,200	55,000	3,370,200	3,315,200	55,000
	6,576,200	6,576,200	0	6,576,200	6,576,200	0
	1,430,300	1,430,300	0	1,430,300	1,430,300	0
	1,418,500	818,500	600,000	1,418,500	818,500	600,000
	78,013,600	77,058,600	955,000	78,013,600	77,058,600	955,000
	96,423,000	97,473,800	(1,050,800)	96,423,000	97,473,800	(1,050,800)
	43,475,600	44,635,600	1,160,000	43,475,600	44,635,600	1,160,000
	4,807,600	4,687,600	(120,000)	4,807,600	4,687,600	(120,000)
	17,815,200	18,475,200	(660,000)	17,815,200	18,475,200	(660,000)
	0	0	0	0	0	0
	450,700	450,700	0	450,700	450,700	0
	273,200	273,200	0	273,200	273,200	0
	66,822,300	68,522,300	1,700,000	66,822,300	68,522,300	1,700,000
	18,502,900	18,678,700	175,800	18,502,900	18,678,700	175,800
	3,370,200	3,315,200	(55,000)	3,370,200	3,315,200	(55,000)
	260,000	140,000	(120,000)	260,000	140,000	(120,000)
	7,467,600	6,817,600	(650,000)	7,467,600	6,817,600	(650,000)
	96,423,000	97,473,800	1,050,800	96,423,000	97,473,800	1,050,800
	0	0	0	0	0	0

Balance Sheet

as at 28 February 2010

	As at 29Feb2010	As at 31Jan2010	As at 31Dec2009	As at 30Nov2009	As at 31Oct2009	As at 30Sep2009	As at 31Aug2009	As at 31Jul 2009	2009/09 As at 30Jun2009	2007/08 As at 30Jun2008	2006/07 As at 30Jun2007
Current Assets											
Cash	(4,025,854)	(3,849,957)	1,801,442	(3,547,290)	(2,455,330)	4,116,253	(2,886,580)	11,085,793	14,065,828	(7,555,370)	10,434,364
Accounts Receivable & Accrued Revenue	9,956,297	8,074,397	4,560,435	5,635,139	6,169,118	7,305,040	6,624,776	6,425,081	3,029,678	2,529,864	1,226,330
GST Input Credits	242,390	346,666	129,572	154,671	926,901	278,675	1,846,011	663,413	399,747	492,709	334,242
L.S.L. Reimbursement	0	0	0	0	0	0	0	0	0	224,568	148,007
Inventories	295,000	295,000	295,000	295,000	0	0	0	0	295,062	440,598	106,986
User Choice and VET Revenue General	6,748,280	4,066,258	2,633,060	7,484,181	7,321,432	5,514,528	5,581,334	3,272,975	3,900,000	14,236,780	6,961,671
Prepayments	331,485	445,936	446,996	333,344	400,336	346,528	241,305	(26,688)	243,699	313,087	67,668
Total Current Assets	13,547,397	9,397,400	9,868,506	10,355,045	12,362,456	17,561,024	11,406,846	21,420,574	21,934,014	10,682,236	19,279,268
Non - Current Assets											
Land & Buildings	189,089,572	190,385,194	188,703,105	192,806,779	191,286,507	186,968,540	179,723,949	187,227,945	180,281,795	134,610,373	128,276,331
Plant & Equipment	6,768,223	6,797,351	6,716,678	6,794,004	6,847,764	6,898,235	6,978,928	6,985,465	7,285,476	4,354,667	2,436,520
Total Non - Current Assets	195,857,801	197,182,545	195,419,783	199,600,783	198,134,271	193,866,775	186,702,877	194,213,409	187,567,271	138,965,040	130,712,851
Total Assets	209,405,398	206,579,945	205,288,289	209,955,828	210,496,727	211,427,800	188,109,722	215,633,983	209,501,286	149,647,275	149,992,119
Current Liabilities											
Payables	5,156,412	4,444,809	4,139,323	4,309,826	5,047,556	5,067,376	3,494,946	27,765,124	22,373,054	4,212,443	3,684,365
Employee Provisions - Rec Leave	1,896,250	1,292,840	1,349,625	1,736,250	1,223,984	2,105,133	1,703,979	1,174,337	2,231,793	5,145,298	4,390,151
L.S.L. Payable	135,092	64,555	272,667	164,559	78,419	237,679	157,610	82,776	238,600	212,277	188,128
Wages Due	310,945	97,791	1,816,774	2,469,488	1,927,940	1,156,579	552,960	248,094	1,936,426	1,512,419	1,002,367
Unearned Revenue and Fees	7,799,521	6,206,893	2,796,778	5,944,560	6,821,574	7,073,095	6,391,924	5,485,003	1,739,822	1,419,762	1,270,858
Total Current Liabilities	15,298,220	12,106,887	10,375,216	14,616,383	15,099,472	15,644,862	12,301,419	34,755,334	28,519,695	12,502,199	10,535,869
Non - Current Liabilities											
Nil to Report	0	0	0	0	0	0	0	0	0	0	0
Total Non - Current Liabilities	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	15,298,220	12,106,887	10,375,216	14,616,383	15,099,472	15,644,862	12,301,419	34,755,334	28,519,695	12,502,199	10,535,870
Net Assets / (Liabilities)	194,107,178	194,486,058	194,911,072	195,339,446	195,397,255	195,782,937	185,808,303	180,878,649	180,981,591	137,145,076	139,456,249
Equity											
Equity	158,380,271	158,717,575	159,142,590	159,370,963	159,628,773	160,014,455	159,030,821	145,110,167	145,213,109	120,953,373	103,417,978
Asset Revaluation Reserve	35,726,907	35,768,482	35,768,482	35,768,482	35,768,482	35,768,482	35,768,482	35,768,482	35,768,482	16,191,704	36,038,272
Total Equity	194,107,178	194,486,058	194,911,072	195,139,446	195,397,255	195,782,937	185,808,303	180,878,649	180,981,591	137,145,076	139,456,250



CASHFLOW STATEMENT 2009-10

	Sep \$'000	Oct \$'000	Nov \$'000	Dec \$'000	Jan \$'000	Feb \$'000
Cash flows from Operating Activities						
<i>Inflows:</i>						
Government Funding	6,387	4,234	6,828	10,731	3,387	3,463
User Charges	1,652	1,632	1,118	304	1,914	1,274
Grants and Other Contributions	0	7	-14	0	0	5
GST input tax credits	1,567	-629	760	17	-217	104
GST collected from customers	0	0	0	0	0	0
Interest Receipts	0	0	0	0	0	0
Other Inflows	204	58	370	44	276	194
<i>Outflows:</i>						
Employee expenses	-4,715	-5,010	-4,904	-6,515	-6,387	-4,796
Supplies and Services	-1,701	-1,344	-1,130	-1,597	-1,551	-643
Grants and subsidies	0	0	0	0	0	0
Finance/borrowing costs	-1	-2	1	-1	-5	-2
GST paid to suppliers	0	0	0	14	-12	-6
GST remitted to ATO	0	0	0	0	0	0
Other Outflows	-791	-605	-877	-609	-730	-518
Net Cash provided by (used in) operating activities	2,602	-1,660	2,153	2,388	-3,325	-926
Cash flows from investing activities						
<i>Inflows:</i>						
Sales of property, plant and equipment	0	0	0	0	4	3
<i>Outflows:</i>						
Payments for property, plant and equipment	-5,568	-4,590	-2,963	3,246	-2,053	1,021
Payments for intangibles	0	0	0	0	0	0
Net Cash provided by (used in) investing activities	-5,568	-4,590	-2,963	3,246	-2,048	1,025
Cash flows from financing activities						
<i>Inflows:</i>						
Borrowing	0	0	0	0	0	0
Equity injections	9,968	-322	-282	-281	-279	-275
<i>Outflows:</i>						
Equity withdrawals	0	0	0	0	0	0
Borrowing repayments	0	0	0	0	0	0
Net Cash provided by (used in) financing activities	9,968	-322	-282	-281	-279	-275
Net cash increase (decrease) in cash held	7,003	-6,572	-1,092	5,353	-5,651	-176
Cash at beginning of period	-2,887	4,116	-2,456	-3,548	1,805	0
Cash at end of period	4,116	-2,456	-3,548	1,805	-3,846	-176



USER CHOICE REVENUE RECEIPTS SINCE JULY 2007

USER CHOICE PAYMENTS RECEIVED

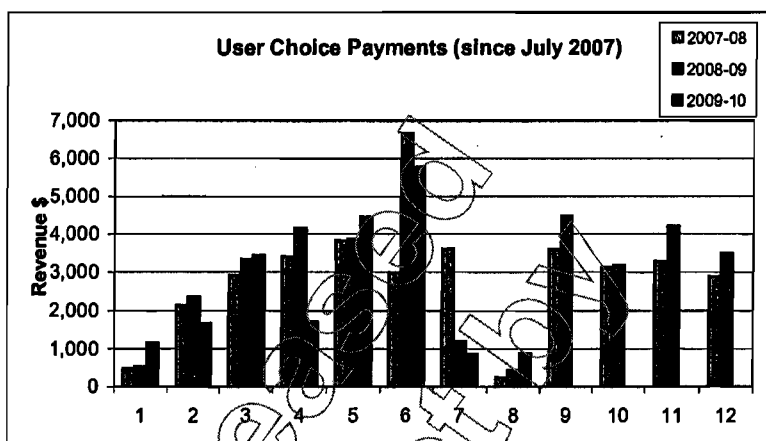
	2007-08 \$000	2008-09 \$000	2009-10 \$000
July	482	524	1,150
Aug	2,141	2,357	1,664
Sept	2,907	3,338	3,434
Oct	3,396	4,165	1,704
Nov	3,824	3,877	4,460
Dec	2,987	6,659	5,768
Jan	3,606	1,193	847
Feb	243	431	867
Mar	3,588	4,466	
Apr	3,113	3,180	
May	3,272	4,206	
Jun	2,877	3,482	
TOTAL	32,436	37,877	19,894

plus Mar - June 2010 receipts (estimate) 15,900
plus Safety Net Funds (estimate) 3,200

FORECAST TOTAL RECEIPTS 38,994

plus year end accrual (estimate) 4,500

FORECAST FULL YEAR REVENUE 43,494



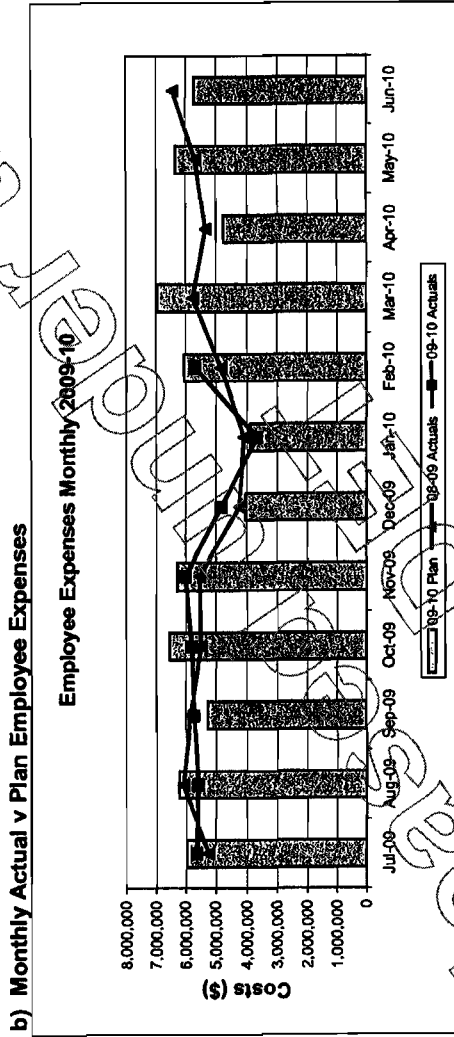
Combined User Choice and Safety Net
Revenue target 2009-10 = \$43.58m

Documents
under the RTI
DET



ANALYSIS OF WORKFORCE MEASURES 2009-10

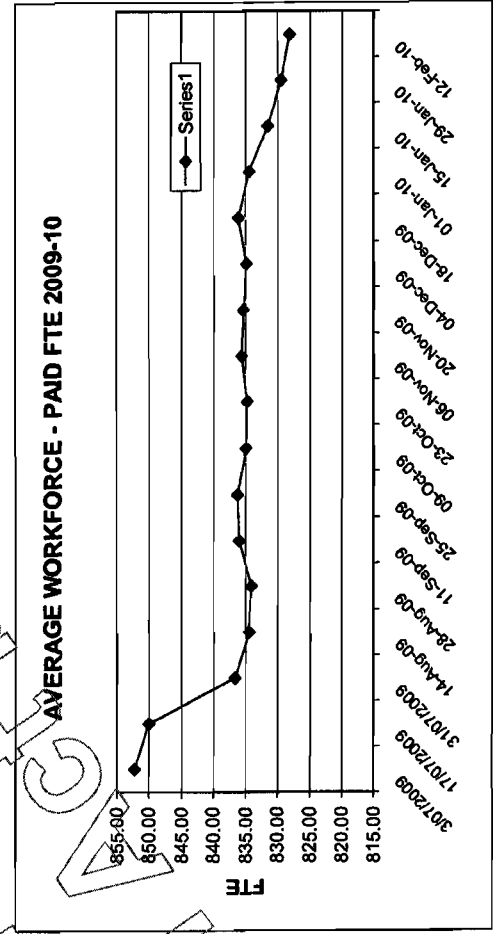
a) Overall Funded Establishment 09-10 (Council July 2009)	\$000	FTE
Delivery	34,806	414.50
Non delivery / support	28,542	427.56
Casual expenses	5,492	61.00
Net VER savings target	-600	-8.22
Vacancy rate target	-804	-11.06
Other employee expenses (non FTI)	1,086	
Funded Totals 09-10	68,522	883.78



c) Fortnightly record of paid FTE levels (via AURION payroll):
These FTE numbers exclude manual accruals for casual costs.

Pay Ending	Casual	Permanent	Temporary	Total
3/07/2009	59.10	698.34	94.83	852.27
17/07/2009	48.69	695.15	103.93	847.77
31/07/2009	22.14	689.93	97.96	810.03
14-Aug-09	39.04	689.07	99.50	827.61
28-Aug-09	38.45	691.36	102.71	832.52
11-Sep-09	43.82	699.65	102.54	846.01
25-Sep-09	43.43	693.69	104.94	836.46
09-Oct-09	32.15	691.83	100.35	824.33
23-Oct-09	39.19	695.25	98.66	833.10
06-Nov-09	47.76	699.74	96.94	844.46
20-Nov-09	46.83	691.93	100.26	837.72
04-Dec-09	33.38	696.03	98.41	827.82
18-Dec-09	48.90	707.21	97.04	852.25
01-Jan-10	28.42	688.42	95.50	812.34
15-Jan-10	4.55	691.35	94.98	790.88
29-Jan-10	4.35	694.42	99.51	798.28
12-Feb-10	4.74	693.97	108.41	807.12
26-Feb-10	18.27	691.08	107.10	816.45

d) Paid FTE levels via AURION payroll (annual average)



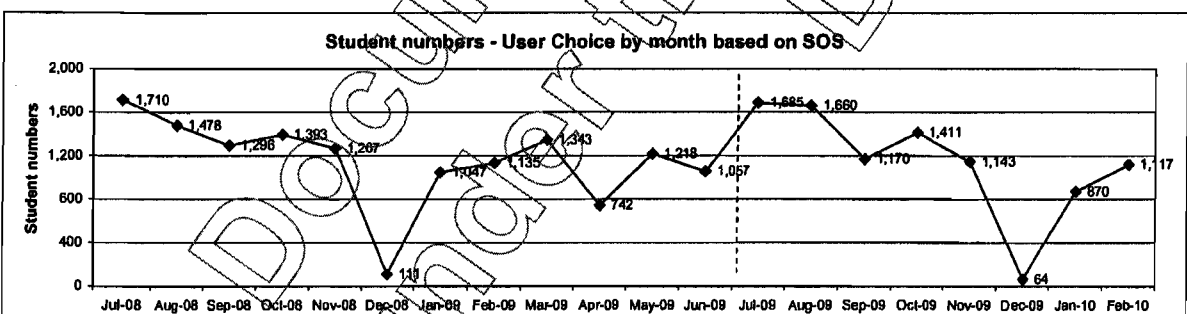
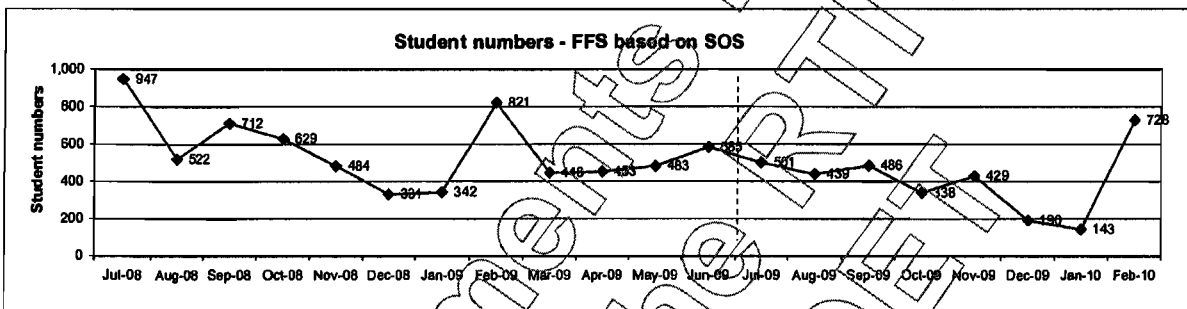
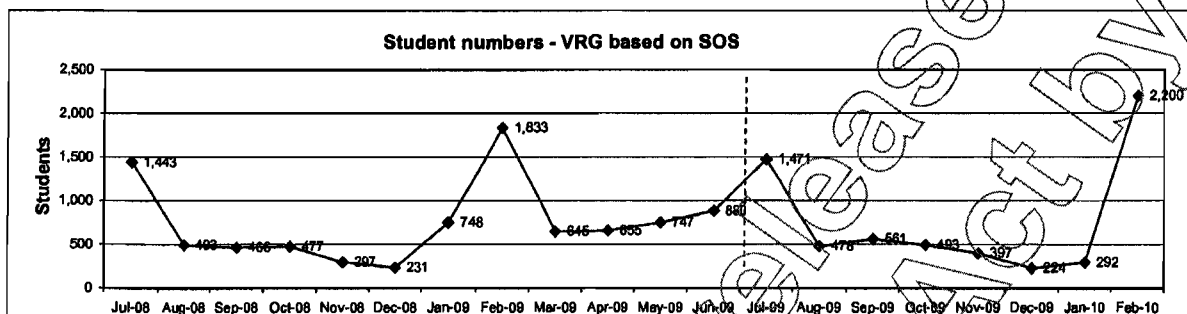
ATTACH 5



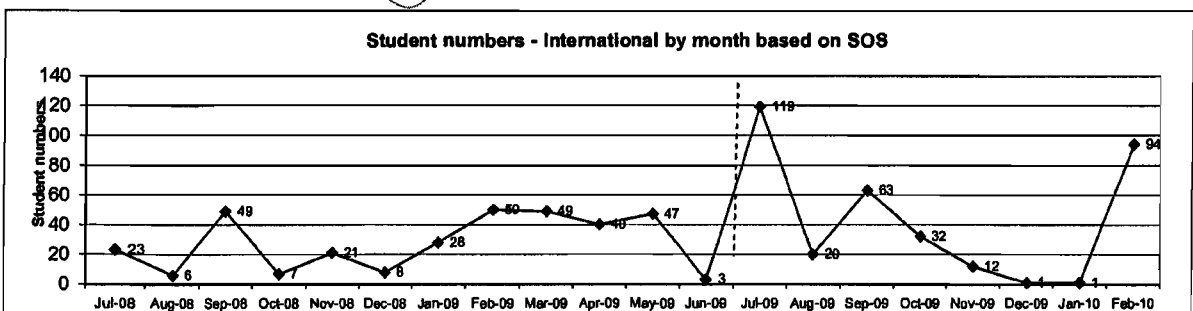
**STUDENT COMMENCEMENT TRENDS BY FUND SOURCE
SINCE JULY 2008**

		09-10	08-09
KEY MESSAGES: Overall student commencements July - February comparison	decrease -7.7%	18,832	20,405
User Choice commencements July - February comparison	decrease -3.4%	9,120	9,437
VRG commencements July - February comparison	increase 2.1%	6,116	5,988
FFS commencements July - February comparison	decrease -32.0%	3,254	4,788

	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10
VRG	645	655	747	880	1,471	478	561	493	397	224	292	2,200
FFS	446	453	483	585	501	439	486	338	429	190	143	728
User Choice	1,343	742	1,218	1,057	1,685	1,660	1,170	1,411	1,143	64	870	1,117
International	49	40	47	3	119	20	63	32	12	1	1	94
TOTAL	2,483	1,890	2,495	2,525	3,776	2,597	2,280	2,274	1,981	479	1,306	4,139



NOTE: User Choice commencements from January 2010 include safety net students.



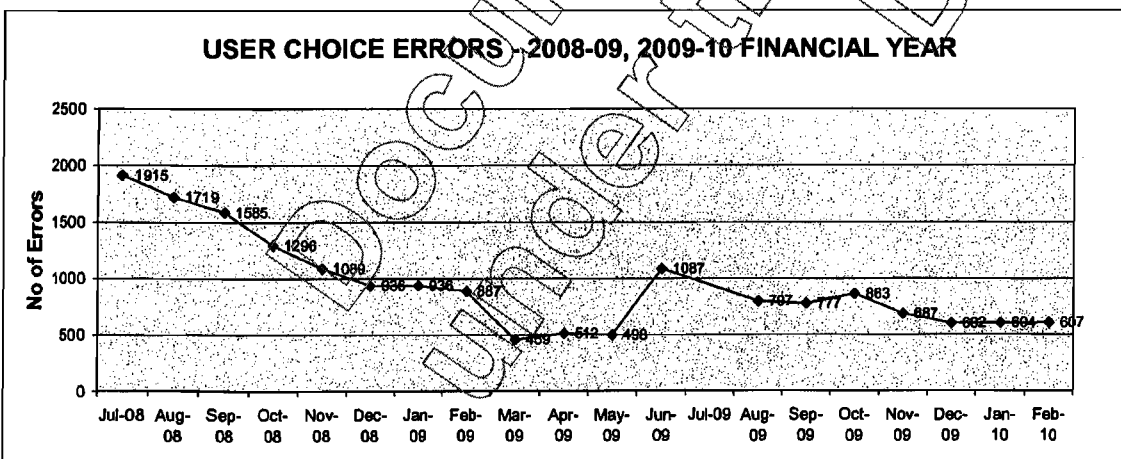
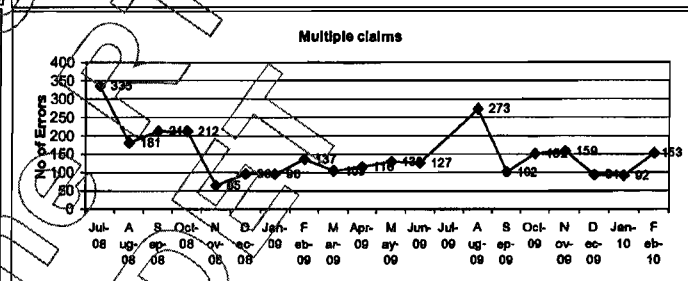
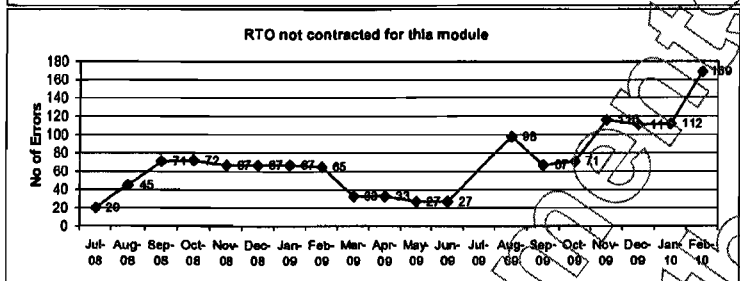
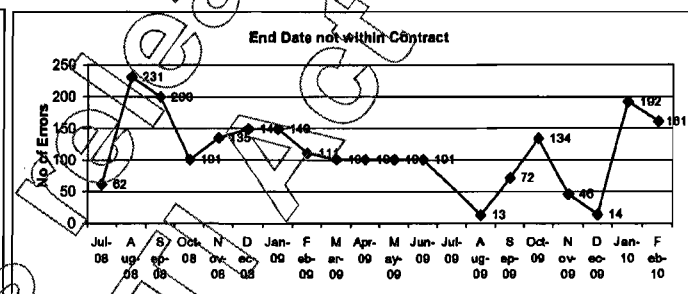
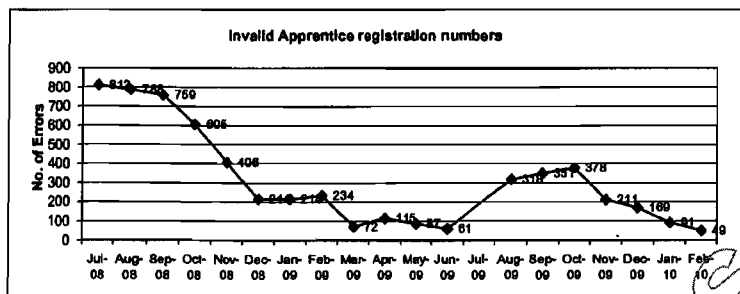


USER CHOICE DATA IN ERROR TRENDS SINCE JULY 2008

Summary of errors 2008-10

Error Name	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10
State Funding is not approved for this student	6	6	7	8	8	8	6	8	11	18	18	19
Invalid apprentice registration number	234	72	115	87	61	318	351	378	211	169	91	49
Surname/First Name does not match name on Trail	1	2	2	5	6	4	11	0	17	15	15	9
Training contract Qualification does not match with	3	2	1	3	4	7	6	5	6	5	3	3
Invalid Contract / Training schedule number supplied	112	113	113	114	734	17	32	55	19	26	29	12
RTO not contracted for this module	65	33	33	27	27	98	67	71	116	111	112	169
Module/competency end date not within contract or	111	101	101	101	101	13	72	134	46	14	192	161
Invalid delivery strategy/module outcome combination	2	0	2	2	0	16	19	8	61	85	11	21
Multiple claims	137	105	116	130	127	273	102	152	159	94	92	153
Mismatch on Qualifications	89	22	19	19	17	38	106	42	16	22	0	3
Withdrawn with no student participation	127	3	3	2	2	5	5	10	25	43	41	8
	887	459	512	498	1087	797	777	863	687	602	604	607

Selected Graphs;

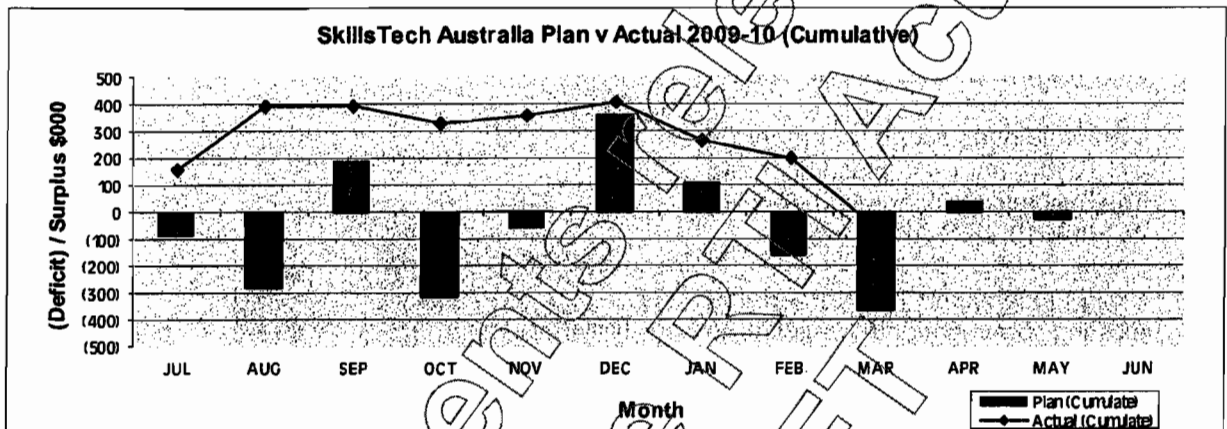


AT 28 FEBRUARY DATA IN ERROR VALUE AT SKILLSTECH AUSTRALIA WAS \$126K REPRESENTING 0.3% OF 2009-10 USER CHOICE CONTRACT VALUE

A) FINANCIAL OVERVIEW & MAJOR VARIANCES

At 31 March 2010, SkillsTech Australia is reporting a **deficit of \$65k** compared to a planned deficit of \$363k. The institute is therefore \$298k ahead of plan after month 9 of the financial year.

The institute's forecast year-end position remains at **breakeven** (see attachment 1); however a softening of User Choice activity in the early months of 2010 together with commercial and international revenue continuing below planned levels, has resulted in a tightening of the institute financial position and increases the importance of continued control of expenditure to manage the risk of the institute not achieving its overall financial target.



- **Overall revenue is \$2.27m below plan**, a significant factor in this being a result of slower than planned recognition of infrastructure revenue (\$1.4m behind plan) to reflect an underspend in expenses.
- User Choice revenue was \$0.6m below plan in the month, after the institute has recognised \$2.9m safety net funding to reflect 491 safety net enrolments to date for semester 1 2010.
- User Charges are \$1.97m below plan, however this is somewhat offset by higher than expected revenue for IT and product development.

Table 1 - Revenue

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
1,824	1,824	0	VRG	15,815	15,803	12
3,947	4,580	(632)	User Choice	33,135	33,411	(276)
1,676	1,702	(26)	User Charges	12,127	14,100	(1,973)
597	548	48	Infrastructure Revenue	3,524	4,932	(1,408)
793	480	313	Other Revenue	5,680	4,306	1,374
8,837	9,134	(297)		70,281	72,552	(2,271)

- Overall expenses are \$2.569m underspent; employee expenses continue to track well at \$2.31m underspent.
- Supplies and services are \$1.32m underspent largely reflecting slower than planned infrastructure spending, however SLA and other internal costs are \$630k higher than plan. The DET Chief Operating officer has indicated that additional funding will be made available before year end to cover unplanned ISAS costs.

Table 2 - Expenses

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
6,136	6,997	860	Employee Expenses	49,260	51,570	2,310
1,916	1,474	(442)	Supplies & Services	12,309	13,633	1,324
708	578	(130)	Internal Expenses	5,750	5,120	(630)
342	288	(54)	Other Expenses	3,027	2,592	(435)
9,102	9,337	234		70,346	72,915	2,569

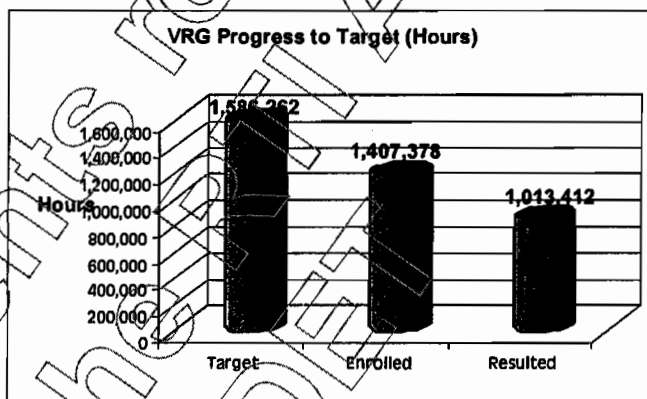
Detailed Profit & Loss Account and Balance Sheet are provided at attachment 1 and 2

B) KEY MESSAGES – Revenue

i) VRG Revenue: \$12k ahead of plan.

VRG continues on plan at month 9 with \$15.81m recognised to date. The institute has enrolled 89% of its 2009-10 VRG AHC target.

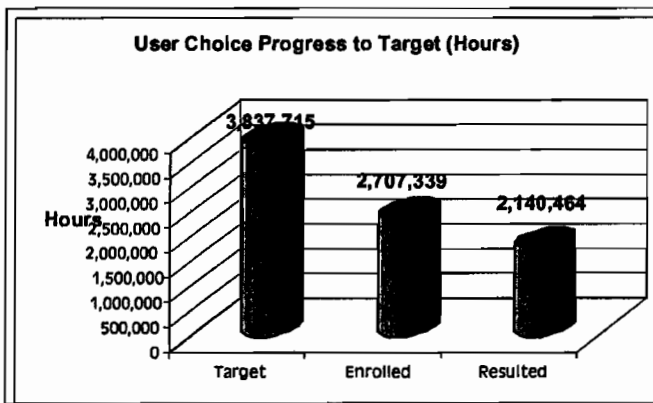
Skills Queensland has agreed that existing prevocational delivery in Construction and Plumbing can be counted towards the safety net funding in the event that the full safety net allocation is not earned from the 4 additional courses approved by TERC; however no adjustments have been made to date.



ii) User Choice Revenue: \$276k behind plan.

User Choice revenue currently stands at \$33.13m. The institute has enrolled 70.5% of its annual AHC target.

The institute has seen a softening of user choice activity in recent months which has resulted in a disappointing level of payment from DET in month 9 (\$1.8m compared to \$4.4m in March 2009). This has led to User Choice revenue being \$632k below plan in month 9.



The level of activity in 2010 has been impacted by a number of major teaching team relocations and relatively slow sign up rates. The institute is focusing on improving its sign up processes, offering additional flexible delivery in appropriate areas and also bringing forward into the current semester as much delivery as possible scheduled for July 2010 onwards.

The institute has enrolled 491 students into the 4 TERC approved safety net courses and has recognised \$2.9m (excluding the \$1,000 per student apprentice placement fee) at month 9.

There has been a large increase in the value of User Choice 'data in error' at 31 March 2010, which stands at approximately \$1.3m. The two main reasons for this are;

- a) The institute is now required to use a different 'designator field' for its data submissions, however enrolments have continued to be undertaken with the old designator, and
- b) The institute is in the process of transferring all relevant students from the old plumbing qualification to the new. Until this process is completed DET will not pay STA for any delivery.

The institute expects to see a major reduction in data-in-error in month 10.

See attachment 4 for User Choice receipts
See attachment 7 for 'data in error' trends

- iii) Overall **User Charges** are \$1.97m below plan as shown below;

Table 3 – User Charges

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
1,094	708	386	Commercial / FFS	4,663	5,500	(837)
482	523	(41)	Student Tuition Fees	3,722	4,642	(920)
459	347	112	International Revenue	2,450	3,091	(641)
(360)	124	(484)	Other User Charges	1,293	867	427
1,676	1,702	(26)		12,128	14,100	(1,971)

Commercial revenue is \$0.83m below plan and includes \$789k relating to the PNG Dalby Phase 1 and 2 training contract and consultancy services.

Student tuition fees represent a major shortfall against plan at month 9, where 57.2% of the annual target has been earned to month 9 (\$3.72m, \$0.9m below plan). An analysis previously undertaken allowed the institute to forecast full year tuition fee revenue of approximately \$6.0m against an annual plan of \$6.51m. The recent softening of activity in User Choice increases the risk of a further shortfall in this area.

International student revenue recognised to date amounts to \$2.45m against a plan of \$3.09m. At 31 March, the institute's international revenue for enrolled future study (unearned) stands at \$4.4m (\$1.1m for 09-10 and \$3.3m for 10-11). Therefore at the end of month 9, the institute has \$3.5m revenue 'banked' for 09-10 against an annual target of \$4.4m.

The institute has substantially completed all outstanding international enrolments for 2009-10 and is therefore forecasting an annual revenue shortfall of \$0.9m against plan.

See attachment 6 for student commencement trends by fund source.

- iv) **Infrastructure and Other Capital Revenue is \$1.41m below plan** at month 9. The institute recognises infrastructure revenue to match expenses incurred in order to avoid unnecessary fluctuations in the financial results. To month 9 the institute has recognised \$3.52m rather than the \$4.93m payments received from DET.

The institute is working with DET infrastructure to identify if any revenue needs to be deferred into 2010-11.

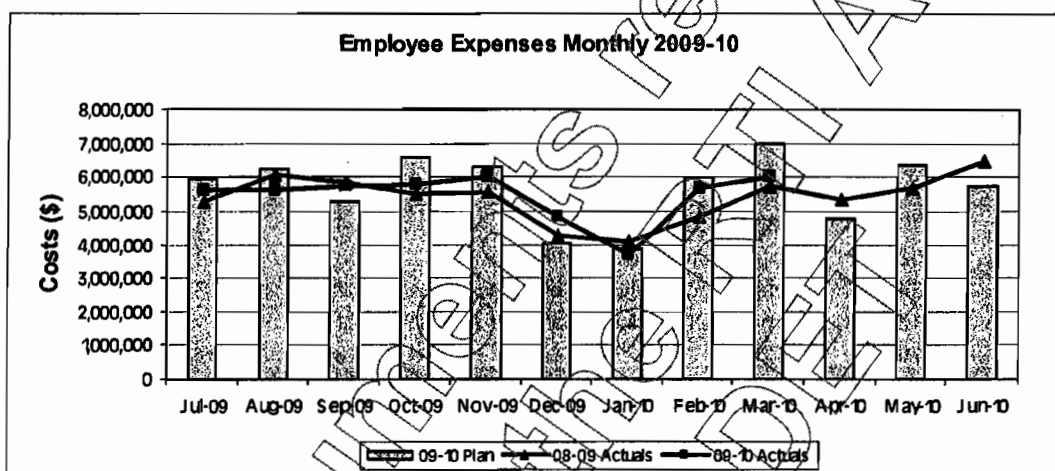
C) KEY MESSAGES – Expenses

- v) **Employee expenses (including contractors & consultants): \$2.31m underspent** at month 9.

Employee expenses were once again below plan at month 9 leading to an improved position of \$2.31m underspent.

Employee expenses to date include an accrual of \$45k to reflect potential casual hours worked but not yet paid as well as \$600k unfunded severance costs for staff taking up early retirement offers (total expected severance costs 09/10 of \$629k).

The full year underspend in employee expenses is expected to be in the region of \$1.8m which is essential to offset revenue shortfalls as well as potential additional costs relating to service level agreements and provision for doubtful debts.



See attachment 5 for FTE trend analysis

- vi) **Supplies & Services expenses are \$1.32m underspent** at month 9.

The position on supplies and services largely reflects an underspend on infrastructure and IT expenses (see infrastructure revenue iv) above), offset somewhat by prepayments on copyright and course supplies and also an anticipated overspend on maintenance expenses.

- vii) **Internal Expenses are \$630k overspent** at month 9.

Negotiations with Brisbane North and Metropolitan South Institutes regarding Service Level Agreement (SLA) costs are nearing conclusion with cost savings of approximately \$250k expected. These negotiations will also reach agreement on appropriate SLA costs for 2010-11 to allow the institute to plan with greater confidence.

Approximately \$165k of the current overspend is a result of unplanned ISAS upgrade costs. This is an issue affecting institutes across the sector and the DET Chief Operating Officer has indicated that additional funding will be provided before year end to cover these costs.

D) BALANCE SHEET

viii) Solvency;

At 31 March 2010, SkillsTech Australia is technically insolvent with current liabilities greater than its current assets by \$3.98m (current ratio -1.28).

ix) Cash Balance: \$3.67m negative

At 31 March, the institute had a negative cash balance of \$3.67m, a decrease of \$355k in the month.

The decrease in cash in the month can be analysed as;

Operational cash movements decrease	\$0.97m
Cash outflows from capital expenditure	(\$0.29m)
DET cash withdrawal (capital)	(\$0.32m)

See attachment 3 for cash flow statement

x) User Choice Accrual (current assets);

The institute's User Choice revenue accrual at 31 March 2010 stands at \$8.82m and is recognition of the value of students in training up to the end of month 9. The major increase in data-in-error (see section ii) has resulted in the accrual being higher than expected in March 2010. Actions being undertaken to reduce the level of data in error will contribute to a general decrease in the level of revenue accrual to approximately \$5m at year end.

The level of K results (training completed but unpaid) within the institute has reduced by 27.5% from 9,425 in November 2009 to 6,829 in March 2010. Whilst the reduction in K results is encouraging, the institute must maintain its focus and ensure the level of K results continues to decrease, therefore reducing the risk of non payment for training delivery.

xi) Accounts Receivable and Accrued Revenue;

The institute's Account Receivable balance at 31 March 2010 stands at \$10.20m. This balance is made up of;

Future debt (not yet due)	\$4.00m
Domestic and International student debt	\$1.92m
Organisational / Employer debt	\$1.21m
Annual Leave receivable (Treasury)	\$2.78m
Other accruals	\$0.29m

The organisational debt consists of over 900 individual debtors; however the main debts owed to the institute at 31 March 2010 are;

EOSJV (PNG)	\$367,000	future	(note 1)
EOSJV (PNG) - consultancy	\$ 81,271		(note 1)
Joint Industry Services Training	\$124,300	121-160 days	(note 2)

Energex Easitrain	\$ 92,400	121-160 days (note 3)
Queensland Rail Ltd	\$132,538	various
Queensland Rail National Coal	\$ 60,000	current
Arnotts Biscuits	\$ 51,000	future
QLD Plumbing & Drainage	\$ 46,200	190 days +
Integrated Glass	\$ 46,000	61 days+
Queensland Textbook Warehouse	\$ 44,948	61-90 days
Energex Ltd Commercial Training	\$ 43,596	31-60 days

Note 1: \$367k relates to an interim invoice for phase 2 of the PNG Nationals training in Dalby. EOS have confirmed by email to the institute and the debt management team that the invoice has been passed for payment (Note: Dalby phase 1 invoice \$164k has now been paid by EoSJV)

The \$81k debt relates to consultancy services provided to the EOS / PNG project and will remain outstanding until the main PNG project contract is received.

Note 2: The outstanding debt relates to the 2009-10 sub-lease of premises at Salisbury. In 2008-09 the Department directed the institute to waive sub-lease charges to JIST who were experiencing financial difficulties.

The department has indicated that it expects JIST to meet its contractual obligations and the debt will now be progressed through standard recovery processes.

Note 3: The debt has been cleared during April 2010.

xii) Payables;

The amount the institute owes to its creditors at 31 March 2010 stands at \$7.22m of which \$3.19m relates to payroll tax.

xiii) Unearned Revenue;

The institute's unearned revenue at 31 March 2010 totals \$7.21m. This is largely a result of student enrolments for future training delivery and is one indication of the institute's future 'order book'. The analysis of the unearned revenue is shown below:

- International revenue \$4.44m (including estimated \$3.34m 2010-11 study)
- Regulated student fees \$1.24m (VRG & User Choice delivery)
- Commercial / FFS revenue \$0.52m

In addition to future student related fees, the institute has also recognised as unearned at 28 February;

- Infrastructure and other revenue \$1.01m (to be recognised when matching expenses are incurred)

E) MAIN FINANCIAL RISKS



STA has planned savings of at least \$600k from the DET **Voluntary Early Retirement (VER)** scheme.

Advice from DET indicates that support from Treasury for loan funding will not be provided to the institute, and that all severance cost of any voluntary retirement /

redundancies would be borne by STA in the current financial year. To date, the institute has incurred \$600k severance costs from contract terminations, voluntary redundancies and early retirements.

Ongoing controls around employee recruitment and vacancy management has enabled the institute to forecast a full year employee expenses to be approximately \$1.7m below plan.

■ To month 9, the institute has recognised 57% (\$4.663m) of its annual **commercial / Fee for Service revenue** target. The recent appointment of a Director, Business Development, and the inclusion of revenue from PNG training at Dalby in future months will assist the institute in progressing towards its 09-10 target of \$8.1m however the institute is forecasting a shortfall of \$1.2m by the end of the financial year.

■ DET has provided \$270k to the institute in 09-10 for **asset maintenance** requirements. The institute views this level of funding as inadequate and has earmarked \$500k *'better TAFE facilities'* funds to this issue to try and mitigate the risks in this area. The lifting of the 'shield of the crown' in January 2009 with regards to individual liabilities has brought this already important issue to the forefront in terms of institutional risk. **Maintenance expenses to month 9 total \$441k.**

■ Total **international student revenue** earnable by the institute in 09-10 from enrolments up to 31 March 2010 totals \$3.55m against an annual revenue target of \$4.4m. The institute has substantially completed all outstanding international enrolments for 2009-10 and is therefore forecasting an annual revenue shortfall of \$0.9m against plan.

■ **Student Tuition & Services Fees** recognised by the institute at month 9 total \$3.69m with a further \$1.24m enrolled for future study. This level of revenue represents 76% of the annual target of \$6.51m. This category of revenue will be impacted by the 'safety net' students in semester 1, 2010 where approximately \$360k tuition fees have been foregone.

An analysis previously undertaken allowed the institute to forecast full year tuition fee revenue of approximately \$6.0m against an annual plan of \$6.51m, however lower than expected user choice activity in recent months has increased of a greater shortfall.

■ Latest **SLA cost** information supplied to STA indicates a potential overspend of \$500k in 09-10. Negotiations are close to concluding with the other institutes and cost reductions of approx \$250k are expected.

■ The institute is facing a potential overspend of approximately \$225k on its **ISAS costs**. This issue is affecting all TAFE institutes and has been progressed through the TAFE Directors Queensland group. The DET Chief Operating Officer has recently indicated that additional funding will be provided to cover these costs.

Simon Pritchard
Finance Director
13 April 2010

- Attachment 1 Profit & Loss Account
- Attachment 2 Balance Sheet
- Attachment 3 Cash Flow Statement
- Attachment 4 User Choice Receipts
- Attachment 5 Monthly FTE Analysis
- Attachment 6 Student Commencements
- Attachment 7 Data in error Rates

In Month			Cumulative to Month 9 (Jul to Mar)			Full Year Forecast		
Actual	Plan	Variance	Actual	Plan	Variance	Actual	Plan	Variance
\$'s	\$'s	\$'s	\$'s	\$'s	\$'s	\$'s	\$'s	\$'s
Revenue								
User Charges								
1,094,648	708,300	386,348	4,663,096	5,500,600	(837,505)	6,915,900	8,117,800	(1,201,900)
482,204	523,600	(41,396)	3,721,889	4,642,400	(920,511)	6,005,598	6,505,500	(500,000)
459,667	347,000	112,667	2,449,762	3,091,300	(641,538)	3,569,000	4,464,900	(914,900)
(360,292)	123,900	(484,192)	1,293,189	866,500	426,689	1,853,000	1,252,000	601,000
1,676,228	1,702,800	(26,572)	12,127,936	14,100,800	(1,972,864)	18,324,400	20,340,200	(2,015,800)
6,265	1,400	4,865	14,249	12,600	1,649	15,000	15,000	0
100	5,600	5,500	110,278	50,300	60,078	120,800	60,000	60,000
1,682,593	1,709,800	(27,207)	12,252,464	14,163,600	(1,911,136)	18,459,400	20,415,200	(1,955,800)
Government Revenue								
1,824,897	1,824,600	297	15,815,684	15,803,200	12,484	21,340,400	21,340,400	0
3,947,066	4,580,000	(632,934)	33,135,354	33,411,500	(276,146)	43,346,500	43,578,000	(231,500)
323,989	276,200	47,789	2,572,968	2,486,500	86,468	3,370,200	3,315,200	55,000
597,026	548,500	48,526	3,534,332	4,932,300	(1,407,968)	6,576,200	6,576,200	0
121,934	119,400	2,534	1,122,131	1,072,800	49,331	1,430,300	1,430,300	0
339,635	75,500	264,135	1,858,568	682,700	1,175,868	1,900,000	818,500	1,081,500
7,154,547	7,424,200	(269,653)	38,029,037	58,389,000	(359,963)	77,963,600	77,058,600	905,000
8,837,140	9,134,000	(296,860)	70,281,501	72,552,600	(2,271,099)	96,423,000	97,473,800	(1,050,800)
Expenses								
Employee Expenses								
4,335,925	4,422,500	86,575	32,946,166	33,776,000	829,834	43,475,600	44,635,600	1,160,000
87,868	573,400	485,532	2,518,385	3,292,800	774,415	4,807,600	4,674,700	(132,900)
1,551,890	1,887,100	335,210	13,294,416	13,966,600	672,184	17,815,200	18,473,100	657,900
0	44,700	44,700	0	0	0	0	0	0
140,438	43,700	(97,238)	338,428	333,200	(5,228)	450,700	450,700	0
19,896	26,100	6,204	162,734	201,900	39,166	273,200	273,200	0
6,136,017	6,997,000	860,983	49,260,129	51,570,500	2,310,371	66,822,300	68,507,300	1,685,000
1,916,445	1,473,800	(442,645)	12,309,352	13,633,100	1,323,748	18,502,900	18,693,700	190,800
333,989	276,200	(47,789)	2,572,968	2,486,500	(86,668)	3,370,200	3,315,200	(55,000)
17,856	11,800	(6,056)	452,994	104,700	(348,294)	260,000	140,000	(120,000)
707,989	578,000	(129,989)	5,750,771	5,120,700	(630,071)	7,467,600	6,817,600	(650,000)
9,102,296	9,338,800	234,504	70,346,213	72,915,300	2,569,087	96,423,000	97,473,800	1,050,800
(265,156)	(202,800)	(62,356)	(64,712)	(362,700)	297,988	0	0	0
Operating Result Profit / (Loss)			(64,712)			297,988		

Balance Sheet as at 31 March 2010

	2009/10					2008/09	2007/08	2006/07
	As at 31Mar2010	As at 28Feb2010	As at 31Jan2010	As at 31Dec2009	As at 30Nov2009	As at 30Jun2009	As at 30Jun2008	As at 30Jun2007
Current Assets								
Cash	(3,670,633)	(4,025,854)	(3,849,957)	1,801,442	(3,547,290)	14,065,828	(7,555,370)	10,434,364
Accounts Receivable & Accrued Revenue	10,207,307	9,966,297	8,074,397	4,560,435	5,635,139	3,029,678	2,529,864	1,226,330
GST Input Credits	253,897	242,390	346,666	129,572	154,671	398,747	492,709	334,242
L.S.L. Reimbursement	0	0	0	0	0	0	224,568	148,007
Inventories	295,000	295,000	295,000	295,000	295,000	295,062	440,598	106,986
User Choice and VET Revenue General	6,422,730	6,748,280	4,086,258	2,633,080	7,484,181	3,900,000	14,236,780	6,961,671
Prepayments	378,475	387,485	445,036	333,344	400,336	243,699	313,087	67,668
Total Current Assets	13,886,770	13,547,587	8,387,400	9,866,506	10,355,045	21,934,014	10,682,236	19,279,266
Non - Current Assets								
Land & Buildings	190,838,145	189,989,577	190,388,194	188,703,105	192,606,779	180,281,795	134,610,373	128,276,331
Plant & Equipment	6,669,268	6,768,223	6,797,351	6,716,678	6,794,004	7,285,476	4,354,667	2,436,520
Total Non - Current Assets	197,507,383	195,857,804	197,195,545	195,419,783	199,400,783	187,567,271	138,965,040	130,712,851
Total Assets	211,394,153	209,405,398	206,592,945	205,286,289	209,755,828	209,501,286	149,647,275	149,992,119
Current Liabilities								
Payables	7,223,135	5,156,412	4,842,889	4,139,373	4,009,826	22,373,054	4,212,443	3,684,365
Employee Provisions - Rec Leave	2,562,790	1,896,250	1,398,840	1,738,250	1,223,984	2,231,793	5,145,298	4,390,151
L.S.L. Payable	219,256	135,082	64,555	272,667	154,558	238,600	212,277	188,128
Wages Due	659,050	310,945	97,791	1,816,774	2,469,188	1,936,428	1,512,419	1,002,367
Unearned Revenue and Fees	7,211,888	7,799,821	6,206,893	2,796,778	5,944,560	1,739,822	1,419,762	1,270,858
Total Current Liabilities	17,876,119	15,296,220	12,706,867	10,375,216	15,099,472	28,519,695	12,502,199	10,535,870
Non - Current Liabilities								
Nil to Report	0	0	0	0	0	0	0	0
Total Non - Current Liabilities	0	0	0	0	0	0	0	0
Total Liabilities	17,876,119	15,296,220	12,706,867	10,375,216	15,099,472	28,519,695	12,502,199	10,535,870
Net Assets / (Liabilities)	193,518,034	194,107,178	194,486,058	194,911,072	195,139,446	180,981,591	137,145,076	139,456,249
Equity								
Equity	157,791,127	158,380,271	158,717,575	159,142,580	159,370,963	145,213,109	120,953,373	103,417,978
Asset Revaluation Reserve	35,726,907	35,726,907	35,768,482	35,768,482	35,768,482	35,768,482	16,191,704	36,038,272
Total Equity	193,518,034	194,107,178	194,486,058	194,911,072	195,139,446	180,981,591	137,145,076	139,456,249

ATTACH 2



CASHFLOW STATEMENT 2009-10

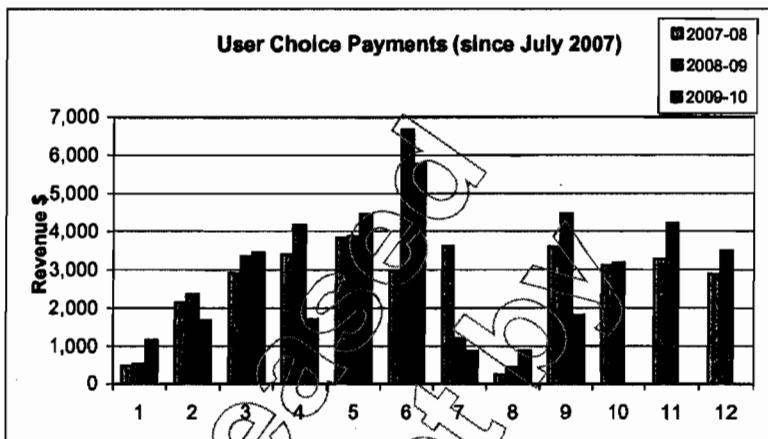
	Sep \$'000	Oct \$'000	Nov \$'000	Dec \$'000	Jan \$'000	Feb \$'000	Mar \$'000
Cash flows from Operating Activities							
<i>Inflows:</i>							
Government Funding	6,387	4,234	6,828	10,731	3,387	3,463	7,162
User Charges	1,652	1,632	1,118	304	1,914	1,274	1,155
Grants and Other Contributions	0	7	-14	0	0	5	6
GST input tax credits	1,567	-629	760	17	-217	104	-12
GST collected from customers	0	0	0	0	0	0	0
Interest Receipts	0	0	0	0	0	0	0
Other Inflows	204	58	370	44	276	194	318
<i>Outflows:</i>							
Employee expenses	-4,715	-5,010	-4,904	-6,515	-6,387	-4,796	-4,845
Supplies and Services	-1,701	-1,344	-1,130	-1,597	-1,561	-643	-2,112
Grants and subsidies	0	0	0	0	0	0	0
Finance/borrowing costs	-1	-2	1	-1	-5	-2	-2
GST paid to suppliers	0	0	0	14	-12	-6	13
GST remitted to ATO	0	0	0	0	0	0	-711
Other Outflows	-791	-605	-877	-609	-730	-518	-518
Net Cash provided by (used in) operating activities	2,602	-1,660	2,153	2,388	-3,325	-926	973
Cash flows from investing activities							
<i>Inflows:</i>							
Sales of property, plant and equipment	0	0	0	0	4	3	0
<i>Outflows:</i>							
Payments for property, plant and equipment	-5,588	-4,590	-2,963	3,246	-2,053	1,021	-294
Payments for intangibles	0	0	0	0	0	0	0
Net Cash provided by (used in) investing activities	-5,588	-4,590	-2,963	3,246	-2,048	1,025	-294
Cash flows from financing activities							
<i>Inflows:</i>							
Borrowing	0	0	0	0	0	0	0
Equity injections	9,968	-322	-282	281	-279	-275	-324
<i>Outflows:</i>							
Equity withdrawals	0	0	0	0	0	0	0
Borrowing repayments	0	0	0	0	0	0	0
Net Cash provided by (used in) financing activities	9,968	-322	-282	-281	-279	-275	-324
Net cash increase (decrease) in cash held	7,003	-6,572	-1,092	5,353	-5,651	-176	355
Cash at beginning of period	2,887	4,116	-2,456	-3,548	1,805	-3,846	-4,022
Cash at end of period	4,116	-2,456	-3,548	1,805	-3,846	-4,022	-3,667



USER CHOICE REVENUE RECEIPTS SINCE JULY 2007

USER CHOICE PAYMENTS RECEIVED

	2007-08 \$000	2008-09 \$000	2009-10 \$000
July	482	524	1,150
Aug	2,141	2,357	1,664
Sept	2,907	3,338	3,434
Oct	3,396	4,165	1,704
Nov	3,824	3,877	4,460
Dec	2,987	6,659	5,768
Jan	3,606	1,193	847
Feb	243	431	867
Mar	3,588	4,466	1,800
Apr	3,113	3,180	
May	3,272	4,206	
Jun	2,877	3,482	
TOTAL	32,436	37,877	21,694



plus Apr - June 2010 receipts (estimate) 13,950
plus Safety Net Funds (estimate) 3,200

FORECAST TOTAL RECEIPTS 38,844

plus year end accrual (estimate) 4,500

FORECAST FULL YEAR REVENUE 43,344

Combined User Choice and Safety Net
Revenue target 2009-10 = \$43.58m

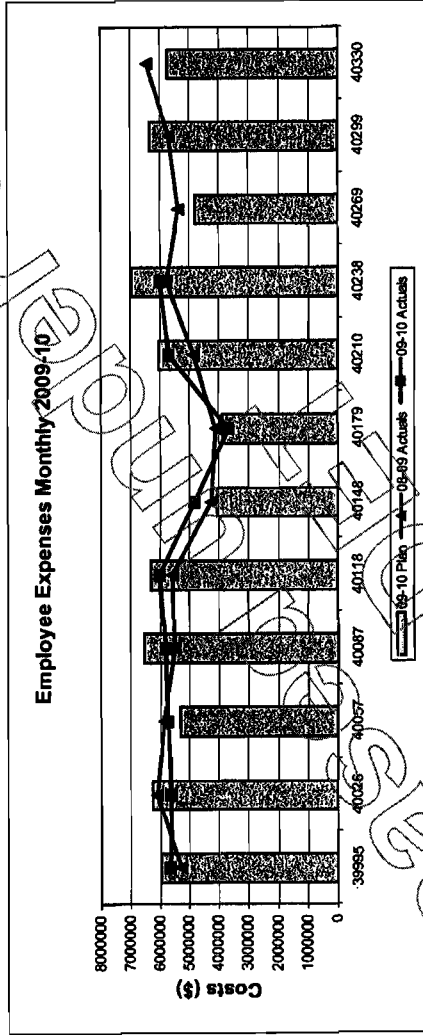
Documents
under the RTI
DET



ANALYSIS OF WORKFORCE MEASURES 2009-10

a) Overall Funded Establishment 09-10 (Council July 2009)	\$000	FTE
Delivery	34,806	414.50
Non delivery / support	28,542	427.56
Casual expenses	5,492	61.00
Net VER savings target	-600	-8.22
Vacancy rate target	-804	-11.06
Other employee expenses (non FTE)	1,086	
Funded Totals 09-10	68,522	883.78

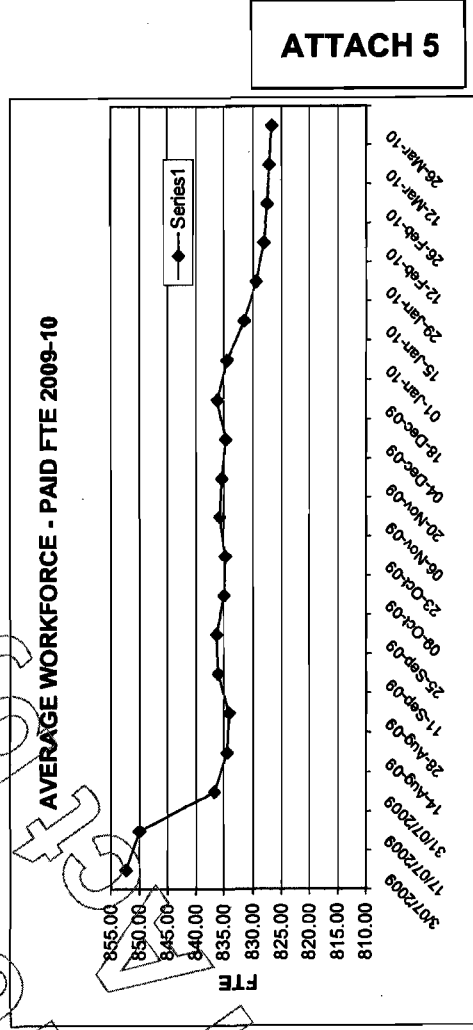
b) Monthly Actual v Plan Employee Expenses



c) Fortnightly record of paid FTE levels (via AURION payroll);
These FTE numbers exclude manual accruals for casual costs.

Pay Ending	Casual	Permanent	Temporary	Total
3/07/2009	59.10	698.34	94.83	852.27
17/07/2009	48.69	695.15	103.93	847.77
31/07/2009	22.14	689.93	97.96	810.03
14-Aug-09	39.04	689.07	99.50	827.61
28-Aug-09	38.45	691.36	102.74	832.52
11-Sep-09	43.82	699.65	102.54	846.01
25-Sep-09	43.43	693.09	101.94	838.46
09-Oct-09	32.15	691.93	100.35	824.43
23-Oct-09	39.19	695.25	98.66	833.10
06-Nov-09	47.78	689.74	96.94	834.46
20-Nov-09	40.53	691.83	100.26	832.62
04-Dec-09	33.48	696.03	98.41	827.92
18-Dec-09	48.00	707.21	97.04	852.25
01-Jan-10	28.42	688.42	95.50	812.34
15-Jan-10	4.55	691.35	94.98	790.88
29-Jan-10	4.35	694.42	99.51	798.28
12-Feb-10	4.74	693.97	108.41	807.12
26-Feb-10	18.27	691.08	107.10	816.45
12-Mar-10	27.87	685.41	106.89	820.17
26-Mar-10	33.77	678.00	107.00	818.77

d) Paid FTE levels via AURION payroll (annual average)



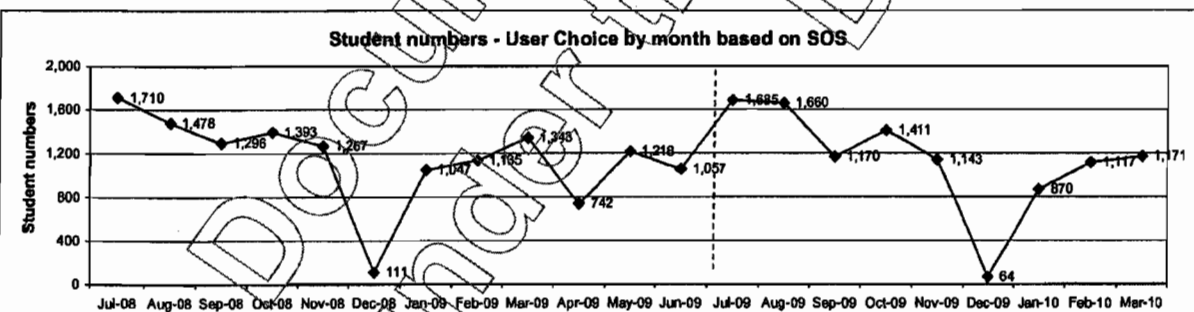
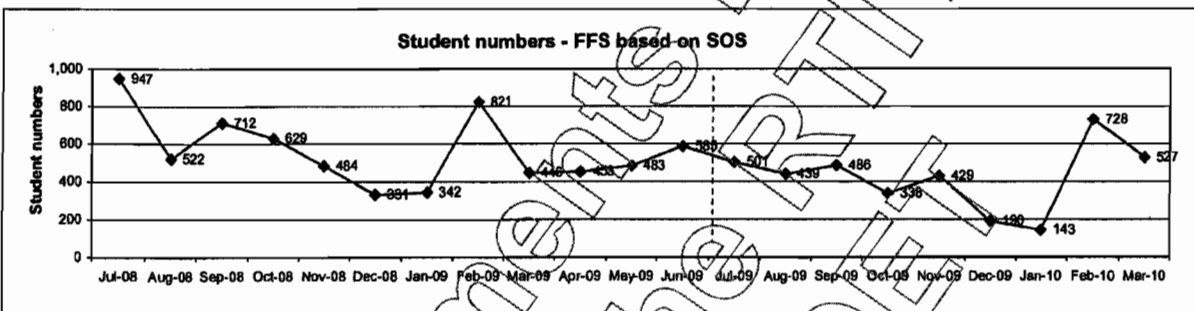
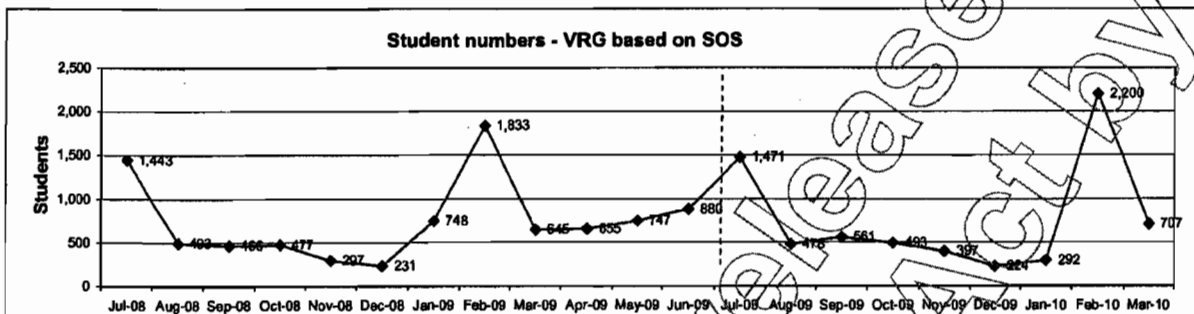
ATTACH 5



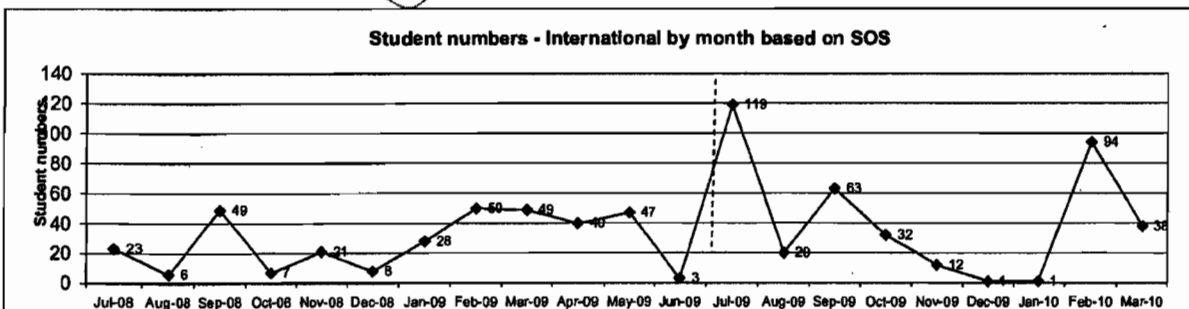
**STUDENT COMMENCEMENT TRENDS BY FUND SOURCE
SINCE JULY 2008**

		09-10	08-09
KEY MESSAGES: Overall student commencements July - March comparison	decrease -7.0%	21,275	22,888
User Choice commencements July - March comparison	decrease -4.5%	10,291	10,780
VRG commencements July - March comparison	increase 2.9%	6,823	6,633
FFS commencements July - March comparison	decrease -27.8%	3,781	5,234

	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
VRG	655	747	880	1,471	478	561	493	397	224	292	2,200	707
FFS	453	483	585	501	439	486	338	429	190	143	728	527
User Choice	742	1,218	1,057	1,685	1,660	1,170	1,411	1,143	64	870	1,117	1,171
International	40	47	3	119	20	63	32	12	1	1	94	38
TOTAL	1,890	2,495	2,525	3,776	2,597	2,280	2,274	1,981	479	1,306	4,139	2,443



NOTE: User Choice commencements from January 2010 include safety net students.



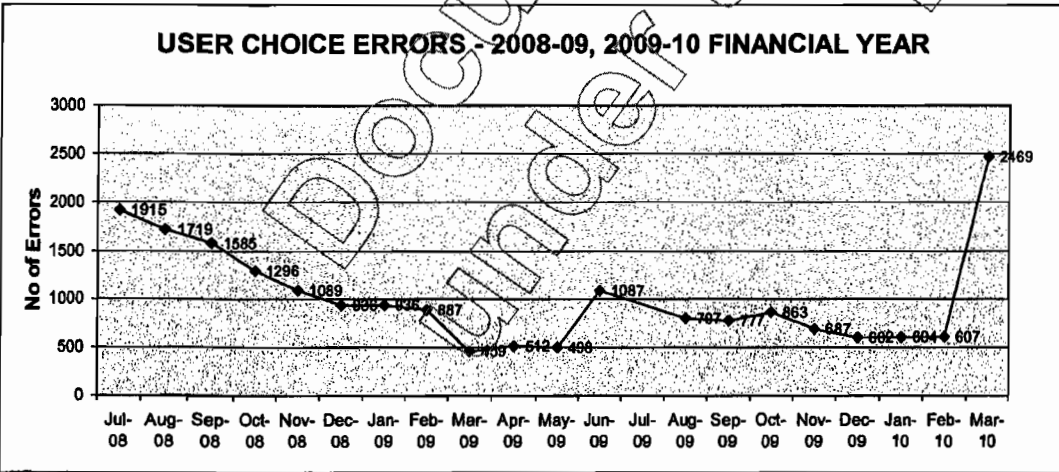
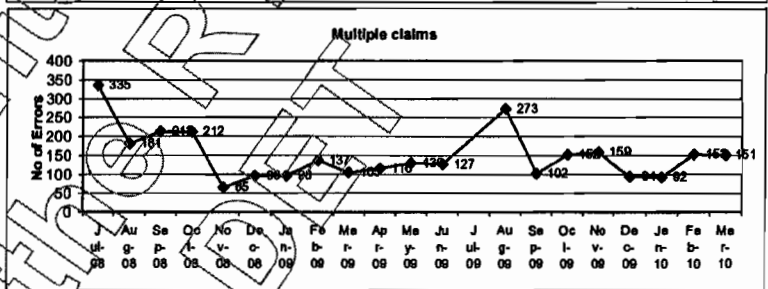
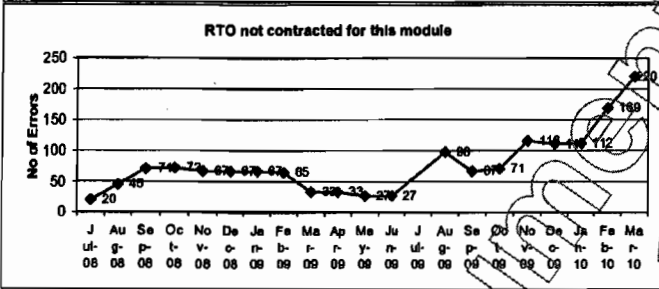
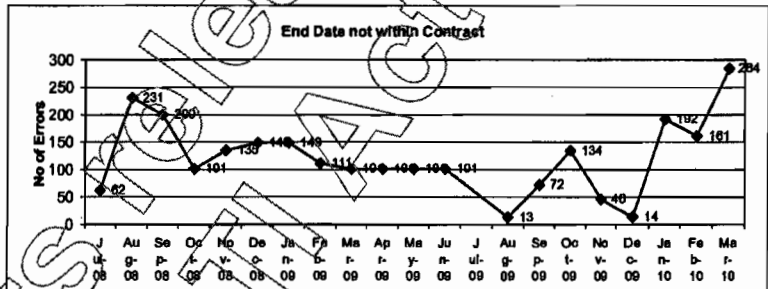
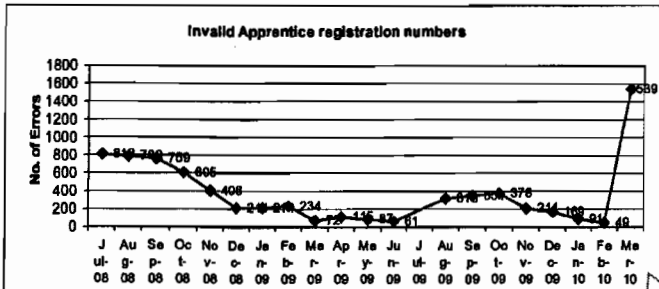


USER CHOICE DATA IN ERROR TREND
SINCE JULY 2008

Summary of errors 2008-10

Error Name	Apr-09	May-09	Jun-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
State Funding is not approved for this student	7	8	8	8	6	8	11	18	18	19	29
Invalid apprentice registration number	115	87	61	318	351	378	211	169	91	49	1539
Surname/First Name does not match name on Trail	2	5	6	4	11	0	17	15	15	9	17
Training contract Qualification does not match with	1	3	4	7	6	5	6	5	3	3	9
Invalid Contract / Training schedule number supplk	113	114	734	17	32	55	19	26	29	12	97
RTO not contracted for this module	33	27	27	98	67	71	116	111	112	169	220
Module/competency end date not within contract er	101	101	101	13	72	134	46	14	192	161	284
Invalid delivery strategy/module outcome combinati	2	2	0	16	19	8	64	85	11	21	68
Multiple claims	116	130	127	273	102	162	160	94	92	153	151
Mismatch on Qualifications	19	19	17	38	106	42	16	22	0	3	46
Withdrawn with no student participation	3	2	2	5	5	10	25	43	41	8	9
	512	498	1087	797	777	863	687	602	604	607	2469

Selected Graphs;

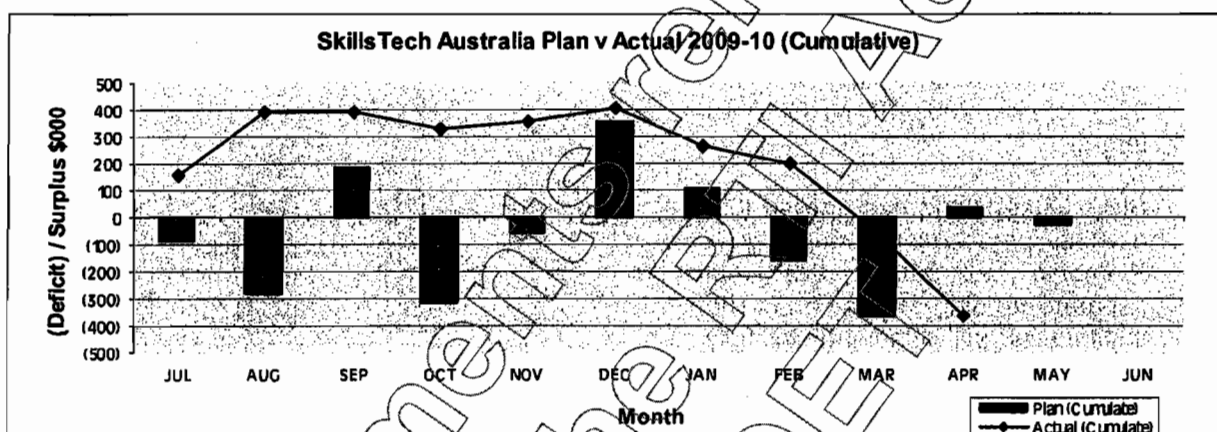


AT 31 MARCH DATA IN ERROR VALUE AT SKILLSTECH AUSTRALIA WAS \$1.361M REPRESENTING 3.72% OF 2009-10 USER CHOICE CONTRACT VALUE

A) FINANCIAL OVERVIEW & MAJOR VARIANCES

At 30 April 2010, SkillsTech Australia is reporting a **deficit of \$363k** compared to a planned surplus of \$36k. The institute is therefore \$399k behind plan after month 10 of the financial year.

The institute's forecast year-end position remains at **breakeven** (see attachment 1); however the institute is facing a risk around ongoing levels of User Choice activity. This is placing substantial pressure on the institute's financial position and its ability to meet its overall financial targets. The year end forecast of breakeven assumes that the institute contains any User Choice shortfall to \$1.5m and is successful in signing the main PNG contract before the end of June 2010 and recognising approximately \$1.5m for delivery and consultancy activity undertaken by year end.



- **Overall revenue is \$2.83m below plan**, a significant factor in this being a result of slower than planned recognition of infrastructure revenue (\$1.89m behind plan) to reflect an underspend in expenses.
- User Choice revenue was \$0.37m below plan, and includes recognition of agreements with the department around thin market funding and additional funding for existing prevocational plumbing students.
- User Charges are \$2.30m below plan, however this is somewhat offset by higher than expected revenue for IT and product development.

Table 1 - Revenue

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
1,810	1,827	(17)	VRG	17,626	17,630	(4)
2,903	3,000	(97)	User Choice	36,038	36,411	(373)
1,638	1,971	(333)	User Charges	13,766	16,072	(2,306)
71	548	(477)	Infrastructure Revenue	3,595	5,480	(1,885)
1,981	1,625	356	Other Revenue	7,660	5,931	1,728
8,403	8,971	(568)		78,685	81,524	(2,840)

- Overall expenses are \$2.44m underspent; as expected, the underspend on employee expenses reduced over the Easter period to \$1.52m underspent.
- Supplies and services are \$2.07m underspent largely reflecting slower than planned infrastructure spending; however SLA and other internal costs are \$0.67m higher than plan. The DET Chief Operating officer has indicated that additional funding will be made available before year end to cover unplanned ISAS costs.

Table 2 - Expenses

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
5,601	4,806	(795)	Employee Expenses	54,861	56,376	1,515
1,003	1,750	747	Supplies & Services	13,312	15,383	2,071
617	578	(40)	Internal Expenses	6,368	5,698	(670)
1,480	1,439	(88)	Other Expenses	4,506	4,031	(475)
8,701	8,573	(128)		79,047	81,488	2,441

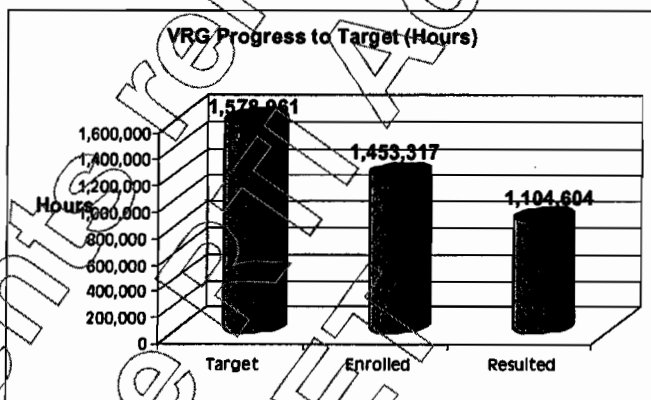
Detailed Profit & Loss Account and Balance Sheet are provided at attachment 1 and 2

B) KEY MESSAGES – Revenue

i) VRG Revenue: on plan.

VRG continues on plan at month 10 with \$17.62m recognised to date. The institute has enrolled 92% of its 2009-10 VRG AHC target.

Skills Queensland has agreed that existing prevocational delivery in Plumbing will attract additional separate funding at year end. The institute is still planning to fully deliver its VRG allocation with additional RPL activity for Queensland Rail.

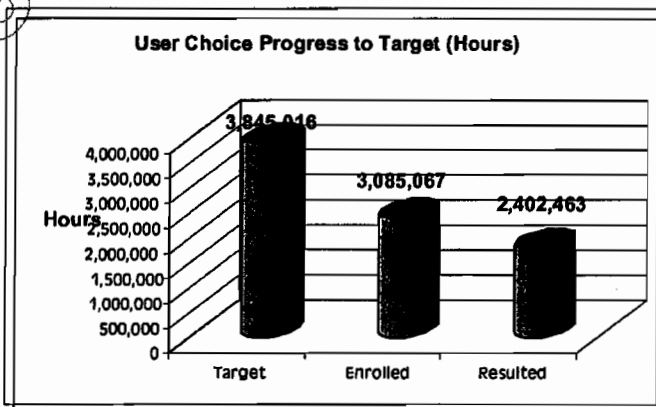


ii) User Choice Revenue: \$0.37m behind plan.

User Choice revenue currently stands at \$36.04m. The institute has enrolled 80% of its annual AHC target.

The institute has seen a softening of user choice activity in recent months and disappointing payments from DET in March and April 2010 (see attachment 4).

The immediate level of User Choice activity in the system is not encouraging.



In addition to traditional User Choice revenue, the institute has recognised \$2.9m from 09-10 safety net delivery, \$1m from agreed thin market pricing and \$0.8m anticipated revenue from existing prevocational plumbing students (agreement with Skills Queensland).

The institute faces a risk around the volume and value of User Choice activity over the next 3-4 months. It is highly unlikely that the institute will achieve the full \$43.5m User Choice target for the year and could potentially have a shortfall of up to \$3m.

The level of activity in 2010 has been impacted by a number of major teaching team relocations and relatively slow sign up rates. The institute is focusing on improving its sign up processes, offering additional flexible delivery in appropriate areas and also bringing forward into the current semester as much delivery as possible scheduled for July 2010 onwards.

The value of User Choice 'data in error' which spiked in March 2010 has reduced slightly to \$1.1m and the institute will continue to focus on correcting this data by 30 June.

See attachment 4 for User Choice receipts

See attachment 7 for 'data in error' trends

iii) Overall User Charges are \$2.30m below plan as shown below:

Table 3 – User Charges

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
865	778	87	Commercial / FFS	5,528	6,279	(751)
440	672	(232)	Student Tuition Fees	4,162	5,314	(1,152)
205	384	(179)	International Revenue	2,654	3,497	(843)
128	137	(9)	Other User Charges	1,422	982	440
1,638	1,971	(333)		13,766	16,072	(2,306)

Commercial revenue is \$0.750m below plan but has achieved its monthly targets for March and April 2010. No revenue has been recognised to date for the main PNG project.

The forecast commercial revenue for 09-10 before the main PNG contract is \$6.9m, which compares favourably with commercial revenue of \$5.3m in 08-09.

Student tuition fees represent a major shortfall against plan at month 10, where 63.97% of the annual target has been earned (\$4.17m, \$1.1m below plan). An analysis previously undertaken allowed the institute to forecast full year tuition fee revenue of approximately \$6.0m against an annual plan of \$6.51m, however concerns around User Choice activity and a higher than expected level of fee waivers mean that the institute could face a shortfall of up to \$1.2m.

International student revenue recognised to date amounts to \$2.65m against a plan of \$3.50M. At 30 April, the institute's international revenue for enrolled future study (unearned) stands at \$4.38m (\$0.76m for 09-10 and \$3.63m for 10-11). Therefore at the end of month 10, the institute has \$3.5m revenue 'banked' for 09-10 against an annual target of \$4.4m.

The institute is therefore forecasting an annual revenue shortfall of \$0.9m against plan. The forecast of \$3.5m revenue in 09-10 should be seen in the context of \$1.3m revenue in 08-09.

See attachment 6 for student commencement trends by fund source.

iv) **Infrastructure and Other Capital Revenue** is \$1.88m below plan at month 10. The institute recognises infrastructure revenue to match expenses incurred in order to avoid

unnecessary fluctuations in the financial results. To month 10 the institute has recognised \$3.59m rather than the \$4.2m payments received from DET.

The institute is working with DET infrastructure to identify if any revenue needs to be deferred into 2010-11.

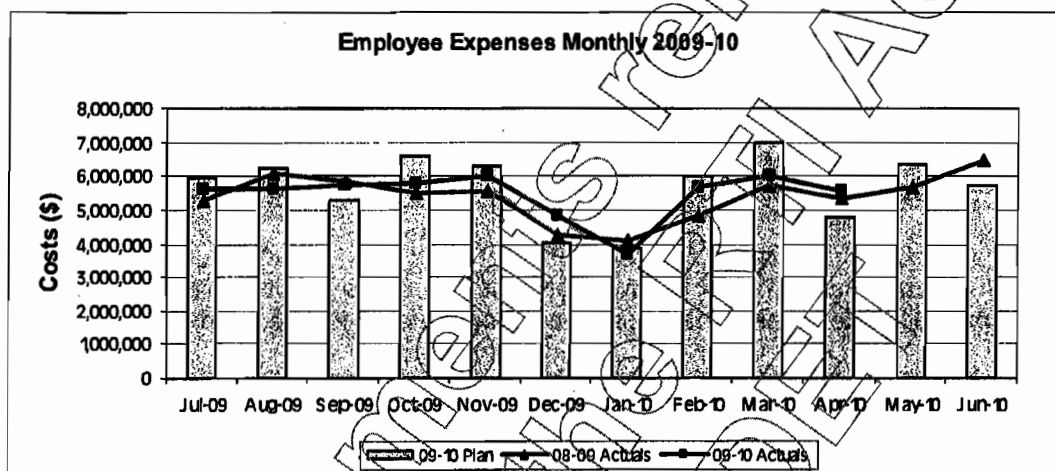
C) KEY MESSAGES – Expenses

- v) **Employee expenses** (including contractors & consultants): **\$1.51m underspent** at month 10.

As previously forecast, the employee expenses underspend reduced over the Easter period to stand at \$1.51m underspent.

Employee expenses to date include an accrual of \$0.09m to reflect potential casual hours worked but not yet paid as well as \$0.465m unfunded severance costs for staff taking up early retirement offers.

The full year underspend in employee expenses is expected to be in the region of \$1.8m which is essential to offset revenue shortfalls as well as potential additional costs relating to service level agreements and provision for doubtful debts.



See attachment 5 for FTE trend analysis

- vi) **Supplies & Services** expenses are **\$2.07m underspent** at month 10.

The position on supplies and services largely reflects an underspend on infrastructure and IT expenses (see infrastructure revenue iv) above), offset somewhat by prepayments on copyright and course supplies and also an anticipated overspend on maintenance expenses.

- vii) **Internal Expenses** are **\$0.670m overspent** at month 10.

Negotiations with Brisbane North and Metropolitan South Institutes regarding Service Level Agreement (SLA) costs are in the final stages with cost savings of up to \$0.250m anticipated. These negotiations will also reach agreement on appropriate SLA costs for 2010-11 to allow the institute to plan with greater confidence.

Approximately \$0.263m of the current overspend is a result of unplanned ISAS upgrade costs. This is an issue affecting institutes across the sector and the DET Chief Operating Officer has indicated that additional funding will be provided before year end to cover these costs.

D) BALANCE SHEET

viii) Solvency;

At 30 April 2010, SkillsTech Australia is technically insolvent with current liabilities greater than its current assets by \$6.24m (current ratio -1.66).

ix) Cash Balance: \$4.57m negative

At 30 April, the institute had a negative cash balance of \$4.57m, an increase of \$0.9m in the month.

The decrease in cash in the month can be analysed as;

Operational cash movements increase	\$1.02m
Cash outflows from capital expenditure	(\$2.02m)
DET cash injection (capital)	\$0.10m

See attachment 3 for cash flow statement

x) User Choice Accrual (current assets);

The institute's User Choice revenue accrual at 30 April 2010 stands at \$8.02m and is recognition of the value of students in training up to the end of month 10. The institute would expect the level of accrual to reduce to approximately \$5m at year end.

Whilst substantially below the peak of November 2009 (9,425) the level of K results (training completed but unpaid) within the institute has increased in the month to 7,500. The institute must maintain its focus and ensure the level of K results continues a general downward trend to reduce the risk of non payment for training delivery.

xi) Accounts Receivable and Accrued Revenue;

The institute's Account Receivable balance at 30 April 2010 stands at \$10.20m. This balance is made up of;

Future debt (not yet due)	\$3.58m
Domestic and International student debt	\$1.75m
Organisational / Employer debt	\$1.46m
Annual Leave receivable (Treasury)	\$2.78m
Other accruals	\$0.29m

The organisational debt consists of over 900 individual debtors; however the main debts owed to the institute at 31 March 2010 are;

EOSJV (PNG)	\$182,690	future	(note 1)
EOSJV (PNG) - consultancy	\$ 81,271	current	(note 1)
Joint Industry Services Training	\$124,300	121-160 days	(note 2)
Queensland Rail Ltd	\$125,409	various	

Queensland Rail National Coal	\$ 60,000	various
Arnotts Biscuits	\$ 51,000	current
QLD Plumbing & Drainage	\$ 46,200	190 days +
Integrated Glass	\$ 46,000	91 days-120 days
Queensland Textbook Warehouse	\$ 44,948	91-120 days
BCITF	\$ 48,141	31-60 days

Note 1: \$182k related to the final invoice for phase 2 of the PNG Nationals training in Dalby. (Note: Dalby phase 1 and interim phase 2 invoices \$531k have now been paid by EoSJV)

The \$81k debt relates to consultancy services provided to the EOS / PNG project and will remain outstanding until the main PNG project contract is received.

Note 2: The outstanding debt relates to the 2009-10 sub-lease of premises at Salisbury. In 2008-09 the Department directed the institute to waive sub-lease charges to JIST who were experiencing financial difficulties.

The department has indicated that it expects JIST to meet its contractual obligations and the debt is being progressed through standard recovery processes.

xii) Payables;

The amount the institute owes to its creditors at 30 April 2010 stands at \$8.54m of which \$3.44m relates to payroll tax and \$3.3m capital creditors.

xiii) Unearned Revenue;

The institute's unearned revenue at 30 April 2010 totals \$4.83m. This is largely a result of student enrolments for future training delivery and is one indication of the institute's future 'order book'. The analysis of the unearned revenue is shown below;

- International revenue \$4.38m (including estimated \$3.63m 2010-11 study)
- Regulated student fees \$1.24m (VRG & User Choice delivery)
- Commercial / FFS revenue \$0.43m

In addition to future student related fees, the institute has also recognised as unearned at 30 April;

- Infrastructure and other revenue \$1.09m (to be recognised when matching expenses are incurred)
- Student debt due after 30/04 (\$2.30m) note 1

Note 1: This is an accounting requirement for the department at this stage of the year, to exclude all debt due in future months from its accounts. This debt is genuine and will be restated in the department's (and therefore the institute's) accounts in month 11. There is no impact on the institute's bottom line from this accounting adjustment.

E) MAIN FINANCIAL RISKS



STA has planned savings of at least \$0.600m from the DET Voluntary Early Retirement (VER) scheme.

Advice from DET indicates that support from Treasury for loan funding will not be provided to the institute, and that all severance cost of any voluntary retirement / redundancies would be borne by STA in the current financial year. To date, the

institute has incurred approx \$0.5m severance costs from contract terminations, voluntary redundancies and early retirements.

Ongoing controls around employee recruitment and vacancy management has enabled the institute to forecast a full year employee expenses to be approximately \$1.8m below plan.

To month 10, the institute has recognised 68% (\$5.528m) of its annual **commercial / Fee for Service revenue** target. The refocussing of the commercial arm of the institute by the Director, Business Development, and the inclusion of revenue from PNG training at Dalby has seen monthly revenue targets being achieved in months 9 and 10. The institute however is still forecasting a shortfall of \$1.2m by the end of the financial year.

Successful signing of the main PNG training contract and invoicing for activity to the end of June 2010 should allow the institute to recognise approx \$1.5m additional commercial revenue.

DET has provided \$270k to the institute in 09-10 for **asset maintenance** requirements. The institute views this level of funding as inadequate and has earmarked \$500k *'better TAFE facilities'* funds to this issue to try and mitigate the risks in this area. The lifting of the 'shield of the crown' in January 2009 with regards to individual liabilities has brought this already important issue to the forefront in terms of institutional risk. **Maintenance expenses to month 10 total \$0.46m.**

Total **international student revenue** earnable by the institute in 09-10 from enrolments up to 30 April 2010 totals \$2.65m against an annual revenue target of \$4.4m. The institute has substantially completed all outstanding international enrolments for 2009-10 and is therefore forecasting an annual revenue shortfall of \$0.9m against plan.

Student Tuition & Services Fees recognised by the institute at month 10 total \$4.16m with a further \$1.24m enrolled for future study. This level of revenue represents 83% of the annual target of \$6.51m. This category of revenue will be impacted by the 'safety net' students in semester 1 2010 where approximately \$0.360m tuition fees have been foregone.

Concerns around User Choice activity and a higher than expected level of fee waivers means that the institute could face a shortfall of up to \$1.2m.

Latest **SLA cost** information supplied to STA indicates a potential overspend of \$500k in 09-10. Negotiations are close to concluding with the other institutes and cost reductions of up to \$250k are anticipated.

The institute is facing a potential overspend of approximately \$265k on its **ISAS costs**. This issue is affecting all TAFE institutes and has been progressed through the TAFE Directors Queensland group. The DET Chief Operating Officer has recently indicated that additional funding will be provided to cover these costs.

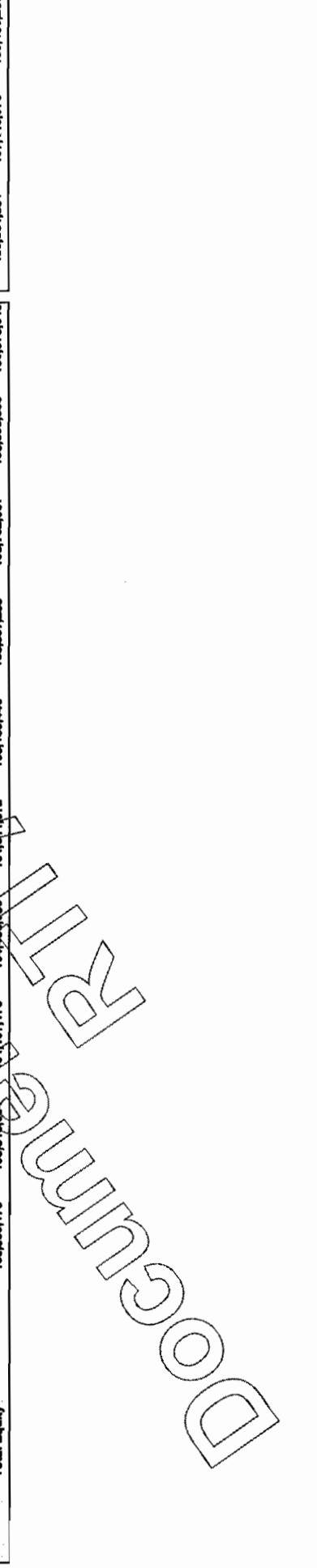
Simon Pritchard
Finance Director
12 May 2010

- Attachment 1 Profit & Loss Account
- Attachment 2 Balance Sheet
- Attachment 3 Cash Flow Statement
- Attachment 4 User Choice Receipts
- Attachment 5 Monthly FTE Analysis
- Attachment 6 Student Commencements
- Attachment 7 Data in error Rates

	In Month		Cumulative to Month 10 (Jul to Apr)		Full Year Forecast	
	Actual \$'s	Plan \$'s	Actual \$'s	Plan \$'s	Actual \$'s	Plan \$'s
Revenue						
User Charges						
Industry Funded Training	865,070	778,400	5,528,166	6,279,000	8,415,900	8,117,800
Tuition & Student Services	440,099	672,000	4,161,988	5,314,400	5,305,908	6,505,500
International Students	204,748	383,600	2,654,510	3,497,800	3,310,000	4,212,900
Other User Charges	128,483	137,000	1,421,672	980,800	1,905,000	1,504,000
Sub Total User Charges	1,638,400	1,971,000	13,766,336	16,071,800	18,936,400	20,340,200
Grants and Other Contributions	5,460	1,300	19,709	18,900	20,000	15,000
Other Revenues	78,759	5,300	189,038	35,300	205,000	60,000
Total Non-Government Revenue	1,722,619	1,977,600	13,975,083	16,141,200	19,161,400	20,415,200
Government Revenue						
VET Revenue	1,810,134	1,826,700	77,625,818	17,629,900	21,340,400	21,340,400
User Choice	2,903,041	3,000,000	36,038,395	36,411,500	42,036,500	43,578,000
Depreciation and Amortisation Revenue	1,314,815	1,427,400	3,887,782	3,918,900	4,696,500	4,696,500
Infrastructure (QSP) Revenue	70,793	547,800	3,685,125	5,480,100	6,576,200	6,576,200
Other VET Revenue	121,934	119,100	1,244,965	1,191,900	1,430,300	1,430,300
Internal Service Revenue	459,955	73,300	2,318,523	796,000	2,619,978	818,500
Total Government Revenue	6,680,671	6,994,300	84,709,108	65,383,300	78,439,978	78,439,900
Total Revenue	8,403,290	8,971,900	78,684,791	81,524,500	97,601,278	98,855,100
Expenses						
Employee Expenses						
Permanent and Temporary Salary Costs	3,697,775	3,045,200	36,643,941	36,863,800	43,672,729	44,111,600
Casual Wages Costs	335,311	402,800	2,853,696	3,695,600	3,674,435	4,674,700
Employers' On-Costs	1,494,929	1,255,400	14,789,345	15,222,000	18,047,214	18,473,100
Other Employee Expenses	0	42,480	0	0	521,700	521,700
Contractors, Consultants and Employment Agencies	32,021	37,800	370,448	370,800	453,000	453,000
Staff Training	40,782	22,500	203,516	224,400	273,200	273,200
Sub Total Employee Expenses	5,600,816	4,806,100	54,860,946	56,376,600	66,642,278	68,507,300
Supplies and Services	1,003,190	1,750,200	13,312,542	15,383,300	18,502,900	18,693,700
Depreciation and Amortisation Expense	13,14,815	1,427,500	3,887,782	3,913,800	4,696,500	4,696,500
Other Expenses	164,846	11,600	617,840	116,300	422,000	140,000
Internal Service Expenses	617,665	577,700	6,368,436	5,698,400	7,597,600	6,817,600
Total Expenses	8,701,333	8,573,100	79,047,546	81,488,400	97,661,278	98,855,100
Operating Result Profit / (Loss)	(298,043)	398,800	(362,755)	36,100	(9,000)	0

Balance Sheet
as at 30 April 2010

	2009/10	As at 30Apr2010	As at 31Mar2010	As at 28Feb2010	As at 31Jan2010	As at 31Dec2009	As at 30Nov2009	As at 30Sep2009	As at 31Aug2009	As at 31Jul2009	2008/09	2007/08	2006/07
		As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at
		30Apr2010	31Mar2010	28Feb2010	31Jan2010	31Dec2009	30Nov2009	30Sep2009	31Aug2009	31Jul2009	30Jun2009	30Jun2008	30Jun2007
Current Assets													
Cash	(4,570,081)	(3,670,633)	(4,025,854)	(3,849,957)	1,801,442	(2,455,330)	4,116,263	(2,886,560)	(11,086,793)	(11,086,793)	14,065,828	(7,555,370)	10,434,364
Accounts Receivable & Accrued Revenue	5,505,283	10,207,301	9,956,297	6,074,397	4,560,435	6,169,118	7,305,040	6,635,040	6,624,776	6,495,061	3,029,678	2,529,809	1,226,530
GST Input Credits	372,837	253,897	242,390	348,666	129,572	926,901	1,846,011	1,846,011	1,846,011	563,413	359,747	492,764	334,242
L.S.L. Reimbursement	0	0	0	0	0	0	0	0	0	0	0	224,568	148,007
Inventories	445,000	295,000	295,000	295,000	295,000	0	0	0	0	0	295,062	440,588	106,986
User Choice and VET Revenue General	7,223,939	6,422,730	6,748,280	4,086,258	2,633,060	7,494,161	7,321,432	5,514,528	3,581,334	3,272,975	3,900,000	14,236,780	6,981,671
Prepayments	453,265	378,475	446,996	331,485	446,996	333,344	400,336	346,528	341,305	276,688	243,699	313,087	67,668
Total Current Assets	9,430,243	13,886,770	13,547,597	9,397,400	9,866,506	10,355,045	12,362,456	17,561,624	11,406,646	21,420,574	21,934,014	10,682,236	19,279,268
Non - Current Assets													
Land & Buildings	193,167,585	190,838,115	189,089,577	190,398,194	189,703,105	192,606,779	191,286,507	186,988,540	179,723,949	187,227,945	180,281,795	134,610,373	128,276,331
Plant & Equipment	6,402,074	6,689,268	6,768,223	6,797,351	6,716,678	6,794,004	6,847,784	6,938,235	6,978,928	6,985,465	7,285,476	4,354,667	2,436,520
Total Non - Current Assets	199,569,659	197,527,383	195,857,801	197,195,545	196,419,783	199,400,783	198,134,271	193,926,775	186,702,877	194,213,409	187,567,271	138,965,040	130,712,851
Total Assets	209,999,902	211,384,153	209,405,398	206,592,945	206,286,289	209,755,828	210,496,727	211,427,800	198,109,522	215,633,983	209,501,286	149,647,276	149,992,119
Current Liabilities													
Payables	8,543,515	7,223,135	5,156,412	4,444,809	4,139,373	4,309,828	5,847,555	5,067,376	3,394,946	27,765,124	22,373,054	4,212,443	3,684,365
Employee Provisions - Rec Leave	1,053,831	2,562,790	1,896,250	1,282,840	1,349,625	1,788,260	2,105,133	1,763,979	1,763,979	1,174,337	2,231,793	5,145,298	4,390,151
L.S.L. Payable	80,897	219,296	135,092	64,555	272,867	194,559	78,419	233,679	157,810	82,776	238,600	212,277	188,128
Wages Due	1,161,960	659,050	310,945	97,791	1,816,774	2,469,188	1,927,940	1,156,579	552,960	245,094	1,936,426	1,817,419	1,002,367
Unearned Revenue and Fees	4,829,723	7,211,888	7,799,521	6,206,893	2,796,778	5,944,160	6,821,574	7,075,095	6,391,924	5,485,003	1,799,622	1,619,762	1,270,858
Total Current Liabilities	15,669,726	17,876,119	15,298,220	12,106,887	10,375,216	14,616,383	15,099,472	15,644,862	12,301,419	34,755,334	28,519,695	12,502,199	10,535,869
Non - Current Liabilities													
Nil to Report	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non - Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	15,669,726	17,876,119	15,298,220	12,106,887	10,375,216	14,616,383	15,099,472	15,644,862	12,301,419	34,755,334	28,519,695	12,502,199	10,535,869
Net Assets / (Liabilities)													
Total Assets / (Liabilities)	193,330,176	193,518,034	194,107,178	194,486,058	195,911,072	195,139,445	195,397,255	195,782,937	185,808,303	180,878,649	180,981,591	137,145,076	139,456,249
Equity													
Equity	157,603,269	157,791,127	156,388,274	158,717,575	159,142,590	159,370,963	159,827,773	160,014,465	150,039,821	145,110,167	145,213,109	120,953,373	103,417,978
Asset Revaluation Reserve	35,726,907	35,726,907	35,726,907	35,726,907	35,726,907	35,726,907	35,726,907	35,726,907	35,726,907	35,726,907	35,768,482	16,191,704	36,038,272
Total Equity	193,330,176	193,518,034	194,107,178	194,486,058	194,911,072	195,139,446	195,397,255	195,782,937	185,808,303	180,878,649	180,981,591	137,145,076	139,456,249





CASHFLOW STATEMENT 2009-10

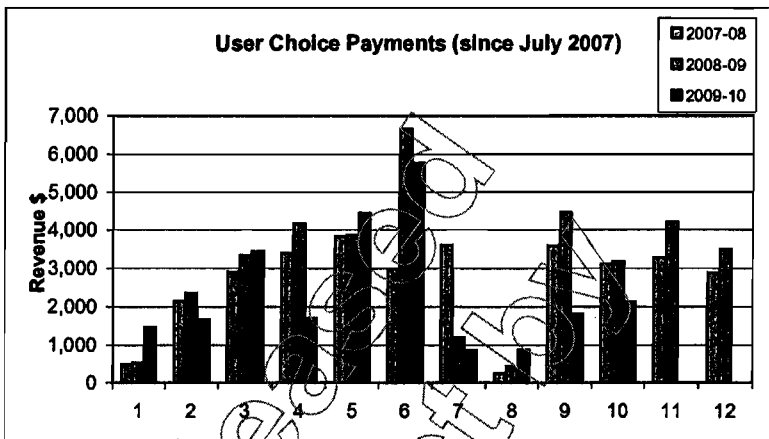
	Oct \$'000	Nov \$'000	Dec \$'000	Jan \$'000	Feb \$'000	Mar \$'000	Apr \$'000
Cash flows from Operating Activities							
<i>Inflows:</i>							
Government Funding	4,234	6,828	10,731	3,387	3,463	7,162	5,647
User Charges	1,632	1,118	304	1,914	1,274	1,155	1,166
Grants and Other Contributions	7	-14	0	0	5	6	5
GST input tax credits	-629	760	17	-217	104	-12	-119
GST collected from customers	0	0	0	0	0	0	0
Interest Receipts	0	0	0	0	0	0	0
Other Inflows	58	370	44	276	194	318	319
<i>Outflows:</i>							
Employee expenses	-5,010	-4,904	-6,515	-6,387	-4,796	-4,845	-3,630
Supplies and Services	-1,344	-1,130	-1,597	-1,551	-643	-2,112	-1,593
Grants and subsidies	0	0	0	0	0	0	0
Finance/borrowing costs	-2	1	-1	-5	-2	-2	-2
GST paid to suppliers	0	0	14	-12	-6	13	-3
GST remitted to ATO	0	0	0	0	0	0	0
Other Outflows	-605	-877	-609	-730	-518	-711	-768
Net Cash provided by (used in) operating activities	-1,660	2,153	2,388	-3,325	-926	973	1,022
Cash flows from investing activities							
<i>Inflows:</i>							
Sales of property, plant and equipment	0	0	0	4	3	0	0
<i>Outflows:</i>							
Payments for property, plant and equipment	-4,590	-2,963	3,246	-2,053	1,021	-294	-2,025
Payments for intangibles	0	0	0	0	0	0	0
Net Cash provided by (used in) investing activities	-4,590	-2,963	3,246	-2,048	1,025	-294	-2,025
Cash flows from financing activities							
<i>Inflows:</i>							
Borrowing	0	0	0	0	0	0	0
Equity injections	-322	-282	-281	-279	-275	-324	100
<i>Outflows:</i>							
Equity withdrawals	0	0	0	0	0	0	0
Borrowing repayments	0	0	0	0	0	0	0
Net Cash provided by (used in) financing activities	-322	-282	-281	-279	-275	-324	100
Net cash increase (decrease) in cash held	-6,572	-1,092	5,353	-5,651	-176	355	-903
Cash at beginning of period	4,116	-2,456	-3,548	1,805	-3,846	-4,022	-3,667
Cash at end of period	-2,456	-3,548	1,805	-3,846	-4,022	-3,667	-4,570



**USER CHOICE REVENUE RECEIPTS
SINCE JULY 2007**

USER CHOICE PAYMENTS RECEIVED

	2007-08 \$000	2008-09 \$000	2009-10 \$000
July	482	524	1,445
Aug	2,141	2,357	1,664
Sept	2,907	3,338	3,434
Oct	3,396	4,165	1,704
Nov	3,824	3,877	4,460
Dec	2,987	6,659	5,768
Jan	3,606	1,193	847
Feb	243	431	867
Mar	3,588	4,466	1,800
Apr	3,113	3,180	2,134
May	3,272	4,206	
Jun	2,877	3,482	
TOTAL	32,436	37,877	24,123



plus May - June 2010 receipts (estimate) 6,020
 Thin market funding (estimate) 1,000
 plus Safety Net Funds (estimate) 3,900
 additional activity (May & June) 1,000
 Correct CoS dates into 09-10 (estimate) 1,000

FORECAST TOTAL RECEIPTS 37,043

plus year end accrual (estimate) 5,000

FORECAST FULL YEAR REVENUE 42,043

FORECAST 09-10 SHORTFALL 1,537

Combined User Choice and Safety Net
Revenue target 2009-10 = \$43.52m

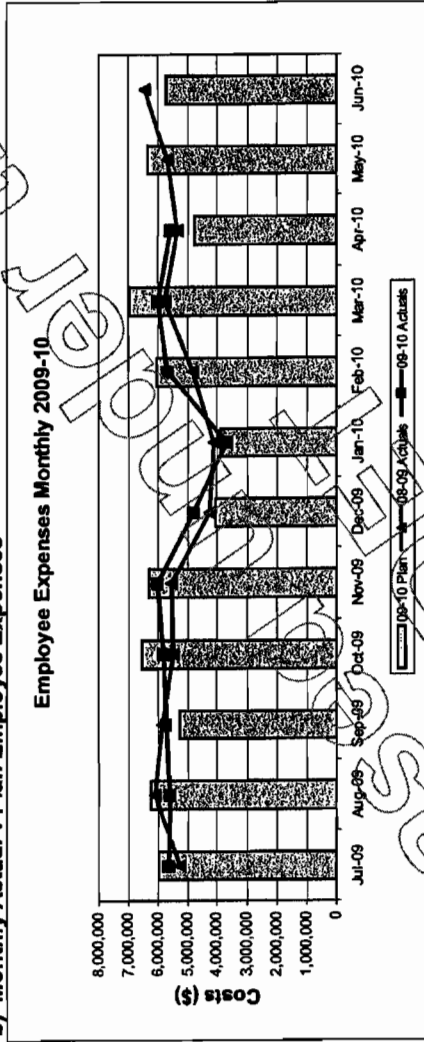
Documents released under the RTI Act
DET



ANALYSIS OF WORKFORCE MEASURES 2009-10

a) Overall Funded Establishment 09-10 (Council July 2009)	\$000	FTE
Delivery	34,806	414.50
Non delivery / support	28,542	427.56
Casual expenses	5,492	61.00
Net VER savings target	-600	-8.22
Vacancy rate target	-804	-11.06
Other employee expenses (non FTE)	1,086	
Funded Totals 09-10	68,522	883.78

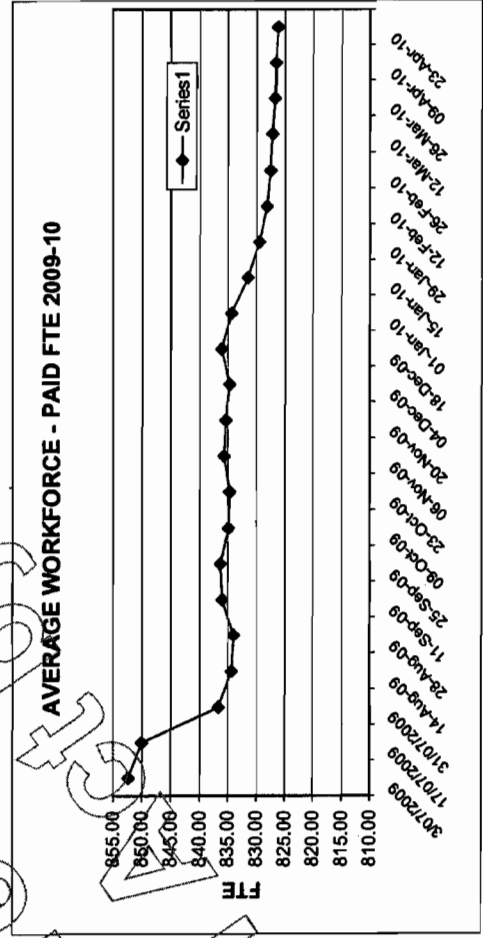
b) Monthly Actual v Plan Employee Expenses



c) Fortnightly record of paid FTE levels (via AURION payroll);
These FTE numbers exclude manual accruals for casual costs.

Pay Ending	Casual	Permanent	Temporary	Total
3/07/2009	59.10	698.34	94.83	852.27
17/07/2009	48.69	695.15	103.93	847.77
31/07/2009	22.14	689.93	97.96	810.03
14-Aug-09	39.04	689.07	99.50	827.61
28-Aug-09	38.45	691.36	102.71	832.52
11-Sep-09	43.82	699.65	102.54	846.01
25-Sep-09	43.43	693.09	101.94	838.46
09-Oct-09	32.15	691.93	100.35	824.43
23-Oct-09	39.19	695.35	98.66	833.10
06-Nov-09	47.78	696.74	96.94	841.46
20-Nov-09	40.53	691.83	100.26	832.72
04-Dec-09	33.48	696.03	98.41	827.92
18-Dec-09	28.00	707.21	97.04	832.25
01-Jan-10	28.42	688.42	95.50	812.34
15-Jan-10	4.55	691.35	94.98	790.88
29-Jan-10	4.35	694.42	99.51	798.28
12-Feb-10	4.74	693.97	108.41	807.12
26-Feb-10	18.27	691.08	107.10	816.45
12-Mar-10	27.87	685.41	106.89	820.17
26-Mar-10	33.77	678.00	107.00	818.77

d) Paid FTE levels via AURION payroll (annual average)



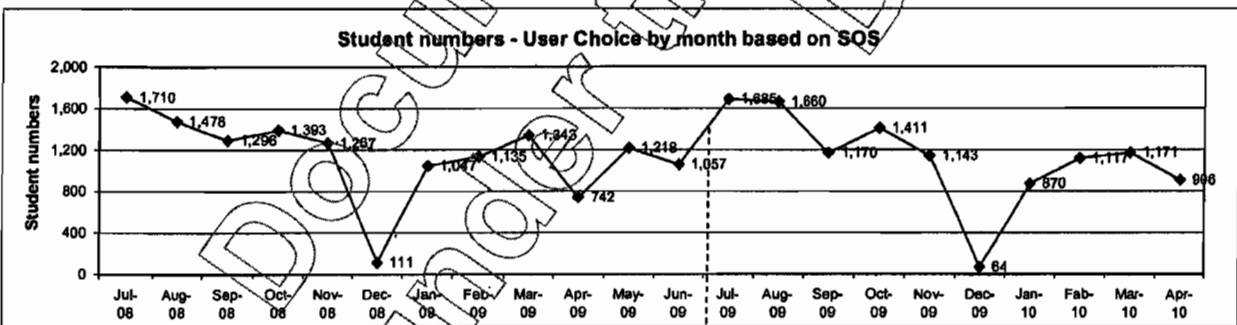
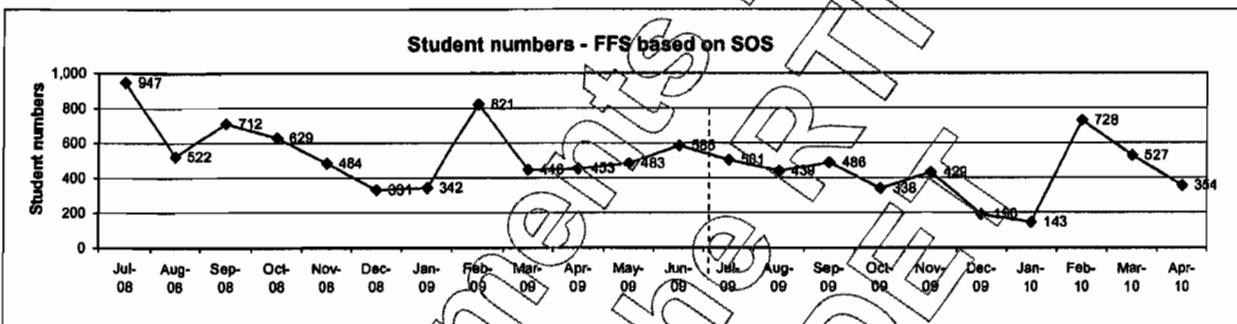
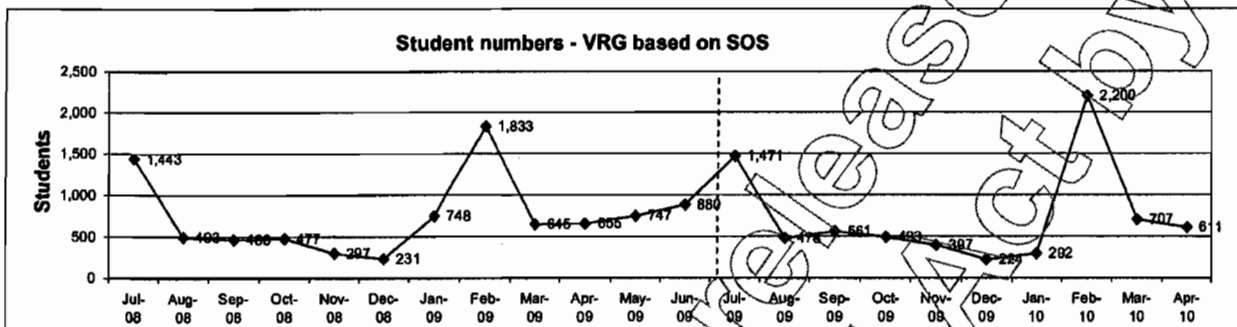
ATTACH 5



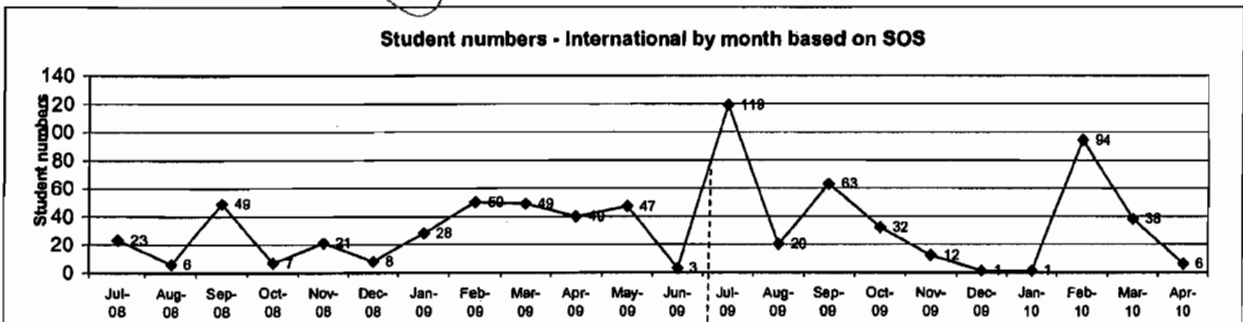
**STUDENT COMMENCEMENT TRENDS BY FUND SOURCE
SINCE JULY 2008**

		09-10	08-09
KEY MESSAGE: Overall student commencements July - April comparison	decrease 1.2%	23,152	22,888
User Choice commencements July - April comparison	decrease 3.9%	11,197	10,780
VRG commencements July - April comparison	increase 12.1%	7,434	6,633
FFS commencements July - April comparison	decrease -21.0%	4,135	5,234

	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
VRG	747	880	1,471	478	561	493	397	224	292	2,200	707	611
FFS	483	585	501	439	486	338	429	190	143	728	527	354
User Choice	1,218	1,057	1,665	1,660	1,170	1,411	1,143	64	870	1,117	1,171	908
International	47	3	119	20	63	32	12	1	1	94	38	6
TOTAL	2,495	2,525	3,776	2,597	2,280	2,274	1,981	479	1,306	4,139	2,443	1,877



NOTE: User Choice commencements from January 2010 include safety net students.



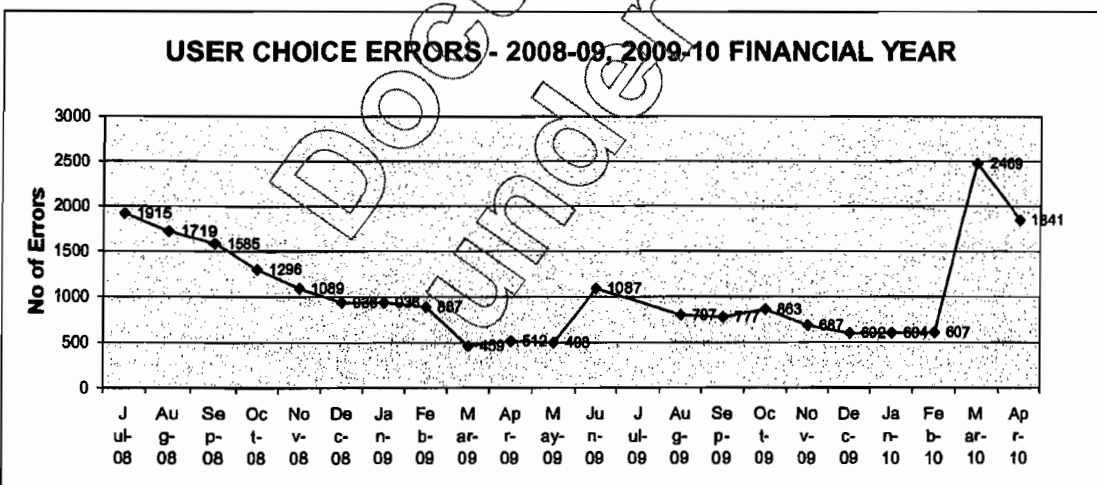
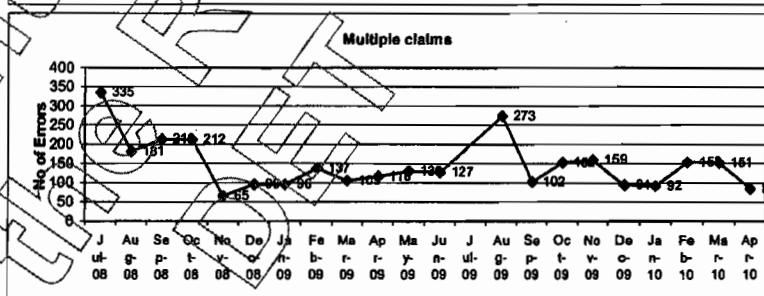
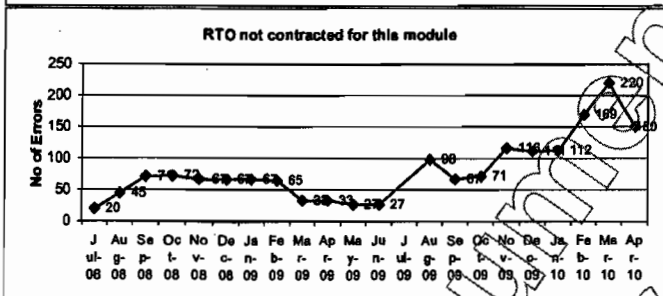
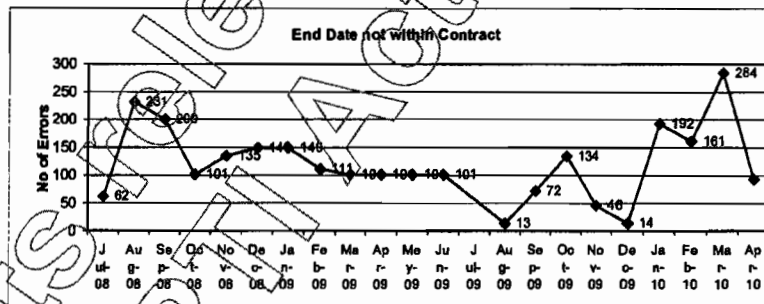
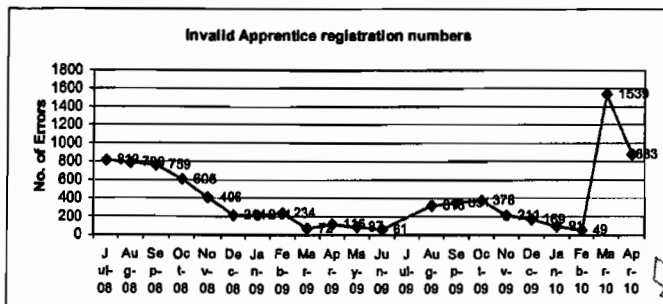


**USER CHOICE DATA IN ERROR TRENDS
SINCE MAY 2009**

Summary of errors 2008-10

Error Name	May-09	Jun-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
State Funding is not approved for this student	8	8	8	6	8	11	18	18	19	29
Invalid apprentice registration number	87	61	318	351	378	211	169	91	49	1539
Surname/First Name does not match name on Trai	5	6	4	11	0	17	15	15	9	17
Training contract Qualification does not match with Invalid Contract / Training schedule number supplie	3	4	7	6	5	6	5	3	3	9
RTO not contracted for this module	114	734	17	32	55	19	26	29	12	97
Module/competency end date not within contract er	27	27	98	67	71	116	111	112	169	220
Invalid delivery strategy/module outcome combinati	101	101	13	72	134	46	14	192	161	284
Multiple claims	2	0	16	19	8	61	65	11	21	68
Mismatch on Qualifications	130	127	273	102	152	159	94	92	153	151
Withdrawn with no student participation	19	17	38	106	42	16	22	0	3	46
Withdrawn with no student participation	2	2	5	5	10	25	43	41	8	9
Total	498	1087	797	777	863	687	602	604	607	2469

Selected Graphs;

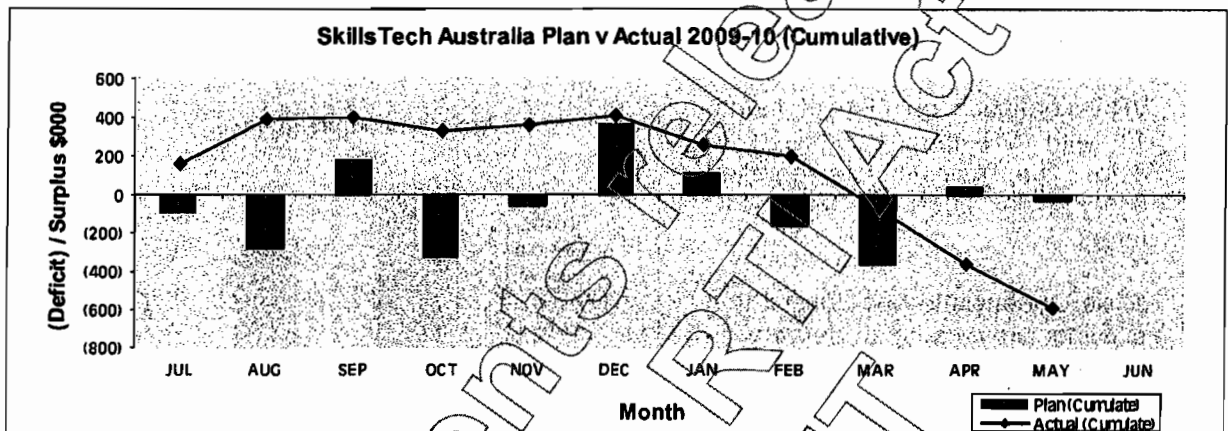


AT 30 APRIL DATA IN ERROR VALUE AT SKILLSTECH AUSTRALIA WAS \$1.16M REPRESENTING 2.66% OF 2009-10 USER CHOICE CONTRACT VALUE

A) FINANCIAL OVERVIEW & MAJOR VARIANCES

At 31 May 2010, SkillsTech Australia reported a **deficit of \$588k** compared to a planned deficit of \$32k. The institute was therefore \$556k behind plan after month 11 of the financial year.

The institute's forecast year-end position remains at **breakeven** (see attachment 1); however this forecast assumes that the institute is successful in signing the main PNG delivery contract before the end of June 2010 and recognising approximately \$1.5m for delivery and consultancy activity undertaken by year end.



- Overall revenue is \$2.76m below plan;
- Infrastructure revenue \$1.24m behind plan, with an offsetting underspend in expenses.
- User Charges are \$2.76m below plan, however this is somewhat offset by higher than expected revenue for IT, product development and other internal revenue (\$1.59m ahead of plan).
- User Choice revenue is \$0.35m below plan, including recognition of agreements with the department around thin market funding, safety net students and additional funding for existing prevocational plumbing students.

Table 1 - Revenue

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
1,837	1,837	(0)	VRG	19,463	19,467	(4)
3,656	3,631	24	User Choice	39,694	40,043	(349)
1,693	2,149	(456)	User Charges	15,460	18,220	(2,760)
1,189	548	641	Infrastructure Revenue	4,784	6,028	(1,243)
1,330	1,340	10	Other Revenue	8,079	6,485	1,594
7,045	6,825	220		87,480	90,243	(2,763)

- Overall expenses are \$2.20m underspent;
- Employee expenses \$1.89m underspent at Month 11.
- Supplies and services are \$1.54m underspent, \$1.20m relating to infrastructure expenses and offset by the revenue variance described above.

Table 2 - Expenses

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
5,995	6,374	379	Employee Expenses	60,856	62,751	1,895
1,989	1,458	(530)	Supplies & Services	15,301	16,842	1,541
641	551	(90)	Internal Expenses	7,010	6,250	(760)
396	662	266	Other Expenses	4,901	4,433	(468)
9,020	9,045	25		88,068	90,275	2,207

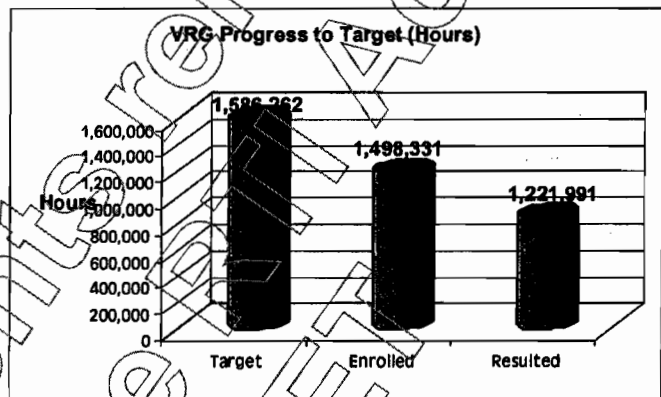
Detailed Profit & Loss Account and Balance Sheet are provided at attachment 1 and 2

B) KEY MESSAGES – Revenue

i) VRG Revenue: on plan.

VRG continues on plan at month 11 with \$19.46m recognised to date. The institute has enrolled 94% of its 2009-10 VRG AHC target.

Skills Queensland has agreed that existing prevocational delivery in Plumbing will attract additional separate funding at year end. The institute is still planning to fully deliver its VRG allocation with additional RPL activity for Queensland Rail and other clients.

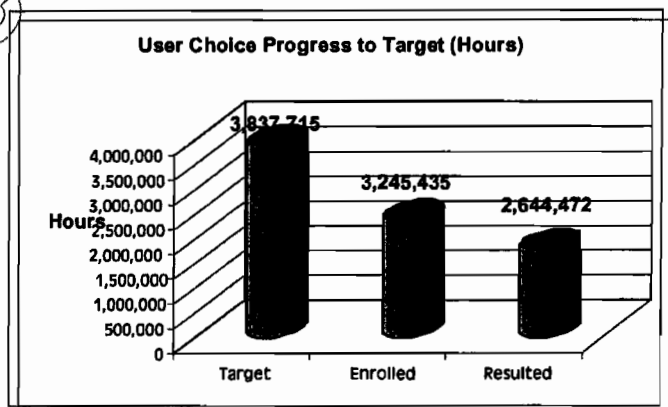


ii) User Choice Revenue: \$0.35m behind plan.

User Choice revenue currently stands at \$39.70m. The institute has enrolled 84% of its annual AHC target.

The institute has seen a softening of user choice activity in recent months and relatively disappointing payments from DET in the last quarter (see attachment 4).

The immediate level of User Choice activity in the system is not encouraging.



In addition to traditional User Choice revenue, the institute has recognised \$3m from 09-10 safety net delivery and \$0.8m from thin market pricing agreed with Skills Queensland but not yet received. The institute has focussed on bringing into the current semester as much delivery as possible originally scheduled for July 2010 onwards and this has led to a better than expected result in May 2010.

Despite User Choice holding up better than expected in May 2010, the institute still faces a risk around the volume and value of User Choice activity over the next few months. It is highly unlikely that the institute will achieve the full \$43.5m User Choice target for the year and could potentially have a shortfall of up to \$2m.

The value of User Choice 'data in error' which spiked in March 2010 has continued to reduce significantly to \$0.81m and the institute will continue to focus on correcting this data and receive payment by 30 June.

See attachment 4 for User Choice receipts

See attachment 7 for 'data in error' trends

iii) Overall User Charges are \$2.76m below plan as shown below:

Table 3 – User Charges

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
385	921	(537)	Commercial / FFS	5,913	7,200	(1,287)
797	606	190	Student Tuition Fees	4,958	5,921	(962)
441	457	(16)	International Revenue	3,096	3,983	(887)
71	163	(92)	Other User Charges	1,493	1,116	376
1,693	2,149	(455)		15,460	18,220	(2,760)

Commercial revenue is \$1.287m below plan with disappointing results in Month 11. Forecast commercial revenue for 09-10 before the main PNG contract is \$6.3m, which compares favourably with commercial revenue of \$5.3m in 08-09.

No revenue has been recognised to date for the main PNG project.

Student tuition fees have shown an encouraging upturn in month 11 and have exceeded plan by \$190k in the month. This is largely as a result of bringing forward User Choice training into 2009-10 which had originally been scheduled for July 2010 onwards. A similar result in month 12 would see a \$835k shortfall in tuition fees for the year, a reduction on the previously forecast shortfall of \$1.2m.

International student revenue has shown an encouraging upturn in month 11 and has virtually achieved plan in the month. A full year forecast of \$3.42m revenue in 09-10 should be seen in the context of \$1.3m revenue in 08-09.

See attachment 6 for student commencement trends by fund source.

iv) **Infrastructure and Other Capital Revenue** is \$1.24m below plan at month 11. The institute recognises infrastructure revenue to match expenses incurred in order to avoid unnecessary fluctuations in the financial results. To month 11 the institute has recognised \$4.78m.

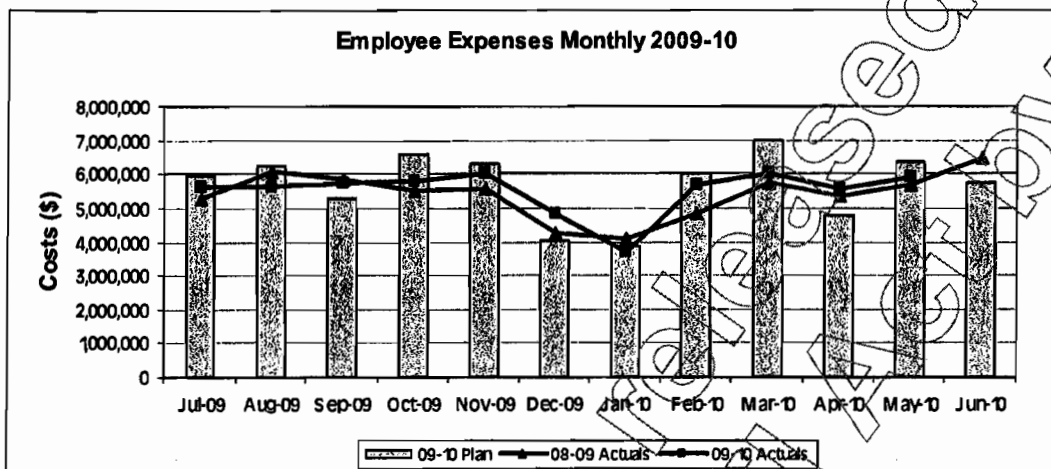
The institute is working with DET infrastructure to identify if any revenue needs to be deferred into 2010-11.

C) KEY MESSAGES – Expenses

- v) **Employee expenses** (including contractors & consultants): **\$1.89m underspent** at month 11.

Employee expenses to date include an accrual of \$0.16m to reflect potential casual hours worked but not yet paid as well as \$0.68m unfunded severance costs for staff taking up early retirement offers.

The full year underspend in employee expenses is expected to be in the region of \$1.7m which is essential to offset revenue shortfalls as well as potential additional costs relating to service level agreements and provision for doubtful debts.



See attachment 5 for FTE trend analysis

- vi) **Supplies & Services** expenses are **\$1.50m underspent** at month 11.

The position on supplies and services largely reflects an underspend on infrastructure and IT expenses (see infrastructure revenue iv) above), offset somewhat by prepayments on copyright and course supplies and also an anticipated overspend on maintenance expenses.

- vii) **Internal Expenses** are **\$0.759m overspent** at month 11.

Detailed work undertaken by the institute regarding the current costs of Service Level Agreements (SLA) with Brisbane North and Metropolitan South Institutes has identified a significant level of overcharging, especially in ITC and customer service costs. STA will be refusing any charges in month 12 of the current financial year and will look to reclaim approximately \$0.20m for the year. STA expects the level of SLA costs with Brisbane North to reduce by approximately \$500k in 2010-11.

Approximately \$0.26m of the current overspend is a result of unplanned ISAS upgrade costs. This is an issue affecting institutes across the sector and the DET Chief Operating Officer has indicated that additional funding will be provided before year end to cover these costs.

D) BALANCE SHEET

viii) Solvency;

At 31 May 2010, SkillsTech Australia is technically insolvent with current liabilities greater than its current assets by \$11.62m (current ratio -2.80).

ix) Cash Balance: \$9.70m negative

At 31 May, the institute had a negative cash balance of \$9.70m, a decrease of \$5.13m in the month. The department should make equity (cash) injections to the institute to match its outgoings on capital purchases. At month 11, the institute is owed \$4.1m cash from the department which should be paid in month 12.

The decrease in cash in the month can be analysed as;

Operational cash movements increase	(\$2.30m)
Cash outflows from capital expenditure	(\$2.46m)
DET cash withdrawal (capital)	(\$0.38m)

See attachment 3 for cash flow statement

x) User Choice Accrual (current assets);

The institute's User Choice revenue accrual at 31 May 2010 stands at \$7.43m and is recognition of the value of students in training up to the end of month 11. The institute would expect the level of accrual to reduce at year end especially as data in error and K results are expected to be significantly lower.

Whilst substantially below the peak of November 2009 (9,425), the level of K results (training completed but unpaid) within the institute only dropped marginally in the month to 7,340. The institute must maintain its focus and ensure the level of K results continues a general downward trend to reduce the risk of non payment for training delivery.

xi) Accounts Receivable and Accrued Revenue;

The institute's Account Receivable balance at 31 May 2010 stands at \$6.85m. This balance is made up of;

Future debt (not yet due)	\$2.94m
Domestic and International student debt	\$1.80m
Organisational / Employer debt	\$1.35m
Annual Leave receivable (Treasury)	\$0.42m
Other accruals	\$0.34m

The organisational debt consists of over 900 individual debtors; however the main debts owed to the institute at 31 May 2010 are;

Joint Industry Services Training	\$124,300	161-190 days (note 2)
Queensland Rail Ltd	\$101,318	future
Queensland Rail Ltd	\$101,762	various
QR Services (IPG)	\$ 98,428	future
EOSJV (PNG) - consultancy	\$ 81,271	31-60 (note 1)
Australian College of Kuwait	\$ 60,000	31-60 days
QLD Plumbing & Drainage	\$ 46,200	190 days + (note 3)
Integrated Glass	\$ 46,000	121 days-190 days

Note 1: The \$81k debt relates to consultancy services provided to the EOS / PNG project and will remain outstanding until the main PNG project contract is received.

Note 2: The outstanding debt relates to the 2009-10 sub-lease of premises at Salisbury. In 2008-09 the Department directed the institute to waive sub-lease charges to JIST who were experiencing financial difficulties. The department has indicated that it expects JIST to meet its contractual obligations and the debt is being progressed through standard recovery processes.

Note 3: STA expects a settlement offer of approximately \$20k to be made by QLD Plumbing and Drainage.

xii) Payables;

The amount the institute owes to its creditors at 31 May 2010 stands at \$9.85m of which \$2.14m relates to payroll tax and \$5.73m capital creditors.

xiii) Unearned Revenue;

The institute's unearned revenue at 31 May 2010 totals \$4.94m. This is largely a result of student enrolments for future training delivery and is one indication of the institute's future 'order book'. The analysis of the unearned revenue is shown below;

- International revenue \$3.79m (including estimated \$3.47m 2010-11 study)
- Regulated student fees \$0.83m (VRG & User Choice delivery)
- Commercial / FFS revenue \$0.32m

E) MAIN FINANCIAL RISKS

■ STA has planned savings of at least \$0.600m from the DET **Voluntary Early Retirement (VER)** scheme.

Advice from DET indicates that support from Treasury for loan funding will not be provided to the institute, and that all severance cost of any voluntary retirement / redundancies would be borne by STA in the current financial year. To date, the institute has incurred approx \$0.68m severance costs from contract terminations, voluntary redundancies and early retirements.

Ongoing controls around employee recruitment and vacancy management has enabled the institute to forecast a full year employee expenses to be approximately \$1.7m below plan.

■ To month 11, the institute has recognised 70% (\$5.91m) of its annual **commercial / Fee for Service revenue** target. The refocussing of the commercial arm of the institute by the Director, Business Development, and the inclusion of revenue from PNG training at Dalby has seen monthly revenue targets being achieved in months 9 and 10 but disappointing results in month 11. The institute is forecasting a shortfall of \$1.7m by the end of the financial year, however successful signing of the main PNG training contract and invoicing for activity to the end of June 2010 should allow the institute to recognise a further \$1.5m commercial revenue.

DET has provided \$270k to the institute in 09-10 for **asset maintenance** requirements. The institute views this level of funding as inadequate and has earmarked \$500k 'better TAFE facilities' funds to this issue to try and mitigate the risks in this area. The lifting of the 'shield of the crown' in January 2009 with regards to individual liabilities has brought this already important issue to the forefront in terms of institutional risk. **Maintenance expenses to month 11 total \$0.67m.**

Total **international student revenue** earnable by the institute in 09-10 from enrolments up to 31 May 2010 totals \$3.41m against an annual revenue target of \$4.2m. The institute has substantially completed all outstanding international enrolments for 2009-10 and is therefore forecasting an annual revenue shortfall of \$0.8m against plan.

Student Tuition & Services Fees recognised by the institute at month 11 total \$4.96m. Concerns around User Choice activity and a higher than expected level of fee waivers arising from 'safety net' delivery means that the institute could face a shortfall of up to \$0.9m.

STA has identified significant overcharging on **SLA costs** predominately with Brisbane North Institute. STA will refuse any further charges in month 12 and look to reclaim approximately \$200k charges already levied.

The institute is facing a potential overspend of approximately \$265k on its **ISAS costs**. This issue is affecting all TAFE institutes and has been progressed through the TAFE Directors Queensland group. The DET Chief Operating Officer has recently indicated that additional funding will be provided to cover these costs and this is reflected in the month 11 revenue position.

Simon Pritchard
Finance Director
8 June 2010

- Attachment 1 Profit & Loss Account
- Attachment 2 Balance Sheet
- Attachment 3 Cash Flow Statement
- Attachment 4 User Choice Receipts
- Attachment 5 Monthly FTE Analysis
- Attachment 6 Student Commencements
- Attachment 7 Data in error Rates

	In Month		Variance \$'s	Cumulative to Month 11 (Jul to May)			Full Year Forecast		
	Actual \$'s	Plan \$'s		Actual \$'s	Plan \$'s	Variance \$'s	Actual \$'s	Plan \$'s	Variance \$'s
Revenue									
User Charges									
Industry Funded Training	384,799	921,500	(536,701)	5,912,964	7,200,500	(1,287,536)	7,962,964	8,117,800	(154,836)
Tuition & Student Services	796,700	606,300	190,400	4,958,688	5,920,700	(962,012)	5,673,688	6,505,500	(831,812)
International Students	441,044	457,500	(16,456)	3,095,554	3,982,700	(887,146)	3,426,554	4,212,900	(792,346)
Other User Charges	70,929	163,300	(92,371)	1,492,601	1,116,500	376,101	1,563,530	1,504,000	59,530
Sub Total User Charges	1,693,472	2,148,600	(455,128)	15,459,808	18,220,400	(2,760,592)	18,620,738	20,340,200	(1,719,462)
Grants and Other Contributions	10,570	700	9,870	30,279	14,600	15,679	36,000	15,000	20,000
Other Revenues	45,663	2,900	42,763	234,700	58,400	176,300	240,000	60,000	180,000
Total Non-Government Revenue	1,749,705	2,152,200	(402,495)	15,724,788	18,293,400	(2,568,612)	18,895,738	20,415,200	(1,519,462)
Government Revenue									
VET Revenue	1,837,406	1,837,600	(194)	19,463,224	19,467,500	(4276)	21,340,400	21,340,400	0
User Choice	3,656,053	3,631,500	24,553	39,694,448	40,043,000	(348,552)	42,536,500	43,578,000	(1,041,500)
Depreciation and Amortisation Revenue	380,782	649,700	(268,908)	4,268,574	4,305,200	(36,626)	4,696,500	4,696,500	0
Infrastructure (OSP) Revenue	1,189,190	547,800	641,390	4,784,315	6,027,900	(1,243,585)	5,976,200	6,576,200	(600,000)
Other VET Revenue	112,167	119,100	(6,933)	1,356,232	1,311,000	45,232	1,430,300	1,430,300	0
Internal Service Revenue	(130,177)	39,500	(169,677)	2,188,946	795,500	1,392,846	2,438,346	818,500	1,619,846
Total Government Revenue	7,045,431	6,825,200	220,231	71,755,138	71,950,100	(194,962)	78,418,246	78,439,900	(21,654)
Total Revenue	8,795,136	8,977,400	(182,264)	87,479,927	90,243,500	(2,763,573)	97,313,983	98,855,100	(1,541,117)
Expenses									
Employee Expenses									
Remainder and Temporary Salary Costs	4,026,877	4,022,400	(4,477)	40,670,818	40,929,700	258,882	43,789,984	44,111,600	321,616
Casual Wages Costs	311,029	524,700	(213,671)	3,164,725	4,220,300	1,055,575	3,674,435	4,674,700	1,000,265
Employers On-Costs	1,551,102	1,720,700	(169,598)	16,340,447	16,942,700	602,253	18,047,214	18,473,100	425,886
Other Employee Expenses	0	43,300	(43,300)	0	0	0	521,700	521,700	0
Contractors, Consultants and Employment Agencies	103,633	39,300	(64,333)	474,081	409,900	(64,181)	453,000	453,000	0
Staff Training	2,278	23,900	(21,622)	205,794	248,300	42,506	273,200	273,200	0
Sub Total Employee Expenses	5,984,917	6,374,300	379,383	60,855,864	62,750,900	1,895,036	66,759,533	68,507,300	1,747,767
Supplies and Services	1,988,674	2,458,300	(530,374)	15,301,216	16,841,600	1,540,384	17,902,900	18,693,700	790,800
Depreciation and Amortisation Expense	380,792	649,700	(268,908)	4,268,574	4,305,100	36,526	4,696,500	4,696,500	0
Other Expenses	14,936	11,500	(3,436)	632,776	127,800	(504,976)	507,450	140,000	(367,450)
Internal Service Expenses	641,204	551,300	(89,904)	7,009,641	6,249,700	(759,941)	7,447,600	6,817,600	(630,000)
Total Expenses	9,020,524	9,045,100	24,576	88,068,070	90,275,100	2,207,030	97,313,983	98,855,100	1,541,117
Operating Result Profit / (Loss)	(225,388)	(67,700)	(157,688)	(588,144)	(31,600)	(556,544)	0	0	0

Balance Sheet as at 31 May 2010

	2009/10					2008/09			
	As at 31May2010	As at 30Apr2010	As at 31Mar2010	As at 31Dec2009		As at 30Jun2009	As at 30Jun2008	As at 30Jun2007	
Current Assets									
Cash	(9,704,251)	(4,570,081)	(3,670,633)	1,801,442	14,065,828	(7,555,370)	10,434,364		
Accounts Receivable & Accrued Revenue	6,855,522	5,505,283	10,207,301	4,560,435	3,029,678	2,529,864	1,226,330		
GST Input Credits	440,714	372,837	253,897	129,572	399,747	492,709	334,242		
L.S.L. Reimbursement	0	0	0	0	0	224,568	148,007		
Inventories	445,000	445,000	295,000	295,000	295,062	440,598	106,986		
User Choice and VET Revenue General	8,195,595	7,223,939	6,422,730	2,633,060	3,900,000	14,236,780	6,961,671		
Prepayments	210,170	453,265	378,475	446,986	243,989	313,087	67,668		
Total Current Assets	6,442,749	9,430,243	13,886,770	9,866,506	21,934,014	10,682,236	19,279,268		
Non - Current Assets									
Land & Buildings	198,024,545	193,167,585	190,838,115	188,703,105	180,281,795	134,610,373	128,276,331		
Plant & Equipment	6,320,819	6,402,074	6,689,268	6,716,678	7,285,476	4,354,667	2,436,520		
Total Non - Current Assets	204,345,364	199,569,659	197,527,383	195,419,783	187,567,271	138,965,040	130,712,851		
Total Assets	210,788,114	208,999,902	211,394,153	205,286,289	209,501,286	149,647,275	149,992,119		
Current Liabilities									
Payables	9,855,534	8,543,515	7,283,135	4,139,373	22,373,054	4,212,443	3,684,365		
Employee Provisions - Rec Leave	1,656,967	1,053,831	2,582,790	1,349,625	2,231,793	5,145,298	4,390,151		
L.S.L. Payable	158,103	80,697	216,256	272,667	238,600	212,277	188,128		
Wages Due	1,446,060	1,161,960	659,050	1,816,774	1,936,426	1,512,419	1,002,367		
Unearned Revenue and Fees	4,846,409	4,829,723	7,241,888	2,796,778	1,739,822	1,419,762	1,270,858		
Total Current Liabilities	18,063,073	15,669,726	17,876,119	10,375,216	28,519,695	12,502,199	10,535,869		
Non - Current Liabilities									
Nil to Report	0	0	0	0	0	0	0		
Total Non - Current Liabilities	0	0	0	0	0	0	0		
Total Liabilities	18,063,073	15,669,726	17,876,119	10,375,216	28,519,695	12,502,199	10,535,870		
Net-Assets / (Liabilities)	192,725,040	193,330,176	193,518,034	194,911,072	180,981,591	137,145,076	139,456,249		
Equity									
Equity	156,998,134	157,603,269	157,791,127	159,142,590	145,213,109	120,953,373	103,417,978		
Asset Revaluation Reserve	35,726,907	35,726,907	35,726,907	35,768,482	35,768,482	16,191,704	36,038,272		
Total Equity	192,725,040	193,330,176	193,518,034	194,911,072	180,981,591	137,145,076	139,456,250		

**CASHFLOW STATEMENT
2009-10**



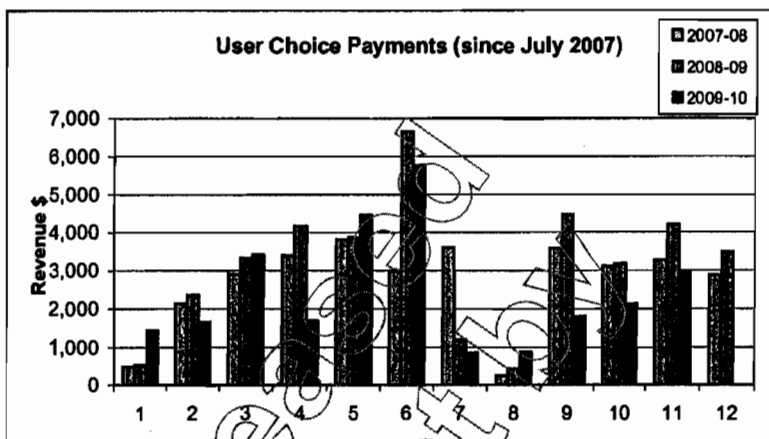
	Jul \$'000	Aug \$'000	Sep \$'000	Oct \$'000	Nov \$'000	Dec \$'000	Jan \$'000	Feb \$'000	Mar \$'000	Apr \$'000	May \$'000
Cash flows from Operating Activities											
<i>Inflows:</i>											
Government Funding	7,408	4,236	6,387	4,234	6,828	10,731	3,387	3,463	7,162	5,647	6,011
User Charges	1,658	2,557	1,652	1,632	1,118	304	1,914	1,274	1,155	1,166	731
Grants and Other Contributions	10	0	0	7	-14	0	0	5	6	5	11
GST input tax credits	-250	-1,227	1,567	-629	760	17	-217	104	-12	-119	-68
GST collected from customers	0	0	0	0	0	0	0	0	0	0	0
Interest Receipts	0	0	0	0	0	0	0	0	0	0	0
Other Inflows	149	160	204	58	370	44	276	194	318	319	108
<i>Outflows:</i>											
Employee expenses	-8,231	-4,686	-4,715	-5,010	-4,904	-6,515	-6,387	-4,796	-4,845	-3,630	-6,447
Supplies and Services	-19,834	-1,339	-1,701	-1,344	-1,130	-1,597	-1,551	-643	-2,112	-1,593	-2,004
Grants and subsidies	0	0	0	0	0	0	0	0	0	0	0
Finance/borrowing costs	-3	-1	-1	-2	-1	-1	-5	-2	-2	-2	-1
GST paid to suppliers	-7	0	0	0	0	14	12	6	13	-3	4
GST remitted to ATO	0	0	0	0	0	0	0	0	0	0	0
Other Outflows	-410	-821	-791	-605	-877	-609	-730	-518	-711	-768	-641
Net Cash provided by (used in) operating activities	-19,510	-1,121	2,602	-1,060	2,153	2,388	-3,325	-926	973	1,022	-2,297
Cash flows from investing activities											
<i>Inflows:</i>											
Sales of property, plant and equipment	0	5	0	0	0	0	4	3	0	0	1
<i>Outflows:</i>											
Payments for property, plant and equipment	16,792	-17,563	-5,568	-4,590	-2,963	3,246	-2,053	1,021	-294	-2,025	-2,458
Payments for intangibles	0	0	0	0	0	0	0	0	0	0	0
Net Cash provided by (used in) investing activities	16,792	-17,558	-5,568	-4,590	-2,963	3,246	-2,048	1,025	-294	-2,025	-2,457
Cash flows from financing activities											
<i>Inflows:</i>											
Borrowing	0	0	0	0	0	0	0	0	0	0	0
Equity injections	-269	-4,706	9,968	-322	-282	-281	-279	-275	-324	100	-380
<i>Outflows:</i>											
Equity withdrawals	0	0	0	0	0	0	0	0	0	0	0
Borrowing repayments	0	0	0	0	0	0	0	0	0	0	0
Net Cash provided by (used in) financing activities	-269	4,706	9,968	-322	-282	-281	-279	-275	-324	100	-380
Net cash increase (decrease) in cash held	-2,986	-13,966	7,003	-6,572	-1,092	5,353	-5,651	-176	355	-903	-5,134
Cash at beginning of period	14,065	11,079	-2,887	4,116	-2,456	-3,548	1,805	-3,846	-4,022	-3,667	-4,570
Cash at end of period	11,079	-2,887	4,116	-2,456	-3,548	1,805	-3,846	-4,022	-3,667	-4,570	-9,704



USER CHOICE REVENUE RECEIPTS SINCE JULY 2007

USER CHOICE PAYMENTS RECEIVED

	2007-08 \$000	2008-09 \$000	2009-10 \$000
July	482	524	1,445
Aug	2,141	2,357	1,664
Sept	2,907	3,338	3,434
Oct	3,396	4,165	1,704
Nov	3,824	3,877	4,460
Dec	2,987	6,659	5,768
Jan	3,606	1,193	847
Feb	243	431	867
Mar	3,588	4,466	1,800
Apr	3,113	3,180	2,134
May	3,272	4,206	2,944
Jun	2,877	3,482	
TOTAL	32,438	37,877	27,067



plus June 2010 receipts (estimate)	4,000	
Thin market funding (estimate)	250	
plus Safety Net Funds (estimate)	3,000	reported as User Choice
Safety Net Students 10-11 enrolled	800	reported as User Choice
Plumbing prevocational students	834	reported as User Choice

FORECAST TOTAL RECEIPTS	35,951
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plus year end accrual (estimate)	6,600
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FORECAST FULL YEAR REVENUE	42,551
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FORECAST 09-10 SHORTFALL	1,029
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Combined User Choice and Safety Net Revenue target 2009-10 = \$43.52m

Documents released under the RTI Act DET

ANALYSIS OF WORKFORCE MEASURES 2009-10

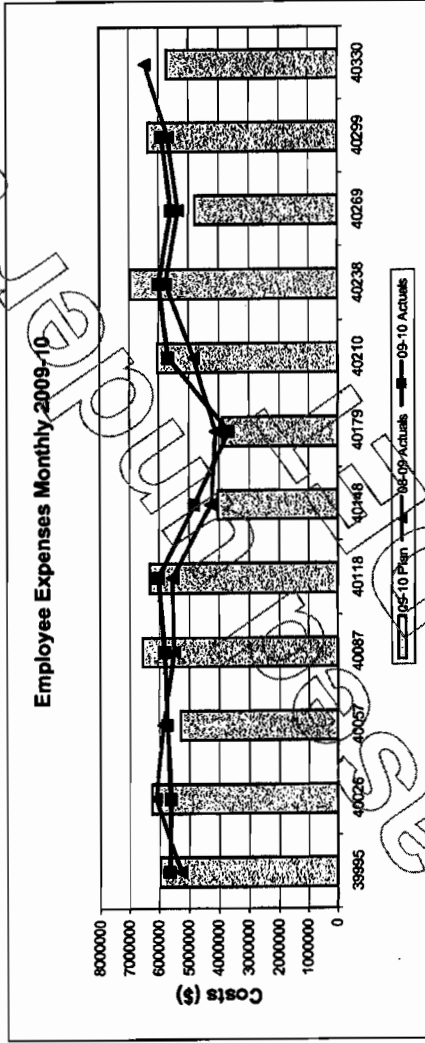
a) Overall Funded Establishment 09-10 (Council July 2009)

	\$000	FTE
Delivery	34,806	414.50
Non delivery / support	28,542	427.56
Casual expenses	5,492	61.00
Net VER savings target	-600	-8.22
Vacancy rate target	-804	-11.06
Other employee expenses (non FTE)	1,086	
Funded Totals 09-10	68,522	883.78

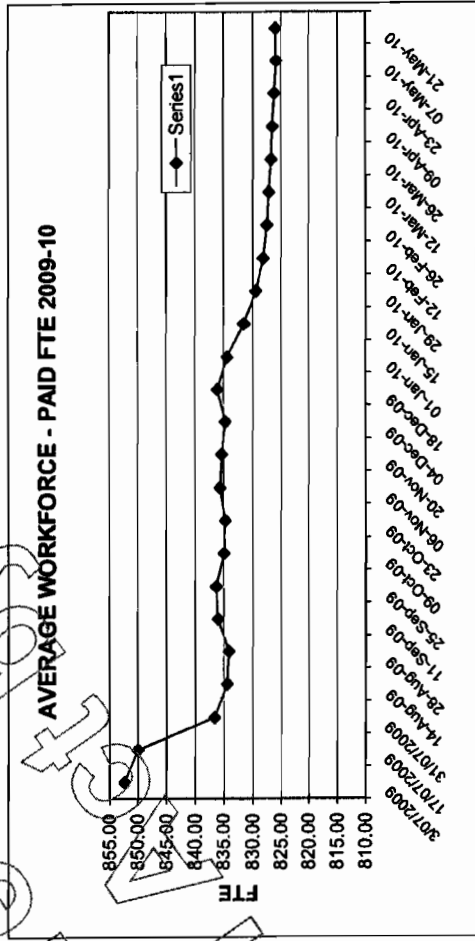
c) Fortnightly record of paid FTE levels (via AURION payroll); These FTE numbers exclude manual accruals for casual costs.

Pay Ending	Casual	Permanent	Temporary	Total
3/07/2009	59.10	698.34	94.83	852.27
17/07/2009	48.69	695.15	103.93	847.77
31/07/2009	22.14	689.93	97.96	810.03
14-Aug-09	39.04	689.07	99.50	827.61
28-Aug-09	38.45	691.36	102.71	832.52
11-Sep-09	43.82	699.65	102.54	846.01
25-Sep-09	43.43	693.09	101.94	838.46
09-Oct-09	32.15	691.93	100.35	824.43
23-Oct-09	39.19	695.25	98.66	833.10
06-Nov-09	47.78	699.74	96.94	844.46
20-Nov-09	40.53	691.93	100.26	832.72
04-Dec-09	33.38	696.03	98.41	827.82
18-Dec-09	48.00	707.21	97.04	852.25
01-Jan-10	28.42	688.42	95.50	812.34
15-Jan-10	4.55	691.35	94.98	790.88
29-Jan-10	4.35	694.42	99.51	798.28
12-Feb-10	4.74	693.97	108.41	807.12
26-Feb-10	18.27	691.08	107.10	816.45
12-Mar-10	27.87	685.41	106.89	820.17
26-Mar-10	33.77	678.00	107.00	818.77
09-Apr-10	32.46	681.80	108.50	822.76
23-Apr-10	28.62	674.34	115.36	818.32
07-May-10	27.07	674.38	117.30	818.75
21-May-10	31.71	673.32	123.46	828.49

b) Monthly Actual v Plan Employee Expenses



d) Paid FTE levels via AURION payroll (annual average)



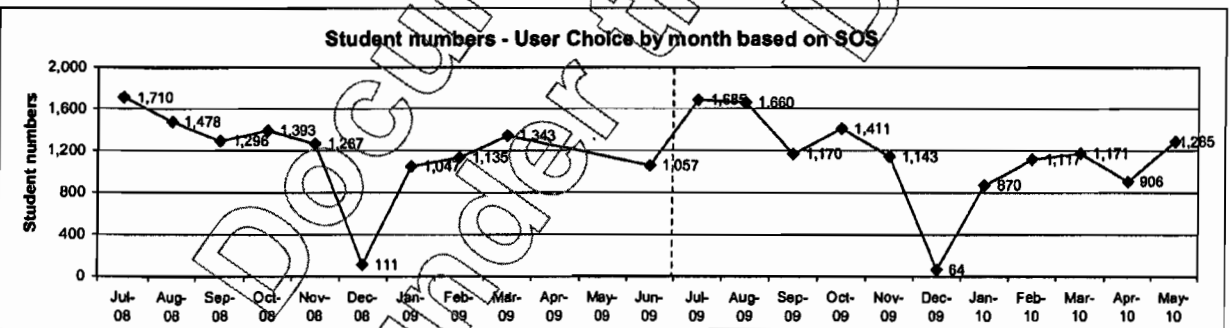
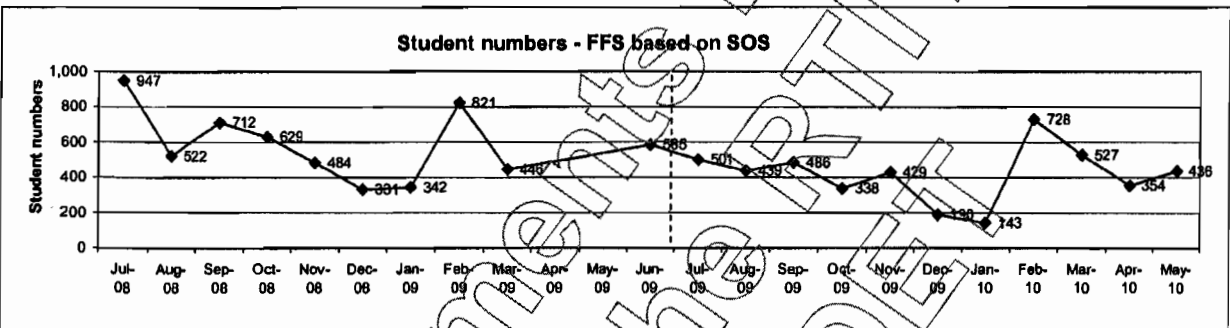
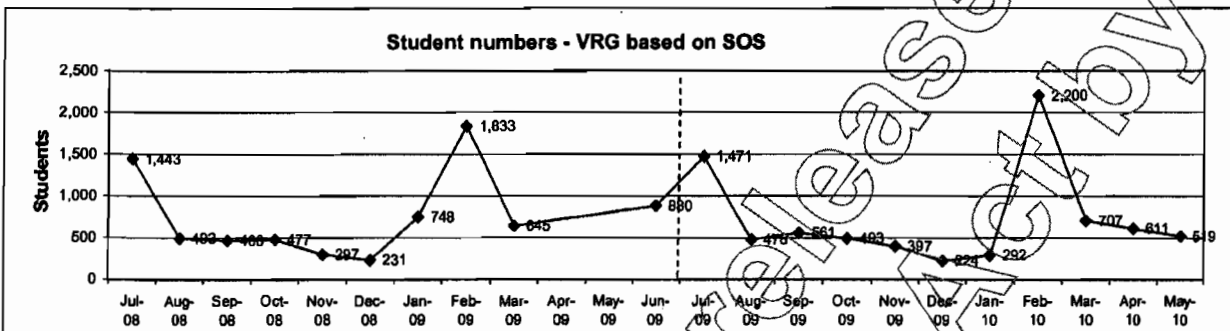
ATTACH 5



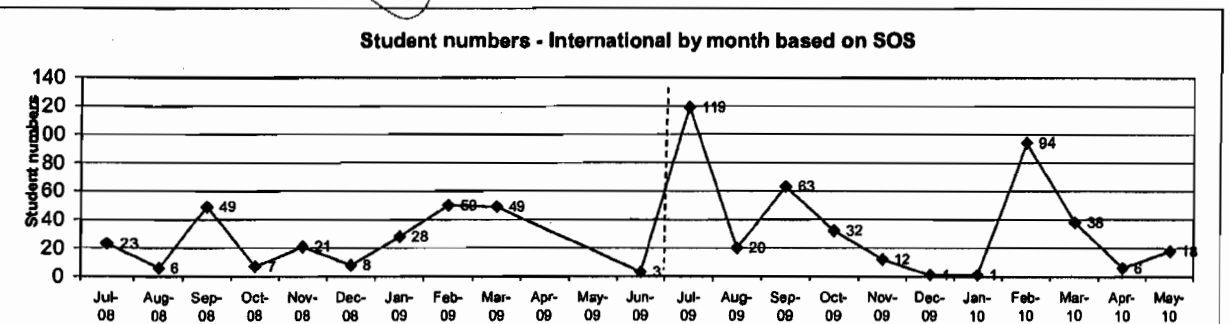
**STUDENT COMMENCEMENT TRENDS BY FUND SOURCE
SINCE JULY 2008**

			09-10	08-09
KEY MESSAGE	Overall student commencements July - May comparison	movement	-6.8%	25,410
	User Choice commencements July - May comparison	movement	-2.0%	12,482
	VRG commencements July - May comparison	movement	-1.0%	7,953
	FFS commencements July - May comparison	movement	-25.9%	4,571
				6,170

	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
VRG	880	1,471	478	561	493	397	224	292	2,200	707	611	519
FFS	585	501	439	486	338	429	190	143	728	527	354	436
User Choice	1,057	1,685	1,660	1,170	1,411	1,143	64	870	1,117	1,171	906	1,285
International	3	119	20	63	32	12	1	94	38	6	18	18
TOTAL	2,525	3,776	2,597	2,280	2,274	1,981	479	1,306	4,139	2,443	1,877	2,258



NOTE: User Choice commencements from January 2010 include safety net students.



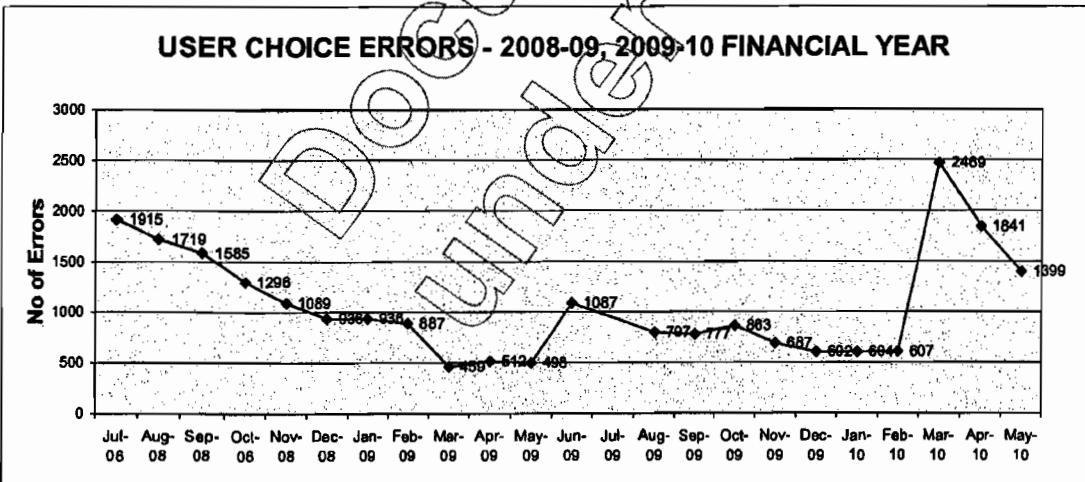
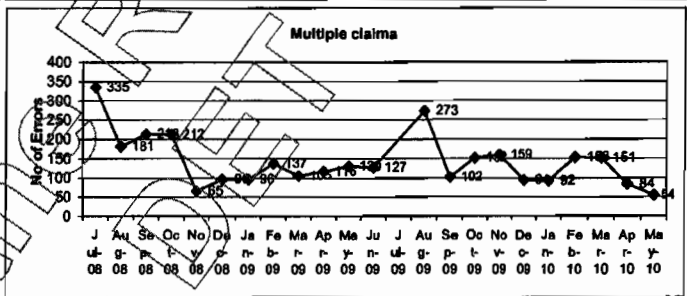
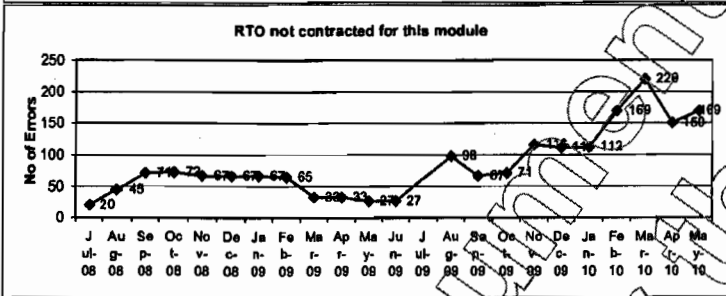
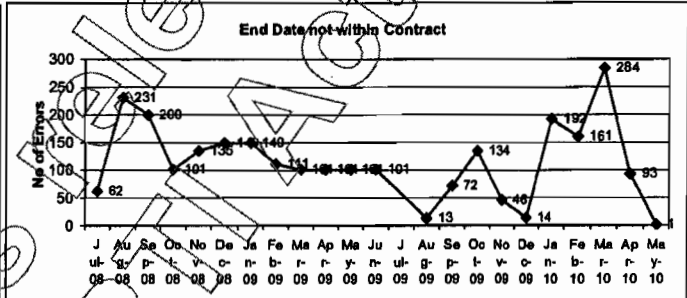
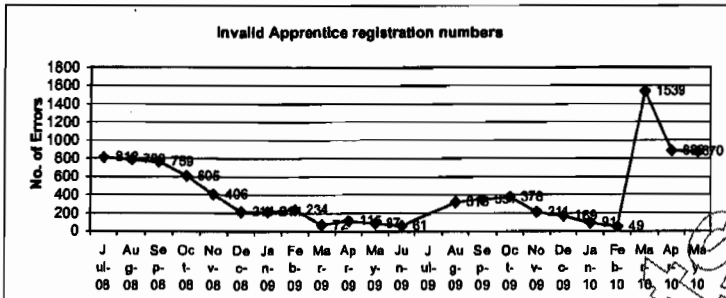


USER CHOICE DATA IN ERROR TRENDS SINCE JULY 2008

Summary of errors 2008-10

Error Name	Jun-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
State Funding is not approved for this student	8	8	6	8	11	18	18	19	29	10	12
Invalid apprentice registration number	61	318	351	378	211	169	91	49	1539	883	870
Surname/First Name does not match name on Trai	6	4	11	0	17	15	15	9	17	6	7
Training contract Qualification does not match with	4	7	6	5	6	5	3	3	9	471	143
Invalid Contract / Training schedule number supplk	734	17	32	55	19	26	29	12	97	14	28
RTO not contracted for this module	27	98	67	71	116	111	112	169	220	150	169
Module/competency end date not within contract er	101	13	72	134	46	14	192	161	284	93	1
Invalid delivery strategy/module outcome combinati	0	16	19	8	61	85	11	21	68	1	37
Multiple claims	127	273	102	152	159	94	92	153	151	84	54
Mismatch on Qualifications	17	38	106	42	16	22	0	3	46	124	77
Withdrawn with no student participation	2	5	5	10	25	43	41	8	9	5	1
Total	1087	797	777	863	687	602	604	607	2469	1841	1399

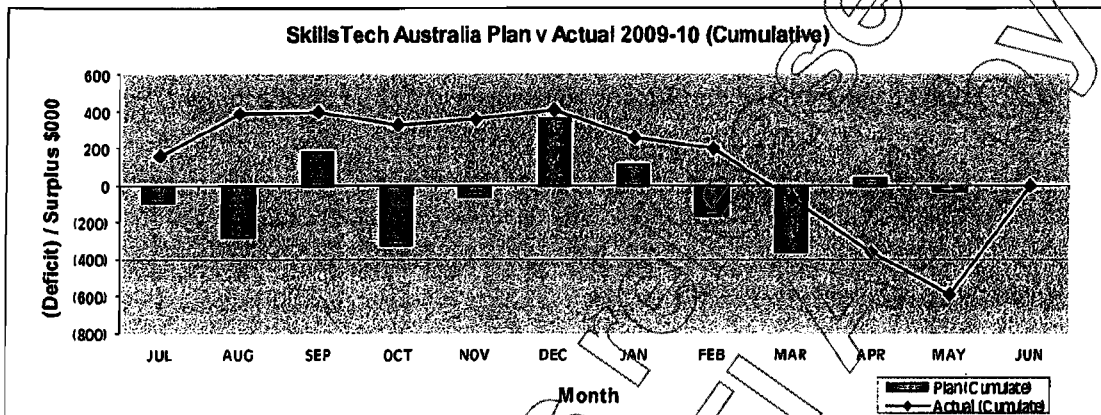
Selected Graphs:



AT 31 MAY DATA IN ERROR VALUE AT SKILLSTECH AUSTRALIA WAS \$0.814M REPRESENTING 1.86% OF 2009-10 USER CHOICE CONTRACT VALUE

A) FINANCIAL OVERVIEW & MAJOR VARIANCES

At 30 June 2010, SkillsTech Australia reported a surplus **\$2,683** compared to a planned position of breakeven. This represents the first financial surplus reported by the institute since its formation on 1 July 2006.



- **Overall revenue is \$1.51m below plan;**
- **VRG:** \$1.02m ahead of plan and reflects the institutes efforts at year-end to over deliver in order to secure additional payment for the plumbing pre-vocational students.
- **User Choice:** \$1.58m shortfall includes recognition of agreements with the department around thin market funding and safety net students (including 09-10 placement fees).
- **Infrastructure** revenue \$1.61m behind plan, with an offsetting underspend in expenses.
- **User Charges** are \$1.19m below plan, offset by higher than expected revenue for IT, product development and other internal revenue (\$1.22m ahead of plan).

Table 1 - Revenue

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
2,896	4,873	1,023	VRG	22,359	21,340	1,019
2,301	3,535	(1,234)	User Choice	41,995	43,578	(1,583)
3,888	2,120	1,568	User Charges	19,148	20,340	(1,193)
185	548	(363)	Infrastructure Revenue	4,969	6,576	(1,607)
795	536	259	Other Revenue	8,874	7,021	1,853
9,865	8,612	1,253		97,345	98,855	(1,510)

- Overall expenses are \$1.51m underspent;
- Employee expenses are \$1.41m underspent reflecting continuing effective control of staffing costs,
- Supplies and services are \$1.43m underspent, largely relating to infrastructure expenses and offset by the revenue variance described above.
- Internal expenses are \$0.88m overspent, entirely related to the costs of service level agreements with other TAFE institutes.

Table 2 - Expenses

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
6,242	5,756	(486)	Employee Expenses	67,098	68,507	1,409
1,965	1,852	(113)	Supplies & Services	17,266	18,694	1,427
690	568	(122)	Internal Expenses	7,700	6,818	(882)
377	146	(231)	Other Expenses	5,278	4,836	(442)
9,274	8,322	(953)		97,342	98,855	1,512

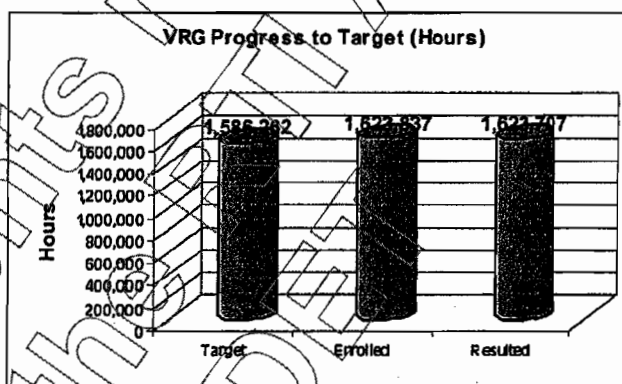
Detailed Profit & Loss Account and Balance Sheet are provided at attachment 1 and 2

B) KEY MESSAGES – Revenue

i) VRG Revenue: \$1.02m above plan

STA successfully over delivered against plan in 09-10 with \$22.3m recognised. The institute resulted 103% of its 2009-10 target hours.

Skills Queensland have fully funded this over delivery in line with their previous commitment to provide additional funding for plumbing pre-vocational students.

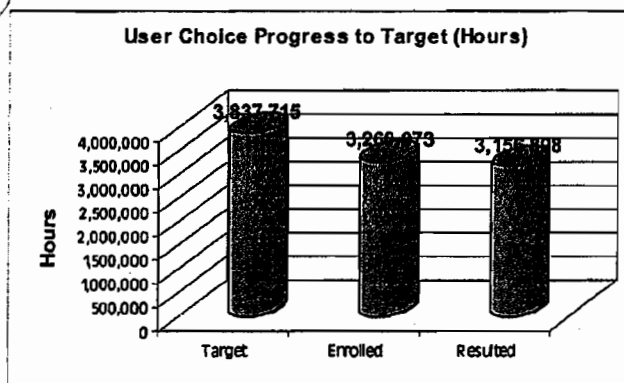


ii) User Choice Revenue: \$1.58m behind plan.

The institute recognised \$41.99m User Choice revenue for 2009-10.

This total includes \$3.4m from 09-10 safety net delivery and \$0.8m from thin market pricing agreed with Skills Queensland.

Despite a difficult year, the institute maximised the revenue from 'safety net' courses to limit overall User Choice revenue shortfall to \$1.58m.



The value of User Choice 'data in error' which spiked in March 2010 has continued to reduce significantly to \$0.10m in Month 12.

See attachment 4 for User Choice receipts

See attachment 7 for 'data in error' trends

- iii) Overall User Charges are \$1.19m below plan as shown below;

Table 3 – User Charges

In Month (\$'000)				Cumulative YTD (\$'000)		
Actual	Plan	Variance		Actual	Plan	Variance
2,576	917	1,659	Commercial / FFS	8,490	8,118	372
528	585	(57)	Student Tuition Fees	5,487	6,505	(1,019)
290	455	(165)	International Revenue	3,385	4,465	(1,080)
294	163	131	Other User Charges	1,786	1,252	534
3,688	2,120	1,568		19,148	20,340	(1,193)

Commercial revenue: \$0.371m above plan largely resulting from recognition of \$1.4m of the PNG upfront payment following receipt of the contract.

Student tuition fees showed an overall of \$1.02m for the year. This has informed the institute's planning of student fees for 10-11.

International student revenue: full year revenue of \$3.39m, whilst below plan should be seen in the context of \$1.7m revenue in 08-09.

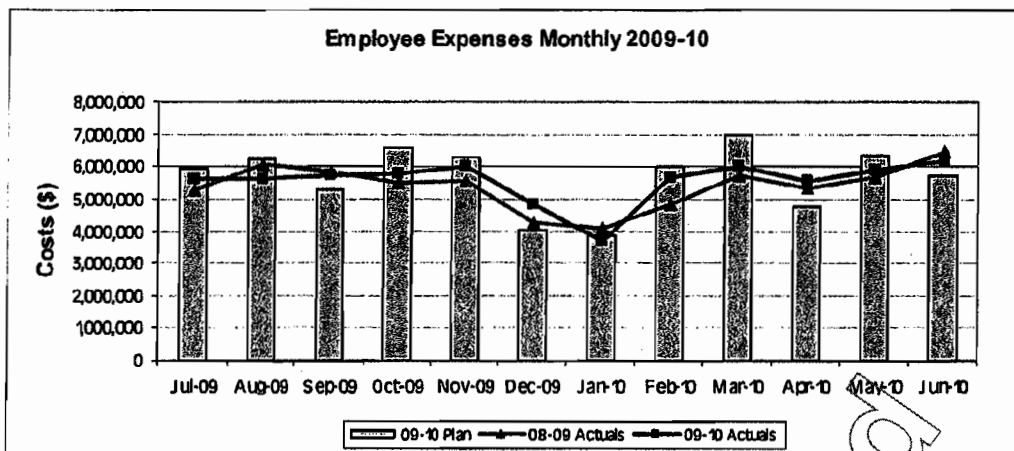
- iv) **Infrastructure and Other Capital Revenue** is \$1.60m below plan at Month 12. The institute recognises infrastructure revenue to match expenses incurred in order to avoid unnecessary fluctuations in the financial results. A corresponding underspend can be seen in supplies and services.

C) KEY MESSAGES – Expenses

- v) **Employee expenses** (including contractors & consultants): **\$1.41m underspent.**

Employee expenses include a year-end accrual of \$0.25m to reflect potential casual hours worked but not yet paid as well as \$0.72m unfunded severance costs paid during the year.

In order to maintain effective control on staffing costs, the Institute's current HR and vacancy management procedures throughout 2010-11. Also, central approval and review of all timetabled casual / overtime hours will continue throughout 2010-11



See attachment 5 for FTE trend analysis

vi) Supplies & Services: \$1.45m underspent.

The position on supplies and services largely reflects an underspend on infrastructure expenses (see infrastructure revenue iv) above), offset somewhat by (higher) than expected spend on course supplies and maintenance expenses at year end.

vii) Internal Expenses: \$0.88m overspent.

This overspend is almost entirely a result of higher than expected Service Level Agreements costs with Brisbane North and Metropolitan South Institutes. A working group has been set up to ensure clear service standards are agreed and accurate prices established for 10-11. This work is expected to be complete by the end of August 2010.

Approximately \$0.26m of the current overspend is a result of unplanned ISAS upgrade costs. Expected funding to cover these additional costs during 2009-10 was not provided by the department.

D) BALANCE SHEET

ix) Cash Balance: \$18.85m negative

At 30 June, the institute had a negative cash balance of \$18.85m, a decrease of \$9.15m in the month. The institute has provided evidence to the department that the institute has not received adequate cash injections for major capital investments during 2009-10.

An example of this is the heavy automotive training facility where \$10m commonwealth funding has been expended with NIL cash injection. This situation is not restricted to STA and the institute is waiting for resolution from the department.

See attachment 3 for cash flow statement

x) **User Choice Accrual (current assets);**

The institute's User Choice revenue accrual at 30 June 2010 was \$6.20m and the institute has until 30 August 2010 to finalise and submit sufficient results against the 09-10 contract to match this accrual.

To achieve this by 30 August 2010 will be challenging and the institute must ensure all necessary resources are directed to this effort.

The institute successfully managed its K to J result conversion with 502 K results outstanding at year end. This was from a peak in November 2009 of 9,425 and substantially reduces the risk of non-payment for training delivered.

xi) **Accounts Receivable and Accrued Revenue;**

The institute's Account Receivable balance at 30 June 2010 stands at \$6.92m. This balance is made up of;

Future debt (not yet due)	\$2.34m
Domestic and International student debt	\$1.86m
Organisational / Employer debt	\$1.84m
Annual Leave receivable (Treasury)	\$0.58m
Other accruals	\$0.30m

The organisational debt consists of over 900 individual debtors; however the main debts owed to the institute at 30 June 2010 are;

EOS Joint Venture	\$2,357,589	future	(note 1)
Hastings Deering Institute of Training	\$ 138,262	future	
Joint Industry Services Training	\$ 124,300	161-190 days	(note 2)
Bradken	\$ 100,334	future	
QR Services (IPG)	\$ 100,058	future	
Australian College of Kuwait	\$ 60,000	61-90 days	
Integrated Glass	\$ 46,000	161 days-190 days	

Note 1: The \$2.36m debt includes the \$2.2m upfront payment raised on receipt of the main PNG contract.

Note 2: The outstanding debt relates to the 2009-10 sub-lease of premises at Salisbury. A meeting was held with JIST on 14 July 2010 at which they informed the institute that they were unable to pay the 09-10 rental charges and they would inform the department accordingly and request rent relief. STA will look to the department to compensate STA if rent relief is given.

xii) **Payables;**

The amount the institute owes to its creditors at 30 June 2010 stands at \$7.86m of which \$4.86m relates to capital creditors.

xiii) **Unearned Revenue;**

The institute's unearned revenue at 30 June 2010 totals \$2.65m. This is largely a result of student enrolments for future training delivery and is one indication of the institute's future 'order book'. The analysis of the unearned revenue is shown below;

- International revenue \$3.21m (including estimated \$2.3m 2010-11 study)

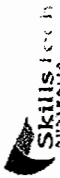
- Regulated student fees \$0.89m (*VRG & User Choice delivery*)
- PNG Main Contract \$0.80m
- Commercial / FFS revenue \$0.54m
- Central DET Adjustment (\$2.79m) (*note 1*)

Note 1: It is an accounting requirement for the department at year end, to exclude all debt due in future months from its accounts. This debt is genuine and will be restated in the departments' (and therefore the institute's) accounts in 2010-11. There is no impact on the institute's bottom line from this accounting adjustment

Simon Pritchard
Finance Director
15 July 2010

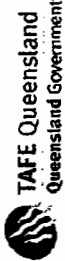
- Attachment 1 Profit & Loss Account
- Attachment 2 Balance Sheet
- Attachment 3 Cash Flow Statement
- Attachment 4 User Choice Receipts
- Attachment 5 Monthly FTE Analysis
- Attachment 6 Student Commencements
- Attachment 7 Data in error Rates

Documents released
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DET



**Financial Performance
July 2009 - June 2010
As at 30 June 2010**

Data Downloaded from SAP on 12-Jul-10 at 11:24am (Period: 1 to 12 for the 2010 Financial Year)



ATTACH 1

	In Month	Cumulative to Month 12 (Jul to Jun)	Full Year Forecast	
	Actual \$'s	Actual \$'s	High \$'s	
	Plan \$'s	Plan \$'s	Variance \$'s	
	Variance \$'s	Variance \$'s		
Revenue				
User Charges				
Industry Funded Training	2,576,652	8,489,617	8,117,800	371,817
Tuition & Student Services	528,088	5,486,776	6,505,500	(1,018,724)
International Students	289,502	3,385,056	4,464,900	(1,079,844)
Other User Charges	283,606	1,786,207	1,252,000	534,207
Sub Total User Charges	3,687,848	19,147,656	20,340,200	(1,192,544)
Grants and Other Contributions	49,759	80,038	15,000	65,038
Other Revenues	15,467	250,167	60,680	189,487
Total Non-Government Revenue	3,753,073	19,477,861	20,415,200	(937,339)
Government Revenue				
VET Revenue	2,896,028	22,359,252	21,340,400	1,018,852
User Choice	2,300,602	41,995,050	43,578,000	(1,582,950)
Depreciation and Amortisation Revenue	412,052	4,680,826	4,698,500	(15,874)
Infrastructure (QSP) Revenue	184,682	4,968,996	6,576,200	(1,607,204)
Other VET Revenue	282,126	1,648,658	1,430,300	218,358
Internal Service Revenue	26,540	2,214,886	818,500	1,396,386
Total Government Revenue	6,112,030	77,867,168	78,439,900	(572,732)
Total Revenue	9,865,103	97,345,029	98,855,100	(1,510,071)
Expenses				
Employee Expenses				
Permanent and Temporary Salary Costs	4,151,508	44,822,326	44,635,600	(186,726)
Casual Wages Costs	397,625	3,562,350	4,674,700	1,112,350
Employing Org-Costs	1,543,939	17,884,385	18,473,100	588,715
Other Employee Expenses	0	0	0	0
Contractors, Consultants and Employment Agencies	41,128	515,209	450,700	(64,509)
Staff Training	108,012	313,805	273,200	(40,605)
Sub Total Employee Expenses	6,242,212	67,998,076	68,507,300	1,409,224
Supplies and Services	1,966,215	17,266,431	18,693,700	1,427,269
Depreciation and Amortisation Expense	412,052	4,680,826	4,696,500	15,874
Other Expenses	(35,466)	597,310	140,000	(457,310)
Internal Service Expenses	690,262	7,699,903	6,817,600	(882,303)
Total Expenses	9,274,276	97,342,346	98,855,100	1,512,754
Operating Result Profit/(Loss)	590,827	2,683	0	2,683

Balance Sheet as at 30 June 2010

	2009/10				2008/09	2007/08	2006/07
	As at 30Jun2010	As at 31Mar2010	As at 31Dec2009	As at 30Sep2009	As at 30Jun2009	As at 30Jun2008	As at 30Jun2007
Current Assets							
Cash	(18,850,162)	(3,670,633)	1,801,442	4,116,253	14,865,828	(7,555,370)	10,434,364
Accounts Receivable & Accrued Revenue	6,921,638	10,207,301	4,560,435	7,305,040	3,029,878	2,529,864	1,226,330
GST Input Credits	1,262,549	253,897	129,572	278,676	369,747	492,709	334,242
L.S.L. Reimbursement	0	0	0	0	0	224,568	148,007
Inventories	395,000	295,000	295,000	0	295,062	440,598	106,986
User Choice and VET Revenue General	4,741,500	6,422,730	2,633,080	5,614,928	3,900,000	14,236,780	6,961,671
Prepayments	1,116,585	378,475	446,996	346,528	243,699	313,087	67,668
Total Current Assets	(4,412,889)	13,886,770	9,866,896	17,561,024	21,334,014	10,682,236	19,279,268
Non - Current Assets							
Land & Buildings	203,532,597	190,838,115	188,703,105	186,986,340	180,281,795	134,610,373	128,276,331
Plant & Equipment	6,558,620	6,689,269	6,716,678	6,888,285	7,285,476	4,354,667	2,436,520
Total Non - Current Assets	210,091,217	197,527,383	195,419,783	193,874,625	187,567,271	138,965,040	130,712,851
Total Assets	205,678,328	211,394,153	205,286,689	211,427,800	209,501,286	149,647,275	149,992,119
Current Liabilities							
Payables	7,865,018	7,223,136	4,139,373	5,067,376	22,373,054	4,212,443	3,684,365
Employee Provisions - Rec Leave	(2,226,991)	2,562,790	1,349,625	2,105,133	2,231,793	5,145,298	4,390,151
L.S.L. Payable	240,796	219,256	272,667	237,679	238,600	212,277	188,128
Wages Due	237,487	669,050	1,816,774	1,156,579	1,936,426	1,512,419	1,002,367
Unearned Revenue and Fees	2,648,888	7,211,888	2,796,778	7,078,095	1,739,822	1,419,762	1,270,858
Total Current Liabilities	13,219,178	17,876,119	10,375,216	15,644,862	28,519,695	12,502,199	10,535,869
Non - Current Liabilities							
Nil to Report	0	0	0	0	0	0	0
Total Non - Current Liabilities	0	0	0	0	0	0	0
Total Liabilities	13,219,178	17,876,119	10,375,216	15,644,862	28,519,695	12,502,199	10,535,870
Net Assets / (Liabilities)	192,459,150	193,518,034	194,911,072	195,782,937	180,981,591	137,145,076	139,456,249
Equity							
Equity	157,434,446	157,791,127	159,142,590	160,014,455	145,213,109	120,953,373	103,417,978
Asset Revaluation Reserve	35,024,704	35,726,907	35,768,482	35,768,482	35,768,482	16,191,704	36,038,272
Total Equity	192,459,150	193,518,034	194,911,072	195,782,937	180,981,591	137,145,076	139,456,250

ATTACH 2



**CASHFLOW
STATEMENT
2009-10**

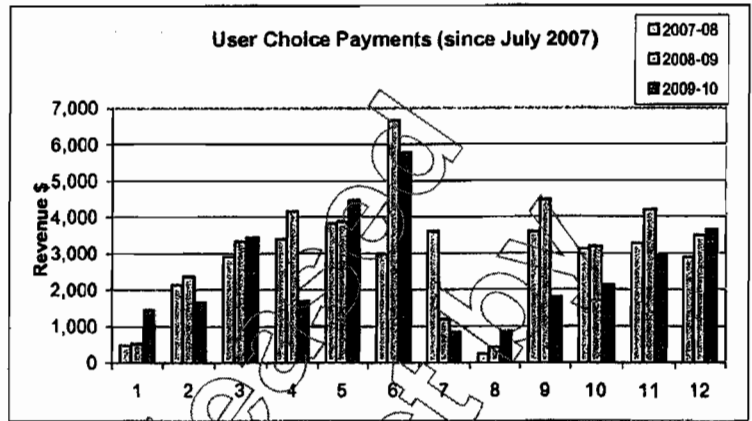
	Jul \$'000	Aug \$'000	Sep \$'000	Oct \$'000	Nov \$'000	Dec \$'000	Jan \$'000	Feb \$'000	Mar \$'000	Apr \$'000	May \$'000	June \$'000
Cash flows from Operating Activities												
<i>Inflows:</i>												
Government Funding	7,408	4,236	6,387	4,234	6,828	10,731	3,387	3,463	7,162	5,647	6,011	9,587
User Charges	1,658	2,557	1,652	1,632	1,118	304	1,914	1,274	1,155	1,166	731	1,639
Grants and Other Contributions	10	0	0	7	-14	0	0	5	6	5	11	50
GST input tax credits	-250	-1,227	1,567	-629	760	17	-217	104	-12	-119	-68	-822
GST collected from customers	0	0	0	0	0	0	0	0	0	0	0	0
Interest Receipts	0	0	0	0	0	0	0	0	0	0	0	0
Other inflows	149	160	204	58	370	44	276	194	318	319	108	-5
<i>Outflows:</i>												
Employee expenses	-8,231	-4,686	-4,715	-5,010	-4,904	-6,515	-6,387	-4,706	-4,845	-3,630	-6,447	-8,877
Supplies and Services	-19,834	-1,339	-1,701	-1,344	-1,130	-1,597	-1,551	-643	-2,112	-1,593	-2,004	-1,221
Grants and subsidies	0	0	0	0	0	0	0	0	0	0	0	0
Finance/borrowing costs	-3	-1	-1	-2	1	-1	-5	-2	-2	-2	-1	-3
GST paid to suppliers	-7	0	0	0	0	14	12	-6	13	-3	4	0
GST remitted to ATO	0	0	0	0	0	0	0	0	0	0	0	0
Other Outflows	-410	-821	-791	-605	-877	-609	-730	-518	-711	-768	-641	-640
Net Cash provided by (used in) operating activities	-19,510	-1,121	2,602	-1,660	2,153	(2,388)	-3,325	-926	973	1,022	-2,297	-293
Cash flows from investing activities												
<i>Inflows:</i>												
Sales of property, plant and equipment	0	5	0	0	0	0	4	3	0	0	1	0
<i>Outflows:</i>												
Payments for property, plant and equipment	16,792	-17,563	-5,568	-4,590	-2,963	3,246	-2,053	1,021	-294	-2,025	-2,458	-8,688
Payments for intangibles	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash provided by (used in) investing activities	16,792	-17,558	-5,568	-4,590	-2,963	3,246	-2,048	1,025	-294	-2,025	-2,457	-8,688
Cash flows from financing activities												
<i>Inflows:</i>												
Borrowing	0	0	0	0	0	0	0	0	0	0	0	0
Equity injections	-269	4,706	9,968	-322	-282	-281	-279	275	-324	100	-380	-155
<i>Outflows:</i>												
Equity withdrawals	0	0	0	0	0	0	0	0	0	0	0	0
Borrowing repayments	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash provided by (used in) financing activities	-269	4,706	9,968	-322	-282	-281	-279	-275	-324	100	-380	-155
Net cash increase (decrease) in cash held	-2,986	-13,966	7,003	-6,572	-1,092	5,353	-5,651	-176	355	-903	-5,134	-9,146
Cash at beginning of period	14,065	11,079	-2,887	4,116	-2,456	-3,548	1,805	-3,846	-4,022	-3,667	-4,570	-9,704
Cash at end of period	11,079	-2,887	4,116	-2,456	-3,548	1,805	-3,846	-4,022	-3,667	-4,570	-9,704	-18,850



**USER CHOICE REVENUE RECEIPTS
SINCE JULY 2007**

USER CHOICE PAYMENTS RECEIVED

	2007-08 \$000	2008-09 \$000	2009-10 \$000
July	482	524	1,445
Aug	2,141	2,357	1,664
Sept	2,907	3,338	3,434
Oct	3,396	4,165	1,704
Nov	3,824	3,877	4,460
Dec	2,987	6,659	5,768
Jan	3,606	1,193	847
Feb	243	431	867
Mar	3,588	4,466	1,800
Apr	3,113	3,180	2,134
May	3,272	4,206	2,944
Jun	2,877	3,482	3,634
TOTAL	32,436	37,877	30,701



Non-Payment Issues (estimate) 800 business case requested by Skills Queensland
 plus Safety Net Funds recognised 4,294

FORECAST TOTAL RECEIPTS 35,795

plus year end accrual 6,200 resulting window to 31 August 2010

FORECAST FULL YEAR REVENUE 41,995

FORECAST 09-10 SHORTFALL 1,583 target \$43.58m

Documents released under the RTI Act



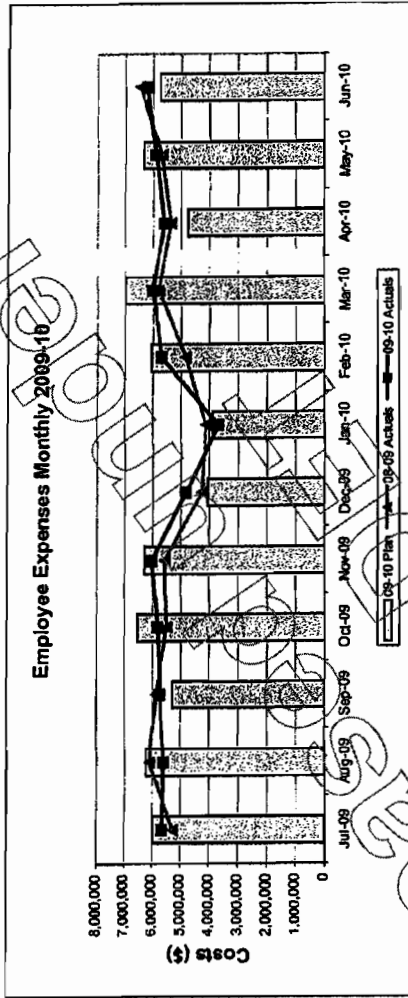
ANALYSIS OF WORKFORCE MEASURES 2009-10

a) Overall Funded Establishment 09-10 (Council July 2009)	\$000	FTE
Delivery	34,806	414.50
Non delivery / support	28,542	427.56
Casual expenses	5,492	61.00
Net VER savings target	-600	-8.22
Vacancy rate target	-804	-11.06
Other employee expenses (non FTE)	1,086	
Funded Totals 09-10	68,522	863.78

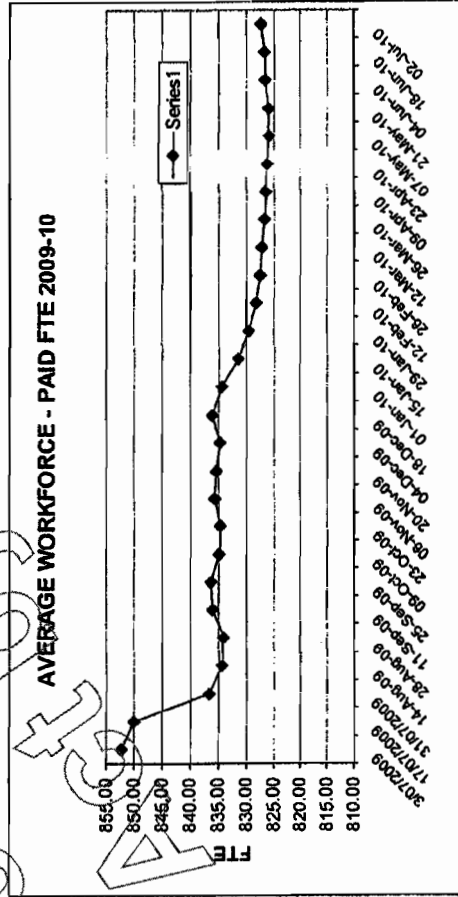
**c) Fortnightly record of paid FTE levels (via AURION payroll);
These FTE numbers exclude manual accruals for casual costs.**

Pay Ending	Casual	Permanent	Temporary	Total
3/07/2009	59.10	698.34	94.83	852.27
17/07/2009	48.69	695.15	103.93	847.77
31/07/2009	22.14	688.93	97.96	810.03
14-Aug-09	39.04	688.07	99.50	827.61
28-Aug-09	38.45	691.36	102.71	832.52
11-Sep-09	43.82	699.65	102.54	846.01
25-Sep-09	43.43	693.09	101.94	838.46
09-Oct-09	32.15	691.93	100.35	824.43
23-Oct-09	39.19	695.25	98.68	833.10
06-Nov-09	47.78	699.74	96.94	844.46
20-Nov-09	40.53	691.93	100.26	832.72
04-Dec-09	33.38	696.03	98.41	827.82
18-Dec-09	48.00	707.21	97.04	852.25
01-Jan-10	28.42	688.42	95.50	812.34
15-Jan-10	4.55	691.35	94.98	796.88
29-Jan-10	4.36	694.42	99.51	798.28
12-Feb-10	4.74	693.97	108.41	807.12
26-Feb-10	49.27	691.08	107.10	816.45
12-Mar-10	27.87	685.41	106.89	820.17
26-Mar-10	33.77	678.00	107.00	818.77
09-Apr-10	32.46	681.80	108.50	822.76
23-Apr-10	28.62	674.34	115.36	818.32
07-May-10	27.07	674.38	117.30	818.75
21-May-10	31.71	673.32	123.46	828.49

b) Monthly Actual v Plan Employee Expenses



d) Paid FTE levels via AURION payroll (annual average)



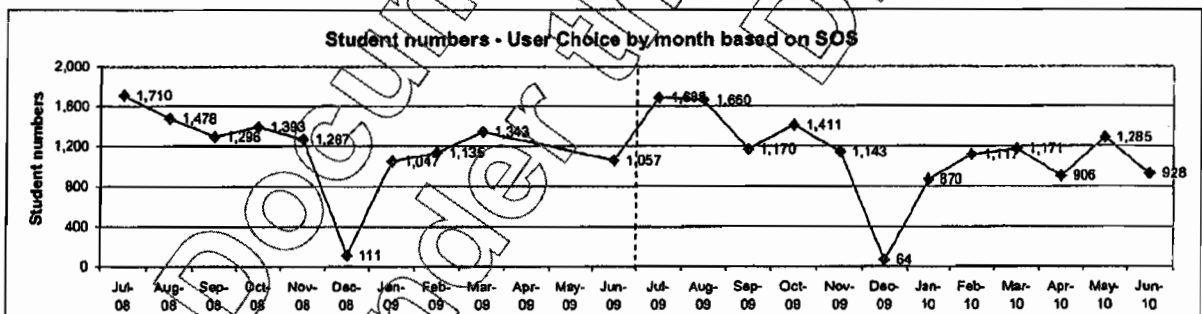
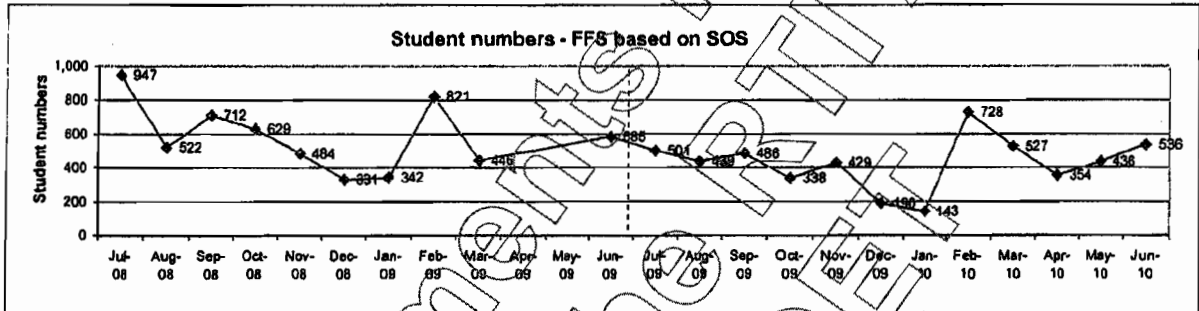
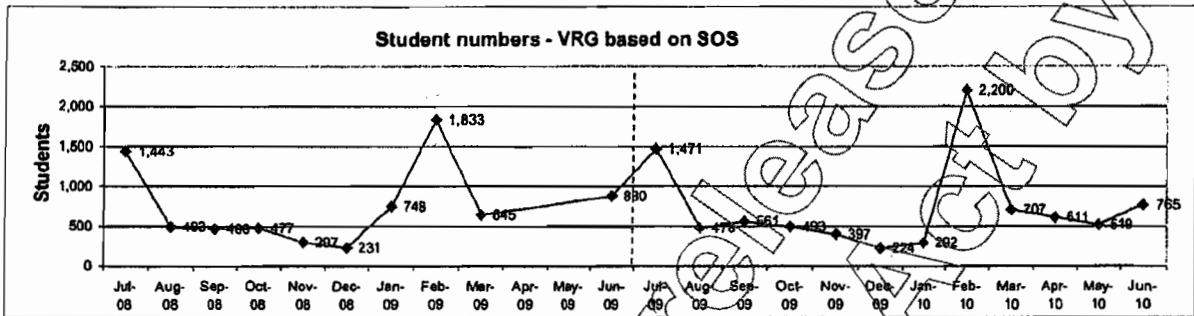
ATTACH 5



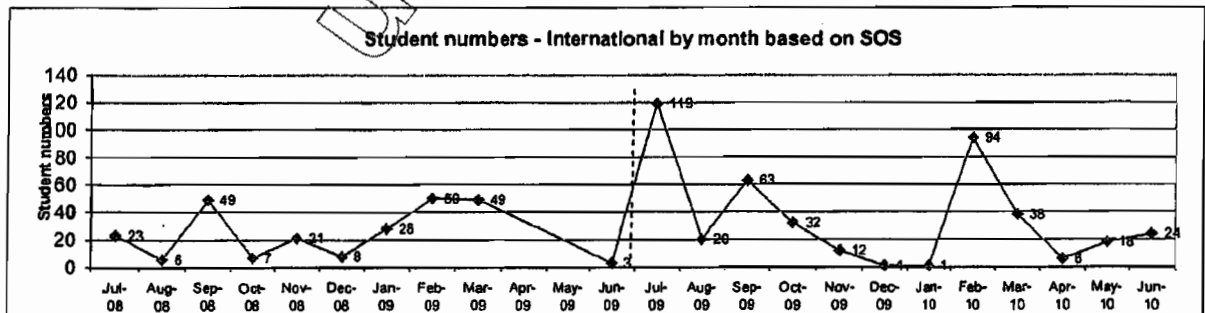
**STUDENT COMMENCEMENT TRENDS BY FUND SOURCE
SINCE JULY 2008**

	09-10	08-09
KEY MESSAGE Overall student commencements July - June comparison	movement	-7.2%
	27,663	29,798
User Choice commencements July - June comparison	movement	-2.8%
	13,410	13,797
VRG commencements July - June comparison	movement	-2.2%
	8,718	8,915
FFS commencements July - June comparison	movement	-24.4%
	5,107	6,755

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
VRG	1,471	478	561	493	397	224	292	2,200	707	611	519	765
FFS	501	439	486	338	429	190	143	728	527	354	436	536
User Choice	1,685	1,660	1,170	1,411	1,143	64	870	1,117	1,171	906	1,285	928
International	119	20	63	32	12	1	1	94	38	6	18	24
TOTAL	3,776	2,597	2,280	2,274	1,981	479	1,306	4,139	2,443	1,877	2,258	2,253



NOTE: User Choice commencements from January 2010 include safety net students.

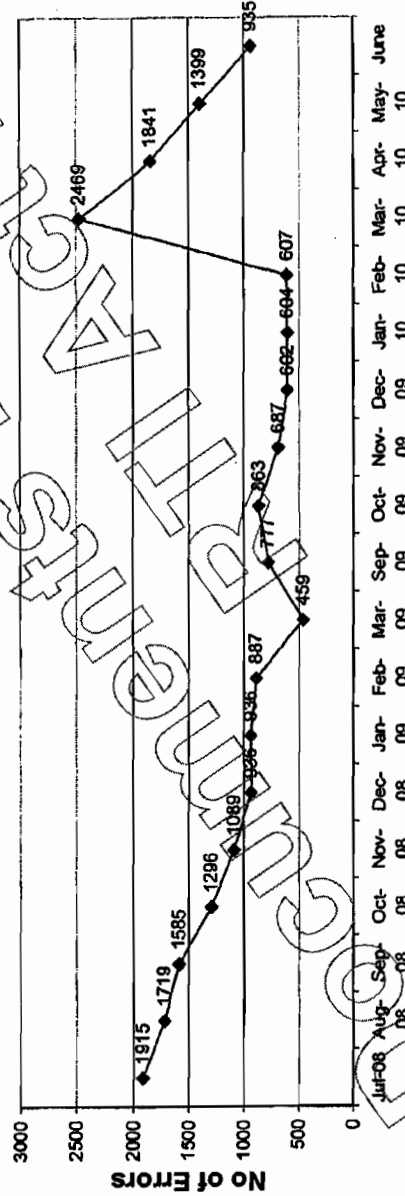




**USER CHOICE DATA IN ERROR TRENDS
SINCE JULY 2008**

Error Name	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	June
State Funding is not approved for this student	6	8	11	18	18	19	29	10	12	23
Invalid apprentice registration number	351	378	211	169	91	49	1539	883	870	381
Surname/First Name does not match name on Trail	11	0	17	15	15	9	17	6	7	20
Training contract Qualification does not match with	6	5	6	5	3	3	9	471	143	30
Invalid Contract / Training schedule number supplied	32	55	19	26	29	12	92	14	28	15
RTO not contracted for this module	67	71	116	111	112	109	220	150	169	220
Module/competency end date not within contract er	72	134	46	14	192	161	284	93	1	77
Invalid delivery strategy/module outcome combination	19	8	61	85	11	27	68	1	37	61
Multiple claims	102	152	159	94	92	153	151	84	54	93
Mismatch on Qualifications	106	42	16	22	0	3	46	124	77	3
Withdrawn with no student participation	5	10	25	43	41	8	9	5	1	12
	777	853	687	602	604	607	2469	1841	1399	935

USER CHOICE ERRORS - 2008-09, 2009-10 FINANCIAL YEAR



AT 30 JUNE DATA IN ERROR VALUE AT SKILLSTECH AUSTRALIA WAS \$0.10M REPRESENTING 0.22% OF 2009-10 USER CHOICE CONTRACT VALUE